PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
PLEASANTVILLE, IOWA

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

June 30, 2010

Peak & Co., LLP
Certified Public Accountants
1370 NW 114th St., Suite 205
Clive, IA 50325

Table of Contents

	Exhibit	Page
Officials		3
Independent Auditor's Report		5-6
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A	8
Statement of Activities	B	9
Governmental Fund Financial Statements:		
Balance Sheet	C	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	11
Statement of Revenues, Expenditures and Changes in Fund Balances	E	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	13
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	14
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	15
Statement of Cash Flows	I	16
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	17
Statement of Changes in Fiduciary Net Assets	K	18
Notes to Financial Statements		19-30
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		32
Notes to Required Supplementary Information - Budgetary Reporting		33
Schedule of Funding Progress for the Retiree Health Plan		34
Other Supplementary Information:	Schedule	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	36
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	37
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	38-39
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	40
Schedule of Expenditures of Federal Awards	5	41
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		42-43
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		44-45
Schedule of Findings and Questioned Costs		46-58

Pleasantville Community School District

Officials

NAME	TITLE	TERM EXPIRES
	Board of Education (Before September, 2009 Election)	
Troy Padellford	President	2011
Jennifer Dursky	Vice-President	2011
Jeffrey Beier	Board Member	2009
Rory Worthington	Board Member	2009
Phil Ray	Board Member	2011
	Board of Education (After September, 2009 Election)	
Troy Padellford	President	2011
Jenny Hilsabeck	Vice-President	2013
Jennifer Dursky	Board Member	2011
Kenny Sutter	Board Member	2013
Phil Ray	Board Member	2011
	School Officials	
David Isgrig	Superintendent	2010
Robert Friday	District Secretary/ Treasurer/Business Manager	Indefinite
Myers, Myers & Danks	Attorney	Indefinite
Dickinson, Mackaman, Tyler & Hagen, P.C.	Attorney	Indefinite

Pleasantville Community School District

PEAK & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS
1370 NW 114TH ST., SUITE 205
CLIVE, IA 50325

(515) 277-3077

Independent Auditor's Report

To the Board of Education of
Pleasantville 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 Pleasantville Community School District, Pleasantville, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Pleasantville Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U. S. generally accepted accounting principals.

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2011, on our consideration of Pleasantville 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 preformed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

The Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 32 through 34 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 required supplementary information. We did not audit the information and express no opinion on it.

The District has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasantville Community School District's basic financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report of this report, the financial statements for the five years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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.

Peak & Co., LLP
Certified Public Accountants

January 15, 2011

Basic Financial Statements

Pleasantville Community School District

Exhibit A

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	$ 2,893,744	33,562	2,927,306
Receivables:			
Property tax:			
Delinquent	34,067	-	34,067
Succeeding year	2,139,749	-	2,139,749
Accounts	1,639	522	2,161
Due from other governments	447,382	-	447,382
Inventories	-	3,124	3,124
Capital assets, net of accumulated depreciation	4,591,395	2,851	4,594,246
Total assets	10,107,976	40,059	10,148,035
Liabilities			
Accounts payable	62,271	-	62,271
Salaries and benefits payable	540,413	-	540,413
Due to other governments	66,269	-	66,269
Accrued interest payable	17,084	-	17,084
Deferred revenue:			
Succeeding year property tax	2,139,749	-	2,139,749
Other	1,565	-	1,565
Unearned revenue	-	3,651	3,651
Long-term liabilities:			
Portion due within one year:			
Capital loan notes	105,000	-	105,000
Revenue bonds	165,000	-	165,000
Early retirement	36,991	-	36,991
Portion due after one year:			
Revenue bonds	715,000	-	715,000
Early retirement	10,626	-	10,626
Net OPEB liability	11,053	947	12,000
Total liabilities	3,871,021	4,598	3,875,619
Net assets			
Invested in capital assets, net of related debt	3,606,395	2,851	3,609,246
Restricted for:			
Categorical funding	777	-	777
Management levy	245,899	-	245,899
Physical plant and equipment levy	188,674	-	188,674
School infrastructure	297,199	-	297,199
Debt service	215,170	-	215,170
Other special revenue purposes	64,786	-	64,786
Unrestricted	1,618,055	32,610	1,650,665
Total net assets	$ 6,236,955	35,461	6,272,416

See notes to financial statements.

Pleasantville Community School District

Exhibit B

Statement of Activities

Year ended June 30, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions / Programs:							
Governmental activities:							
Instruction:							
Regular instruction	$ 2,517,499	244,553	827,684	-	(1,445,262)	-	(1,445,262)
Special instruction	1,090,411	45,150	332,547	-	(712,714)	-	(712,714)
Other instruction	1,017,624	242,189	19,058	-	(756,377)	-	(756,377)
	4,625,534	531,892	1,179,289	-	(2,914,353)	-	(2,914,353)
Support services:							
Student	105,791	-	-	-	(105,791)	-	(105,791)
Instructional staff	82,757	-	-	-	(82,757)	-	(82,757)
Administration	613,167	-	-	-	(613,167)	-	(613,167)
Operation and maintenance of plant	478,410	225	-	-	(478,185)	-	(478,185)
Transportation	263,606	-	-	-	(263,606)	-	(263,606)
	1,543,731	225	-	-	(1,543,506)	-	(1,543,506)
Non-instructional programs	22,627	-	-	-	(22,627)	-	(22,627)
Other expenditures:							
Facilities acquisition	149,238	-	-	-	(149,238)	-	(149,238)
Long-term debt interest	45,788	-	1,048	-	(44,740)	-	(44,740)
AEA flowthrough	253,457	-	253,457	-	-	-	-
Depreciation (unallocated)*	120,713	-	-	-	(120,713)	-	(120,713)
	569,196	-	254,505	-	(314,691)	-	(314,691)
Total governmental activities	6,761,088	532,117	1,433,794	-	(4,795,177)	-	(4,795,177)
Business type activities:							
Non-instructional programs:							
Food service operations	305,836	188,076	141,983	-	-	24,223	24,223
Total	$ 7,066,924	720,193	1,575,777	-	(4,795,177)	24,223	(4,770,954)
General Revenues:							
Property tax levied for:							
General purposes					$ 2,006,612	-	2,006,612
Debt service					104,449	-	104,449
Capital outlay					205,182	-	205,182
Statewide sales, services and use tax					370,944	-	370,944
Income surtax					231,626	-	231,626
Unrestricted state grants					2,492,076	-	2,492,076
Unrestricted investment earnings					39,649	-	39,649
Other					61,200	-	61,200
Total general revenues					5,511,738	-	5,511,738
Change in net assets					716,561	24,223	740,784
Net assets beginning of year					5,520,394	11,238	5,531,632
Net assets end of year					$ 6,236,955	35,461	6,272,416

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

See notes to financial statements.

Pleasantville Community School District

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2010

	General	Nonmajor	Total
Assets			
Cash and pooled investments	$ 1,974,963	918,781	2,893,744
Receivables:			
Property tax:			
Delinquent	26,247	7,820	34,067
Succeeding year	1,692,431	447,318	2,139,749
Accounts	-	1,639	1,639
Due from other funds	5,746	22,257	28,003
Due from other governments	353,293	94,088	447,381
Total assets	$ 4,052,680	1,491,903	5,544,583
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 35,160	27,111	62,271
Salaries and benefits payable	540,413	-	540,413
Due to other governments	66,269	-	66,269
Due to other funds	22,257	5,746	28,003
Deferred revenue:			
Succeeding year property tax	1,692,431	447,318	2,139,749
Other	272,056	-	272,056
Total liabilities	2,628,586	480,175	3,108,761
Fund balances:			
Reserved for:			
Categorical funding	777	-	777
Debt service	-	215,170	215,170
Unreserved, reported in:			-
General fund	1,423,317	-	1,423,317
Special revenue funds	-	499,359	499,359
Capital projects fund	-	297,199	297,199
Total fund balances	1,424,094	1,011,728	2,435,822
Total liabilities and fund balances	$ 4,052,680	1,491,903	5,544,583

See notes to financial statements.

Pleasantville Community School District

Exhibit D

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

June 30, 2010

Total fund balances of governmental funds (page 10)	$ 2,435,822
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,591,395
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	270,492
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.	(17,084)
Long-term liabilities, including capital loan notes payable, revenue bonds payable, early retirement payable, and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,043,670)
Net assets of governmental activities (page 8)	$ 6,236,955

See notes to financial statements.

Pleasantville Community School District

Exhibit E

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

Year ended June 30, 2010

	General	Nonmajor	Total
Revenues:			
Local sources:			
Local tax	$ 2,016,539	904,917	2,921,456
Tuition	197,656	-	197,656
Other	123,874	269,716	393,590
State sources	3,347,341	-	3,347,341
Federal sources	577,481	-	577,481
Total revenues	6,262,891	1,174,633	7,437,524
Expenditures:			
Current:			
Instruction:			
Regular	2,452,342	91,082	2,543,424
Special	1,083,092	4,582	1,087,674
Other	797,291	219,596	1,016,887
	4,332,725	315,260	4,647,985
Support services:			
Student	105,089	597	105,686
Instructional staff	70,257	36,259	106,516
Administration	589,830	17,611	607,441
Operation and maintenance of plant	443,070	23,486	466,556
Transportation	219,909	97,521	317,430
	1,428,155	175,474	1,603,629
Non-instructional programs	22,097	530	22,627
Other expenditures:			
Facilities acquisition	-	179,841	179,841
Long-term debt:			
Principal	-	366,718	366,718
Interest and fiscal charges	-	49,841	49,841
AEA flowthrough	253,457	-	253,457
	253,457	596,400	849,857
Total expenditures	6,036,434	1,087,664	7,124,098
Excess of revenues over expenditures	226,457	86,969	313,426
Other financing sources (uses):			
Sale of capital assets	500	-	500
Operating transfers in	-	458,717	458,717
Operating transfers out	-	(458,717)	(458,717)
Total other financing sources (uses)	500	-	500
Net change in fund balances	226,957	86,969	313,926
Fund balances beginning of year	1,197,137	924,759	2,121,896
Fund balances end of year	$ 1,424,094	1,011,728	2,435,822

See notes to financial statements.

Pleasantville Community School District

Exhibit F

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

Year ended June 30, 2010

Net change in fund balances - total governmental funds (page 12)		$ 313,926
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures was less than depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 141,275	
Depreciation expense	(183,982)	(42,707)
Certain revenues not collected for several months after year end are not considered available revenue and are deferred in the governmental funds.		39,625
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		366,718
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		4,053
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Early retirement	45,999	
Other postemployment benefits	(11,053)	34,946
Change in net assets of governmental activities (page 9)		$ 716,561

See notes to financial statements.

Pleasantville Community School District

Exhibit G

Statement of Net Assets
Proprietary Fund

June 30, 2010

	School Nutrition
Assets	
Cash and cash equivalents	$ 33,562
Accounts receivable	522
Inventories	3,124
Capital assets, net of accumulated depreciation	2,851
Total assets	40,059
Liabilities	
Unearned revenue	3,651
Net OPEB liability	947
Total liabilities	4,598
Net Assets	
Invested in capital assets	2,851
Unrestricted	32,610
Total net assets	$ 35,461

See notes to financial statements.

Pleasantville Community School District

Exhibit H

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

Year ended June 30, 2010

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	$ 188,076
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	96,926
Benefits	12,620
Supplies	190,398
Depreciation	5,892
Total operating expenses	305,836
Operating loss	(117,760)
Non-operating revenues (expenses):	
State sources	3,132
Federal sources	138,851
Total non-operating revenues	141,983
Increase in net assets	24,223
Net assets beginning of year	11,238
Net assets end of year	$ 35,461

See notes to financial statements.

Pleasantville Community School District

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2010

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	$ 184,524
Cash paid to employees for services	(129,696)
Cash paid to suppliers for goods and services	(171,157)
Net cash used by operating activities	(116,329)
Cash flows from non-capital financing activities:	
State grants received	3,132
Federal grants received	118,865
Net cash provided by non-capital financing activities	121,997
Cash flows from capital and related financing activities:	
Acquisition of capital assets	-
Net cash used by capital and related financing activities	-
Cash flows from investing activities:	
Interest on investments	-
Net increase in cash and cash equivalents	5,668
Cash and cash equivalents beginning of year	27,894
Cash and cash equivalents end of year	$ 33,562
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (117,760)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	19,527
Depreciation	5,892
(Increase) in inventories	(223)
(Decrease) in due to other funds	(21,098)
(Decrease) in unearned revenue	(3,614)
Increase in other postemployment benefits	947
Net cash used by operating activities	$ (116,329)

Non-cash investing, capital and financing activities:
During the year ended June 30, 2010, the District received $19,527 of federal commodities.

See notes to financial statements.

Pleasantville Community School District

Exhibit J

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2010

	Private Purpose Trust Scholarship
Assets	
Cash and pooled investments	$ 322,634
Total assets	322,634
Liabilities	-
Net Assets	
Reserved for scholarships	$ 322,634

See notes to financial statements.

Pleasantville Community School District

Exhibit K

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2010

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	$ 20,900
Interest income	5,905
Total additions	26,805
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	31,000
Change in net assets	(4,195)
Net assets beginning of year	326,829
Net assets end of year	$ 322,634

See notes to financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pleasantville 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 Pleasantville, Iowa, and the predominate agricultural territory of Marion and Warren Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Pleasantville Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The 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 Marion County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues 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 expenditures, including instructional, support and other costs.

The District reports the following non-major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and 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 the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

D. Assets, Liabilities, and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

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

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

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

Asset Class	Amount
Land	$ 1,500
Buildings	1,500
Improvements other than buildings	1,500
Intangibles	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements 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 revenue consists of unspent grant proceeds, as well as property tax receivable, and other receivables not collected within sixty days after year end.

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

Unearned Revenue – Unearned revenues are monies collected for meals that have not yet been served. The meal account balances will either be reimbursed, or will be used when meals are served. The meal account balances are reflected in the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave for subsequent use. The District's policy is not to reimburse employees for sick leave or vacation. Vacation leave can only be used by the employee in the year it is earned. As a result, the District has no compensated absences liability at June 30, 2010.

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

Fund Equity – In the governmental fund financial statements, 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.

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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted.

(2) CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2010 were not entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Diversified Portfolio which are valued at an amortized cost of $358,191, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

At June 30, 2010, the District had investments in U.S government bonds, with a fair value of $197,042. The investments in the U.S. government bonds are valued at fair value.

Credit risk. The investment in the U.S. government bonds is not subject to risk categorization. The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

(3) DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	$ 5,746
Capital Projects	General	22,257
Total		$ 28,003

The above represents the reclassification of various transactions.

(4) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue: Physical Plant and Equipment Levy	$ 103,611
	Capital Projects	205,606
		309,217
Capital Projects	Debt Service	149,500
	Total	$ 458,717

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

(5) IOWA SCHOOLS CASH ANTICIPATION PROGRAM (ISCAP)

The District participates in the Iowa School 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. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10A warrants was 2.50%. The interest rate on the Series 2009-10B warrants is a variable rate, calculated daily based upon the Bankers Trust Co. NA prime rate plus 50 basis points with a minimum interest rate of 4.50%. The District did not borrow any funds from ISCAP during the fiscal year.

During the year ended June 30, 2010, the District paid $0 of interest on the ISCAP warrants.

(6) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 64,500	-	-	64,500
Total capital assets not being depreciated	64,500	-	-	64,500
Capital assets being depreciated:				
Buildings	6,343,070	-	-	6,343,070
Improvements other than buildings	274,523	4,378	-	278,901
Furniture and equipment	1,588,493	136,897	41,712	1,683,678
Total capital assets being depreciated	8,206,086	141,275	41,712	8,305,649
Less accumulated depreciation for:				
Buildings	1,984,371	119,441	-	2,103,812
Improvements other than buildings	265,547	1,272	-	266,819
Furniture and equipment	1,386,565	63,270	41,712	1,408,123
Total accumulated depreciation	3,636,483	183,983	41,712	3,778,754
Total capital assets being depreciated, net	4,569,603	(42,708)	-	4,526,895
Governmental activities capital assets, net	$ 4,634,103	(42,708)	-	4,591,395

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Furniture and equipment	$ 26,064	-	-	26,064
Less accumulated depreciation	17,321	5,892	-	23,213
Business type activities capital assets, net	$ 8,743	(5,892)	-	2,851

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Other	$ 13,863
Support services:	
Administration	5,305
Operation and maintenance of plant	11,538
Transportation	32,564
	63,270
Unallocated	120,713
Total depreciation expense - governmental activities	$ 183,983
Business type activities:	
Food service operations	$ 5,892

(7) LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Capital loan notes	$ 205,000	-	100,000	105,000	105,000
General obligation bonds	100,000	-	100,000	-	-
Revenue bonds	1,040,000	-	160,000	880,000	165,000
Real estate contract	6,718	-	6,718	-	-
Early retirement	93,616	-	45,999	47,617	36,991
Net OPEB liability	-	11,053	-	11,053	-
Total	$ 1,445,334	11,053	412,717	1,043,670	306,991

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	$ -	947	-	947	-

Capital Loan Notes

Details of the District's June 30, 2010 capital loan notes bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of October 1, 2002			
	Interest Rates	Principal	Interest	Total
2011	3.45%	$ 105,000	3,623	108,623
Total		$ 105,000	3,623	108,623

Revenue Bonds

Details of the District's June 30, 2010 statewide sales, services and use tax revenue bonded indebtedness are as follows:

	Bond Issue of September 1, 2005			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	3.75%	$ 165,000	30,471	195,471
2012	3.75%	170,000	24,190	194,190
2013	3.75%	175,000	17,721	192,721
2014	3.80%	180,000	11,020	191,020
2015	4.00%	190,000	3,800	193,800
Total		$ 880,000	87,202	967,202

The District has pledged future statewide sales, services and use tax revenues to repay the $435,000 bonds issued in September 2005. The bonds were issued for the purpose of financing a portion of the costs of major school improvements. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through fiscal year 2015. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 53 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is $967,202. For the current year, principal and interest paid on the bonds and total statewide sales, services and use tax revenues were $196,565 and $370,944, respectively.

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

a) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.

b) $149,500 of the proceeds from the issuance of the revenue bonds shall be deposited to the reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited in the project account.

c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Early Retirement

The District approved a voluntary early retirement plan for all employees. Eligible employees must be at least fifty-five and employees must have completed fifteen years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirements benefit for each eligible employee is equal to 43% of the employee's current salary, less any other additional pay or supplemental pay. The retired employee may also continue participation n the District's health insurance group at the employee's own expense.

At June 30, 2010, the District had obligations to ten participants with a total liability of $47,617. Actual early retirement expenditures for the year ended June 30, 2010 totaled $45,999. Early retirement is recorded as a long-term liability of the Governmental Activities in the Statement of Net Assets.

(8) OPERATING LEASES

The District has entered into operating leases for copy machines at $2,396 per month. Future minimum lease payments in relation to these leases are as follows:

Year Ended June 30,	Amount
2011	$ 28,752
2012	2,396
	$ 31,148

During the fiscal year, payments made under these lease agreements were $26,356.

(9) 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 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were $253,595, $239,140 and $214,136, respectively, equal to the required contributions for each year.

(10) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 102 active and 12 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$ 55,000
Contributions made	(43,000)
Increase in net OPEB obligation	12,000
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	$ 12,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed $12,000 to the medical plan. Plan members eligible for benefits contributed $105,252, or 22% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 55,000	78.2%	$ 12,000

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was $528,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $528,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $3.931 million and the ratio of the UAAL to covered payroll was 13.4%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2008 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2008.

Projected claim costs of the medical plan are $568 per month. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) RISK MANAGEMENT

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

(12) 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 $253,457 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Required Supplementary Information

Pleasantville Community School District

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

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts	Budget to Actual Variance
Revenues:					
Local sources	$ 3,512,702	188,076	3,700,778	3,975,555	(274,777)
State sources	3,347,341	3,132	3,350,473	4,085,550	(735,077)
Federal sources	577,481	138,851	716,332	330,000	386,332
Total revenues	7,437,524	330,059	7,767,583	8,391,105	(623,522)
Expenditures/Expenses:					
Instruction	4,647,985	-	4,647,985	5,426,955	778,970
Support services	1,603,629	-	1,603,629	2,468,369	864,740
Non-instructional programs	22,627	305,836	328,463	429,507	101,044
Other expenditures	849,857	-	849,857	863,908	14,051
Total expenditures/expenses	7,124,098	305,836	7,429,934	9,188,739	1,758,805
Excess (deficiency) of revenues over (under) expenditures/expenses	313,426	24,223	337,649	(797,634)	1,135,283
Other financing sources, net	500	-	500	-	500
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	313,926	24,223	338,149	(797,634)	1,135,783
Balances beginning of year	2,121,896	11,238	2,133,134	1,787,960	345,174
Balances end of year	$ 2,435,822	35,461	2,471,283	990,326	1,480,957

See accompanying independent auditor's report.

Pleasantville Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2010

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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.

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

During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted.

Pleasantville Community School District

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	$ -	528	528	0.0%	$ 3,931	13.4%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Other Supplementary Information

Pleasantville Community School District

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2010

	Special Revenue					
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Capital Projects	Total
Assets						
Cash and pooled investments	$ 242,575	64,509	185,708	219,386	206,603	918,781
Receivables:						
Property tax:						
Delinquent	3,324	-	2,966	1,530	-	7,820
Succeeding year	239,682	-	207,636	-	-	447,318
Accounts	-	1,639	-	-	-	1,639
Due from other funds	-	-	-	-	22,257	22,257
Due from other governments	-	-	-	-	94,088	94,088
Total assets	$ 485,581	66,148	396,310	220,916	322,948	1,491,903
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	1,362	-	-	25,749	27,111
Due to other funds	-	-	-	5,746	-	5,746
Deferred revenue:						
Succeeding year property tax	239,682	-	207,636	-	-	447,318
Total liabilities	239,682	1,362	207,636	5,746	25,749	480,175
Fund balances:						
Reserved for debt service	-	-	-	215,170	-	215,170
Unreserved, reported in:						
Special revenue funds	245,899	64,786	188,674	-	-	499,359
Capital projects fund	-	-	-	-	297,199	297,199
Total fund balances	245,899	64,786	188,674	215,170	297,199	1,011,728
Total liabilities and fund balances	$ 485,581	66,148	396,310	220,916	322,948	1,491,903

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 2

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

Year ended June 30, 2010

	Special Revenue					
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Capital Projects	Total
Revenues:						
Local sources:						
Local tax	$ 224,343	-	205,182	104,448	370,944	904,917
Other	26,097	242,570	-	1,049	-	269,716
Total revenues	250,440	242,570	205,182	105,497	370,944	1,174,633
Expenditures:						
Current:						
Instruction:						
Regular	91,082	-	-	-	-	91,082
Special	4,582	-	-	-	-	4,582
Other	4,356	215,240	-	-	-	219,596
Support services:						
Student	597	-	-	-	-	597
Instructional staff	361	-	-	-	35,898	36,259
Administration	17,611	-	-	-	-	17,611
Operation and maintenance of plant	23,486	-	-	-	-	23,486
Transportation	10,608	-	86,913	-	-	97,521
Non-instructional programs	530	-	-	-	-	530
Other expenditures:						
Facilities acquisition	-	-	-	-	179,841	179,841
Long-term debt:						
Principal	-	-	-	366,718	-	366,718
Interest and fiscal charges	-	-	-	49,841	-	49,841
Total expenditures	153,213	215,240	86,913	416,559	215,739	1,087,664
Excess (deficiency) of revenues over (under) expenditures	97,227	27,330	118,269	(311,062)	155,205	86,969
Other financing sources (uses):						
Operating transfers in	-	-	-	309,217	149,500	458,717
Operating transfers out	-	-	(103,611)	(149,500)	(205,606)	(458,717)
Total other financing sources (uses)	-	-	(103,611)	159,717	(56,106)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	97,227	27,330	14,658	(151,345)	99,099	86,969
Fund balances beginning of year	148,672	37,456	174,016	366,515	198,100	924,759
Fund balances end of year	$ 245,899	64,786	188,674	215,170	297,199	1,011,728

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Elementary Book Fair	$ 4,075	9,474	9,663	-	3,886
Elementary Fundraiser	23,359	25,074	13,612	-	34,821
Miscellaneous	6,251	-	-	-	6,251
Library Club	547	2,005	3,101	-	(549)
Industrial Arts Club	(6,702)	874	1,851	-	(7,679)
Vocal	(173)	7,728	5,047	-	2,508
Elementary Band	(3,721)	1,647	970	-	(3,044)
Athletic Resale	(3,848)	118	-	-	(3,730)
Vocational Agriculture Club	(11,690)	2,488	2,768	-	(11,970)
HS Band	(526)	3,046	3,009	-	(489)
Drill Team	(3,118)	3,184	3,729	-	(3,663)
Athletics - Summer Program	(327)	-	-	-	(327)
Boys Basketball	8,069	6,132	4,748	-	9,453
Football	23,664	16,593	10,922	-	29,335
Baseball	(12,815)	6,094	6,291	-	(13,012)
Boys Track	(7,521)	565	1,719	-	(8,675)
Weightlifting	(45)	-	-	-	(45)
General HS Athletic Supplies	10,380	7,406	8,048	-	9,738
Boys Golf	(6,034)	270	1,019	-	(6,783)
Wrestling	2,625	10,161	7,651	-	5,135
Girls Basketball	6,208	13,085	12,829	-	6,464
Volleyball	(741)	2,739	2,578	-	(580)
Girls Softball	(13,416)	12,394	10,431	-	(11,453)
Girls Track	(4,561)	664	1,382	-	(5,279)
Girls Golf	(5,447)	-	521	-	(5,968)
Activity Concessions	3,470	11,032	15,918	-	(1,416)
Elementary Pop	1,177	2,297	2,168	-	1,306
High School Lounge	(2,126)	1,389	1,704	-	(2,441)
Yearbook	(28,481)	7,020	540	-	(22,001)
Clubs:					
E. Student Council	314	-	-	-	314
JH Student Council	2,785	52	312	-	2,525
Student Council	1,290	3,250	3,795	-	745
Future Farmers of America	2,414	36,924	32,203	-	7,135
National Honor Society	136	1,075	363	-	848
Future Business Leaders	221	-	-	-	221
Cheerleaders	(47)	5,750	4,259	-	1,444
Spanish	2,556	-	-	-	2,556
Science	243	170	155	-	258
Rifle Club	(593)	-	450	-	(1,043)

Pleasantville Community School District

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Student Activities:					
Postage	$ 91	-	-	-	91
Class of:					
2000	398	-	-	-	398
2001	181	-	-	-	181
2003	8	-	-	-	8
2004	432	-	-	-	432
2005	421	-	-	-	421
2006	900	-	-	-	900
2007	(140)	-	-	-	(140)
2008	753	-	-	-	753
2009	612	315	-	-	927
2010	2,257	2,733	2,130	-	2,860
2011	696	4,144	3,893	-	947
2012	(8)	345	33	-	304
Prom	494	-	-	-	494
D.C. Trip	6,822	8,699	6,866	-	8,655
TAG	1,409	-	381	-	1,028
Band/Vocal/Art Confederation	3	-	-	-	3
Home Ec	1,762	5,435	4,826	-	2,371
Art/Photo	5,197	3,467	4,010	-	4,654
Savings	10,611	380	-	-	10,991
Community Service	(1,693)	-	-	-	(1,693)
Plays	2,234	4,315	4,622	-	1,927
Social Studies	(210)	-	-	-	(210)
Community Resources	5,969	27	1,757	-	4,239
Student Council Resale - Trojan Track	5,840	8,986	11,604	-	3,222
Trojan Tribute	-	2,020	1,327	-	693
High Fundraising	4,565	1,004	35	-	5,534
Total	$ 37,456	242,570	215,240	-	64,786

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 4

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

For the Last Six Years

	Modified Accrual Basis					
	2010	2009	2008	2007	2006	2005
Revenues:						
Local sources:						
Local tax	$ 2,921,456	2,886,060	2,664,447	2,621,839	2,364,972	2,261,154
Tuition	197,656	224,811	217,259	254,641	241,652	202,346
Other	393,590	420,352	479,156	496,232	477,451	461,408
State sources	3,347,341	3,865,412	3,631,724	3,409,873	2,952,470	2,878,737
Federal sources	577,481	177,303	118,710	115,904	117,402	141,269
Total	$ 7,437,524	7,573,938	7,111,296	6,898,489	6,153,947	5,944,914
Expenditures:						
Instruction:						
Regular	$ 2,543,424	4,426,231	4,079,767	4,143,414	3,945,967	3,834,127
Special	1,087,674	-	-	-	-	-
Other	1,016,887	-	-	-	-	-
Support services:						
Student	105,686	131,947	73,254	150,696	107,209	102,746
Instructional staff	106,516	121,478	174,701	160,887	271,802	129,272
Administration	607,441	582,120	606,430	576,138	563,512	524,227
Operation and maintenance of plant	466,556	524,352	506,382	520,629	518,104	450,505
Transportation	317,430	239,425	198,788	187,830	248,667	195,510
Non-instructional programs	22,627	9,233	2,061	13,324	9,728	38,583
Other expenditures:						
Facilities acquisition	179,841	93,148	104,997	292,533	1,404,187	338,881
Long-term debt:						
Principal	366,718	426,339	405,000	390,000	240,000	225,000
Interest and other charges	49,841	67,502	79,468	94,003	86,191	57,828
AEA flowthrough	253,457	232,544	216,305	205,440	183,683	183,306
Total	$ 7,124,098	6,854,319	6,447,153	6,734,894	7,579,050	6,079,985

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 5

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	$ 18,194
National School Lunch Program	10.555	FY10	120,658 *
			138,852
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	102,893
ARRA - Title I Grants to Local Educational Agencies Recovery Act	84.389	FY10	37,985
			140,878
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY10	1,862
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	307,885
Pella Community School District:			
Career and Technical Education -- Basic Grants to States	84.048	FY10	13,866
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	FY10	35,448 **
ARRA - Special Education Grants to States, Recovery Act	84.391	FY10	77,542 **
Total			$ 716,333

* - Includes $19,527 of non-cash awards.

** - Total for Special Education Cluster (IDEA) is $112,290.

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

See accompanying independent auditor's report.

PEAK & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS
1370 NW 114TH ST., SUITE 205
CLIVE, IA 50325

(515) 277-3077

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
Pleasantville 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 Pleasantville Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 15, 2011. 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 Pleasantville 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 Pleasantville Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pleasantville Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10, II-B-10, II-C-10, II-D-10, II-E-10, II-F-10 and II-G-10 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-H-10 and II-I-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasantville 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, 2010 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.

Pleasantville 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 Pleasantville 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 the Pleasantville Community School District and other parties to whom the Pleasantville Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Pleasantville 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.

Peak & Co., LLP
Certified Public Accountants

January 15, 2011

PEAK & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS
1370 NW 114TH ST., SUITE 205
CLIVE, IA 50325

(515) 277-3077

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Pleasantville Community School District:

We have audited Pleasantville Community School District's compliance, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Pleasantville Community School District's major federal programs for the year ended June 30, 2010. Pleasantville 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 Pleasantville Community School District's management. Our responsibility is to express an opinion on Pleasantville 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 Pleasantville 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 Pleasantville Community School District's compliance with those requirements.

In our opinion, Pleasantville Community School District compiled, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Pleasantville 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 Pleasantville Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Pleasantville Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified deficiencies in internal control over compliance we consider to be material weaknesses.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Finding and Questioned Costs as items III-A-10, III-B-10, III-C-10, III-D-10 and III-E-10 to be material weaknesses.

Pleasantville Community School District's responses to the 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 Pleasantville 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 Pleasantville Community School District and other parties to whom Pleasantville Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peak & Co., LLP
Certified Public Accountants

January 15, 2011

Pleasantville Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

(a) Unqualified opinions were issued on the financial statements.

(b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) Material weaknesses in internal control over the 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 disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:

- CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act.
- Clustered programs:
  - CFDA Number 10.553 – School Breakfast Program
  - CFDA Number 10.555 – National School Lunch Program

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Pleasantville Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are sometimes all done by the same person. In addition, the Board Secretary also stamps the Board President's name on the majority of checks issued by the District.

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

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

Conclusion – Response acknowledged. The District could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

II-B-10 Fixed Assets – Fixed assets were not periodically counted and reconciled to the fixed asset listing by an independent person.

Recommendation – To provide additional control over the proper recording of fixed assets, fixed assets should be periodically counted and reconciled to the fixed asset listing by a person who does not have custody of the fixed assets.

Response – We will review this situation.

Conclusion – Response accepted.

II-C-10 Financial Reporting – During the audit, we identified material amounts of cash receipts, cash disbursements, receivables, payables, depreciation expense, inventory, and deferred revenue either incorrectly recorded or not recorded at all in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all transactions are identified and included in the District's financial statements.

Response – We will double check these issues in the future to avoid missing any receivables, payables, capital asset and all other transactions.

Conclusion – Response accepted.

II-D-10 Preparation of Full Disclosure Financial Statements – Internal controls over financial reporting include the actual preparation and review of financial statements, including footnote disclosure, for external reporting, as required by generally accepted accounting principles. Pleasantville Community School District does not have the internal resources to prepare the full-disclosure financial statements required by GAAP for external reporting. While this circumstance is not uncommon for most governmental entities, it is the responsibility of management and those charged with governance to prepare reliable financial data, or accept the risk associated with this condition because of cost or other considerations.

Recommendation – We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles in preparing full-disclosure financial statements for external reporting purposes is difficult. However, we recommend that District officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than to rely on external assistance.

Response – We recognize our limitations; however, it is not fiscally responsible to add additional staff for this purpose.

Conclusion – Response accepted.

II-E-10 Bank Reconciliations – For some bank accounts, monthly bank reconciliations were not consistently performed. For other bank accounts, there were unexplained differences between the reconciled bank balances and the book balances. As a result, it would appear that the financial records maintained by the District are not entirely accurate. In addition, the Board has not been consistently receiving accurate financial records during the fiscal year. In order to make management and financial decisions, the Board needs to receive accurate financial information on a timely basis.

Recommendation – Bank reconciliations should be prepared on a timely basis, for all bank accounts, and all differences should be investigated and resolved. In addition, the Board or District management should review all bank reconciliations on a monthly basis, with all differences timely investigated.

Response - We will implement these recommendations.

Conclusion – Response accepted.

II-F-10 Flex Benefits – The District offers a flex benefit plan for which the related funds are maintained by the District. When employees submit a claim for these benefits, the District pays a third party administrator, and the third party administrator then reimburses the employees their claim amounts. According to the Iowa Department of Education, these flex benefit plan funds should be accounted for by the District in an Internal Service Fund. Currently, these funds are accounted for by the District in the General Fund.

Recommendation – The District account for its flex benefits monies in accordance with Iowa Department of Education requirements.

Response – We will implement this recommendation.

Conclusion – Response accepted.

II- G-10 Receipts – Instances were noted where receipts were not timely deposited. For example, some receipts were held several weeks prior to deposit to the bank. In addition, for nutrition fund money, there is no immediate record of receipt of the funds.

Recommendation – The District implement procedures to ensure all receipts are timely deposited to the bank accounts. Receipts should be deposited daily when cash and checks on hand exceed $100. Also, an immediate record of receipt should be documented for all nutrition fund monies received.

Response – We will attempt to implement these recommendations.

Conclusion – Response accepted.

II-H-10 Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. Several accounts reported in the Special Revenue, Student Activity Fund do not appear to be extracurricular or co-curricular in nature.

Several student activity accounts are negative as of June 30, 2010.

There are still several old class accounts in the Student Activity Fund, dating back to the year 2000.

While the District requires reconciliations to be completed for fundraising activities, in some cases it was noted that the District personnel did not complete these reconciliations.

Recommendation – The District should review the propriety of all of the accounts in the Special Revenue, Student Activity Fund, and determine which accounts meet the Iowa Department of Education requirements to be included in the Special Revenue, Student Activity Fund. All accounts which do not meet the requirements to be included in the Special Revenue, Student Activity Fund should be recorded in another appropriate fund.

Procedures should be implemented to ensure all student activity accounts have a positive balance. In addition, old class accounts should be closed out in accordance with the Iowa Department of Education guidelines.

The District should also require that all sponsors complete an accurate reconciliation of all fundraising activities. Any material differences should then be followed up on by District management on a timely basis.

Response – We will review this area and make changes as appropriate.

Conclusion – Response accepted.

II-I-10 Admission Tickets – While admission tickets are issued for athletic and academic events for which admission is charged, we noted an instance where some admission tickets were missing, and would not appear to be accounted for properly.

Recommendation – The District should implement procedures to ensure that all admission tickets are properly accounted for in the future. Any unaccounted for admission tickets should be immediately investigated.

Response – We will implement these recommendations.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2010
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.394: ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are sometimes all done by the same person. In addition, the Board Secretary also stamps the Board President's name on the majority of checks issued by the District.

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

Response and Corrective Action Planned – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response acknowledged. The District could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2010
U.S. Department of Agriculture
Passed through the Iowa Department of Education

III-B-10 Receipts – Instances were noted where receipts were not timely deposited. For example, some receipts were held several days or weeks prior to deposit to the bank. In addition, for nutrition fund money, there is no immediate record of receipt of the funds.

Recommendation – The District implement procedures to ensure all receipts are timely deposited to the bank accounts. Receipts should be deposited daily when cash and checks on hand exceed $100. Also, an immediate record of receipt should be documented for all nutrition fund monies received.

Response and Corrective Action Planned – We will deposit receipts daily to the bank account, and create an immediate record of receipt of the funds.

Conclusion – Response accepted.

III-C-10 Verification of Free and Reduced Meal Applications – The District is required to verify the free and reduced price eligibility of households selected from a sample of approved applications on file as of October 1. The District indicated that they chose the option to verify 3% of the total eligible applications on file. While this verification option is acceptable to the Iowa Department of Education, the District did not properly calculate 3% of eligible applications. The District calculated that four applications were required to be verified. However, based on the calculation requirements as established by the Iowa Department of Education, the District should have verified five applications, instead of only four applications that the District did verify.

The State of Iowa has determined that certain types of applications are not subject to verification. However, two of the four applications selected by the District were not subject to verification, according to the State of Iowa instructions. As a result, these two applications should not have been included in the District sample, or verified by the District.

Recommendation – The District should implement procedures to ensure the Iowa Department of Education requirements are followed when it verifies free and reduced price eligibility of households. The District should also contact the Iowa Department of Education in relation to these issues.

Response and Corrective Action Planned – The above issues represented a misunderstanding of the instructions on our part. We will implement procedures to ensure that this does not happen again.

Conclusion – Response accepted.

III-D-10 Free/Reduced Meal Applications – The District receives applications from students at the beginning of the school year and during the year, and uses those applications to determine whether the student is eligible to receive free or reduced-price meals. We reviewed 15 applications, and noted one student who received reduced-price meals even though the student did not have a current application on file, as required by the Iowa Department of Education.

Recommendation – The District should ensure current applications are on file for all students participating in the free/reduced meal program. The District should also review the above issue with the Iowa Department of Education and take action as necessary.

Response and Corrective Action Planned – We will review our procedures with the Iowa Department of Education.

Conclusion – Response accepted.

CFDA Number 84.394: ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

III-E-10 ARRA Reporting and Accounting – During our review, we noted that cumulative expenditures to date as reported on the ARRA financial reports for the first three quarters of the fiscal year did not agree with cumulative expenditures to date as recorded on the District's general ledger.

Recommendation – The District reconcile its ARRA quarterly reports with the general ledger to ensure amounts reconcile prior to submission of the quarterly reports.

Response and Corrective Action Planned – We have begun to do this in fiscal year 2011, so this should no longer be an issue.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget – Expenditures for the year ended June 30, 2010 did not exceed the certified budget amounts.

IV-B-10 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-10 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-10 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-10 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-10 Board Minutes – It appears that some invoices were not approved by the Board, as required by Chapter 279.29 of the Code of Iowa.

Some Board minutes were not timely published, and the published Board minutes did not include a schedule of bills allowed, as required by Chapter 279.35 of the Code of Iowa.

For a closed session, the Board minutes did not document the specific information regarding the closed session as required by Chapter 21 of the Code of Iowa, commonly known as the open meetings law.

Recommendation – The District implement procedures to ensure that all invoices are approved by the Board, all Board minutes be timely published, and include a schedule of bills allowed by the Board. In addition, closed session minutes should be documented to ensure compliance with Chapter 21 of the Code of Iowa.

Response – We will implement these recommendations.

Conclusion – Response accepted.

IV-G-10 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on the Certified Enrollment Certification Form for October 2009 was understated by 4.9 students.

Recommendation – The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response – We will contact the Iowa Department of Education and the Department of Management.

Conclusion – Response accepted.

IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and District's investment policy were noted, except that the Board specified maximum amount which may be kept on deposit in each depository was exceeded as of June 30, 2010, and at times during the year.

Recommendation – To be in compliance with Chapter 12C of the Code of Iowa, the Board should implement procedures to ensure the Board minutes document the maximum amount which may be kept on deposit in each depository.

Response – We will implement this recommendation.

Conclusion – Response accepted.

IV-J-10 Certified Annual Report – The Certified Annual Report was not timely certified to the State of Iowa. In addition, we noted material variances in the amounts reported.

Recommendation – The District should implement procedures to ensure the certified annual report is timely filed in the future, and that the amounts reported on this report agree to the accounting records. The District should contact the Iowa Department of Education to resolve this situation.

Response – We have contacted the Iowa Department of Education and will make adjustments through the certified annual report for the next fiscal year. For fiscal year 2010, we had an error message that we could not figure out. We were unable to file our report if there was an error message. Once this error message was resolved, we filed our report. Next year we will certify the report on a timely basis.

Conclusion – Response accepted.

IV-K-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds. However, the District did not consistently record revenues and expenditures related to categorical funding until the end of the fiscal year. The Iowa Department of Education requires that all categorical funding be recorded to specific account codes. Since the District did not record categorical funding to specific account codes during the year, it appears the District is not in compliance with the Iowa Department of Education requirements. In addition, for several of the categorical funding programs, the District is unable to document the specific costs paid for with categorical funding receipts. This procedure does not appear to be in compliance with the Iowa Department of Education requirements.

Recommendation – The District should consult the Iowa Department of Education regarding corrective action to be taken.

Response – We will implement this recommendation.

Conclusion – Response accepted.

IV-L-10 Statewide Sales, Services and Use Tax – Instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Specifically, it appears the District paid for some equipment repair costs, and paid for some equipment which costs less than $500 per unit from the statewide sales, services and use tax revenues (Capital Projects Fund). It does not appear that these types of expenses are an allowable use of the statewide sales, services and use tax revenues.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenues. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenues are as follows:

Beginning balance		$ 198,100
Revenues/transfers in:		
Statewide sales, services and use tax	$ 370,944	
Operating transfer in	149,500	520,444
Expenditures/transfers out:		
School infrastructure:		
Equipment	106,561	
Other improvements	109,178	
Debt service for school infrastructure:		
General obligation debt	196,565	
Revenue debt	9,041	421,345
Ending balance		$ 297,199

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per $1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	$ 1.6710	$ 205,606
Physical plant and equipment levy	1.3437	165,338

Recommendation – The District should implement procedures to ensure all disbursements charged to the Capital Projects Fund are for allowable purposes.

Response – We have already performed a corrective transfer from the General Fund to the Capital Projects Fund in order to resolve the above concern.

Conclusion – Response accepted.

IV-M-10 Disbursements – While the Board generally approves the list of bills, the Board President does not sign the list of approved bills. Without this, there is less assurance that the actual bills paid by the District were approved by the Board.

The Board Secretary does not sign all District checks, even though this is required by Chapter 291.8 of the Code of Iowa.

IRS 1099-Misc. forms were not issued to some vendors as required.

Recommendation – The Board President should sign the list of approved bills, with the list retained by the District. In addition, the Board Secretary should sign all District checks as required by the Code of Iowa. Also, IRS 1099-Misc. forms should be issued to all applicable vendors.

Response – We will review this area and take action as necessary.

Conclusion – Response accepted.

IV-N-10 Payroll – Instances were noted where there was not documented support for employee payroll deductions. W4 and I9 forms could not all be located by the District. Instances were noted where a signed employee contract could not be located, and another instance in which the signed employee contract pay rate conflicted with the actual amount paid to the employee.

Recommendation – The District implement procedures to ensure there is adequate support for all employee payroll withholdings. In addition, W4 and I9 forms should be on file for all employees. Also, accurate employee contracts should be obtained for all employees.

Response – We will implement these recommendations.

Conclusion – Response accepted.

IV-O-10 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and the back of each cancelled check. However, the District did not obtain an image of the front and/or back of each cancelled check as required.

Recommendation - The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response – We will implement this recommendation.

Conclusion – Response accepted.

IV-P-10 Outstanding Checks – The District has several outstanding checks on the books which are older than one year old. These old checks should be turned over to the State Unclaimed Property Fund, as required by the State of Iowa.

Recommendation – The District turn over these old outstanding checks to the State Unclaimed Property Fund.

Response – We will implement this recommendation.

Conclusion – Response accepted.

IV-Q-10 Fuel Procedures – The District has barrels to store fuel for subsequent use, and also buys fuel from a vendor in town. While a vehicle log is kept for some vehicles, this vehicle log does not document gallons of fuel used in the vehicle and the mileage of the vehicle.

Recommendation – To provide increased accountability over fuel purchased, and the fuel used from the District barrels, the District should periodically reconcile fuel purchased as recorded on the vendor invoices and fuel used per the barrels, with the vehicle logs. Any material differences and any unusual amount of fuel used should be periodically investigated and followed up on a timely manner.

Response – We will review our procedures in relation to this.

Conclusion – Response accepted.

IV-R-10 Miscellaneous – It appears the District has never filed a state gas tax refund claim. This could amount to several hundred dollars due the District each year.

The membership lists maintained for fitness center memberships were not retained. As a result, there is less assurance that fitness center receipts were accounted for properly.

The District does not appear to have procedures in place to ensure all open enrollment out billings due to other Districts are appropriately paid, and that all open enrollment in monies due to the District from other Districts are appropriately received. As a result, we identified several instances in which the District either overpaid a neighboring District for open enrollment out fees, or failed to bill a neighboring District for open enrollment in fees. The effects of these errors amounted to approximately $21,000 due to the District. This situation was not known by the District until we brought this to their attention.

As a result of misclassifications, at June 30, 2010, $1,397 is due from the General Fund to the Debt Service Fund.

Recommendation – The District should file for state gas tax refunds in the future. In addition, the District should implement procedures to ensure all fitness center receipts are accounted for properly. The District should also implement procedures to ensure all open enrollment out and open enrollment in fees are appropriately paid and billed, respectively. In addition, the above transfer should be made.

Response – We will file for a gas tax refunds in the future. Some of the fitness center records were accidently discarded. We will make sure that this does not happen again. In addition, we are in the process of resolving all of the open enrollment out and open enrollment in billing issues as noted above. The above transfer will also be made.

Conclusion – Response accepted.

Pleasantville Community School District

Corrective Action Plan for Federal Audit Findings

Year Ended June 30, 2010

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
III-A-10	Segregation of Duties Over Federal Revenues	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Robert Friday Business Manager (515) 848-0557	Immediately
III-B-10	Receipts	We will deposit receipts daily to the bank account.	Robert Friday Business Manager (515) 848-0557	Immediately
III-C-10	Verification of Free and Reduced Meal Applications	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs. In addition, an independent person will verify the calculations.	Robert Friday Business Manager (515) 848-0557	Oct. 1, 2011
III-D-10	Free/Reduced Meal Applications	We will go through our current applications to ensure all are current. In addition, in the future, we will ensure that current applications are on file for all individuals who receive free/reduced meals.	Robert Friday Business Manager (515) 848-0557	Immediately
III-E-10	ARRA Reporting and Accounting	The Business Manager will review the ARRA quarterly reports and general ledger to ensure amounts reconcile prior to the submission of the report.	Robert Friday Business Manger (515) 848-0557	Effective with the first quarter 2011 report.

Pleasantville Community School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2010

None – There were no audit findings related to federal funds in the prior audit.