

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT  
PLEASANTVILLE, IOWA

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

June 30, 2012

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

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Pleasantville Community School District

Officials

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
<b>Board of Education</b>		
<b>(Before September 2011 Election)</b>		
Jennifer Dursky	President	2011
Jenny Hilsabeck	Vice-President	2013
Troy Padellford	Board Member	2011
Kenny Sutter	Board Member	2013
Phil Ray	Board Member	2011
<b>Board of Education</b>		
<b>(After September 2011 Election)</b>		
Troy Padellford	President	2015
Jenny Hilsabeck	Vice-President	2013
Kenny Sutter	Board Member	2013
Phil Ray	Board Member	2015
Chad DeJoode	Board Member	2015
<b>School Officials</b>		
Bob Miller	Superintendent	2012
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

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CERTIFIED PUBLIC ACCOUNTANTS  
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CLIVE, IA 50325  

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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, 2012, 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.

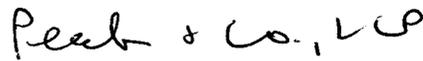
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Pleasantville Community School District at June 30, 2012, 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 March 15, 2013, 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 performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 32 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

U.S. generally accepted accounting principles require Management's Discussion and Analysis be presented to supplement the basic financial statements. 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 the Pleasantville's Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Peak & Co., LLP  
Certified Public Accountants

March 15, 2013

## Basic Financial Statements

## Statement of Net Assets

June 30, 2012

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 5,254,259	66,823	5,321,082
Receivables:			
Property tax:			
Delinquent	32,338	-	32,338
Succeeding year	2,044,117	-	2,044,117
Accounts	1,700	-	1,700
Due from other funds	11,188	-	11,188
Due from other governments	554,153	-	554,153
Inventories	-	4,998	4,998
Capital assets, net of accumulated depreciation	7,144,252	36,867	7,181,119
<b>Total assets</b>	<b>15,042,007</b>	<b>108,688</b>	<b>15,150,695</b>
<b>Liabilities</b>			
Accounts payable	107,505	7,109	114,614
Construction contracts payable - retainage	84,285	-	84,285
Construction contracts payable	1,279,989	2,026	1,282,015
Salaries and benefits payable	609,820	-	609,820
Due to other funds	-	11,188	11,188
Due to other governments	23,511	-	23,511
Accrued interest payable	63,230	-	63,230
Deferred revenue:			
Succeeding year property tax	2,044,117	-	2,044,117
Unearned revenue	-	2,309	2,309
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	150,000	-	150,000
Capital leases	140,925	-	140,925
Special assessment	6,301	-	6,301
Early retirement	13,601	-	13,601
Portion due after one year:			
Revenue bonds	3,950,000	-	3,950,000
Capital leases	220,159	-	220,159
Special assessment	18,903	-	18,903
Early retirement	4,301	-	4,301
Net OPEB liability	21,314	1,828	23,142
<b>Total liabilities</b>	<b>8,737,961</b>	<b>24,460</b>	<b>8,762,421</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	2,683,168	36,867	2,720,035
Restricted for:			
Categorical funding	777	-	777
Management levy purposes	374,393	-	374,393
Physical plant and equipment	112,418	-	112,418
Student activities	72,067	-	72,067
Debt service	573,731	-	573,731
School infrastructure	769,567	-	769,567
Unrestricted	1,717,925	47,361	1,765,286
<b>Total net assets</b>	<b>\$ 6,304,046</b>	<b>84,228</b>	<b>6,388,274</b>

See notes to financial statements.

## Pleasantville Community School District

Exhibit B

## Statement of Activities

Year ended June 30, 2012

Functions / Programs:	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
Governmental activities:							
Instruction:							
Regular instruction	\$ 2,795,204	248,078	599,935	-	(1,947,191)	-	(1,947,191)
Special instruction	949,241	197,799	226,004	-	(525,438)	-	(525,438)
Other instruction	1,054,771	280,014	6,705	-	(768,052)	-	(768,052)
	<u>4,799,216</u>	<u>725,891</u>	<u>832,644</u>	<u>-</u>	<u>(3,240,681)</u>	<u>-</u>	<u>(3,240,681)</u>
Support services:							
Student	106,495	-	-	-	(106,495)	-	(106,495)
Instructional staff	150,364	-	-	-	(150,364)	-	(150,364)
Administration	740,615	-	-	-	(740,615)	-	(740,615)
Operation and maintenance of plant	435,395	2,485	-	-	(432,910)	-	(432,910)
Transportation	301,260	-	352	-	(300,908)	-	(300,908)
	<u>1,734,129</u>	<u>2,485</u>	<u>352</u>	<u>-</u>	<u>(1,731,292)</u>	<u>-</u>	<u>(1,731,292)</u>
Non-instructional programs	<u>27,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,255)</u>	<u>-</u>	<u>(27,255)</u>
Other expenditures:							
Facilities acquisition	237,699	-	-	-	(237,699)	-	(237,699)
Long-term debt interest	124,266	-	5,757	-	(118,509)	-	(118,509)
AEA flowthrough	227,773	-	227,773	-	-	-	-
Depreciation (unallocated)*	150,506	-	-	-	(150,506)	-	(150,506)
	<u>740,244</u>	<u>-</u>	<u>233,530</u>	<u>-</u>	<u>(506,714)</u>	<u>-</u>	<u>(506,714)</u>
Total governmental activities	<u>7,300,844</u>	<u>728,376</u>	<u>1,066,526</u>	<u>-</u>	<u>(5,505,942)</u>	<u>-</u>	<u>(5,505,942)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	<u>325,709</u>	<u>190,160</u>	<u>150,999</u>	<u>-</u>	<u>-</u>	<u>15,450</u>	<u>15,450</u>
Total	<u>\$ 7,626,553</u>	<u>918,536</u>	<u>1,217,525</u>	<u>-</u>	<u>(5,505,942)</u>	<u>15,450</u>	<u>(5,490,492)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,762,015	-	1,762,015
Capital outlay					227,542	-	227,542
Statewide sales, services and use tax					479,201	-	479,201
Income surtax					250,512	-	250,512
Premium on revenue bonds					9,083	-	9,083
Unrestricted state grants					2,945,406	-	2,945,406
Discount on issuance of revenue bonds					(69,763)	-	(69,763)
Payment to refunding bond escrow agent					(2,566)	-	(2,566)
Unrestricted investment earnings					8,406	-	8,406
Other					183,071	-	183,071
Total general revenues					<u>5,792,907</u>	<u>-</u>	<u>5,792,907</u>
Change in net assets					286,965	15,450	302,415
Net assets beginning of year					6,017,081	68,778	6,085,859
Net assets end of year					<u>\$ 6,304,046</u>	<u>84,228</u>	<u>6,388,274</u>

\* 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, 2012

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	\$ 2,054,979	373,621	2,485,213	331,239	5,245,052
Receivables:					
Property tax:					
Delinquent	25,369	3,269	3,700	-	32,338
Succeeding year	1,550,791	250,000	243,326	-	2,044,117
Accounts	473	-	-	1,227	1,700
Due from other funds	21,891	-	-	-	21,891
Due from other governments	435,737	-	118,416	-	554,153
<b>Total assets</b>	<b>\$ 4,089,240</b>	<b>626,890</b>	<b>2,850,655</b>	<b>332,466</b>	<b>7,899,251</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 59,614	-	37,895	9,063	106,572
Construction contracts payable - retainage	-	-	84,285	-	84,285
Construction contracts payable	-	-	1,279,989	-	1,279,989
Salaries and benefits payable	609,820	-	-	-	609,820
Due to other governments	22,731	-	-	780	23,511
Due to other funds	-	2,497	-	-	2,497
Deferred revenue:					
Succeeding year property tax	1,550,791	250,000	243,326	-	2,044,117
Other	268,587	-	-	-	268,587
Total liabilities	2,511,543	252,497	1,645,495	9,843	4,419,378
Fund balances:					
Restricted for:					
Categorical funding	777	-	-	-	777
Debt service	-	-	323,175	250,556	573,731
Management levy purposes	-	374,393	-	-	374,393
Student activities	-	-	-	72,067	72,067
School infrastructure	-	-	769,567	-	769,567
Physical plant and equipment	-	-	112,418	-	112,418
Unassigned	1,576,920	-	-	-	1,576,920
Total fund balances	1,577,697	374,393	1,205,160	322,623	3,479,873
<b>Total liabilities and fund balances</b>	<b>\$ 4,089,240</b>	<b>626,890</b>	<b>2,850,655</b>	<b>332,466</b>	<b>7,899,251</b>

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, 2012

<b>Total fund balances of governmental funds (page 10)</b>	<b>\$ 3,479,873</b>
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,144,252
The Internal Service Fund is used by management to charge the costs of the District's employee flexible spending plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Activities.	69
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	268,586
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.	(63,230)
Long-term liabilities, including revenue bonds payable, capital leases payable, special assessment 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.	<u>(4,525,504)</u>
<b>Net assets of governmental activities (page 8)</b>	<b><u>\$ 6,304,046</u></b>

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, 2012

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 1,808,152	200,548	706,743	-	2,715,443
Tuition	346,252	-	839	-	347,091
Other	236,742	-	-	260,248	496,990
State sources	3,824,371	-	-	-	3,824,371
Federal sources	234,828	-	-	-	234,828
<b>Total revenues</b>	<b>6,450,345</b>	<b>200,548</b>	<b>707,582</b>	<b>260,248</b>	<b>7,618,723</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	2,733,678	45,317	-	-	2,778,995
Special	941,619	5,780	-	-	947,399
Other	810,181	4,653	-	242,755	1,057,589
	<u>4,485,478</u>	<u>55,750</u>	<u>-</u>	<u>242,755</u>	<u>4,783,983</u>
Support services:					
Student	105,662	761	-	-	106,423
Instructional staff	86,569	504	67,641	-	154,714
Administration	676,537	56,541	-	-	733,078
Operation and maintenance of plant	419,906	24,696	-	-	444,602
Transportation	252,440	10,279	90,192	-	352,911
	<u>1,541,114</u>	<u>92,781</u>	<u>157,833</u>	<u>-</u>	<u>1,791,728</u>
Non-instructional programs	26,210	1,045	-	-	27,255
Other expenditures:					
Facilities acquisition	-	-	2,714,615	-	2,714,615
Long-term debt:					
Principal	-	-	-	464,151	464,151
Interest and fiscal charges	-	-	-	77,329	77,329
AEA flowthrough	227,773	-	-	-	227,773
	<u>227,773</u>	<u>-</u>	<u>2,714,615</u>	<u>541,480</u>	<u>3,483,868</u>
<b>Total expenditures</b>	<b>6,280,575</b>	<b>149,576</b>	<b>2,872,448</b>	<b>784,235</b>	<b>10,086,834</b>
Excess (deficiency) of revenues over (under) expenditures	169,770	50,972	(2,164,866)	(523,987)	(2,468,111)
<b>Other financing sources (uses):</b>					
Sale of capital assets	806	-	-	-	806
Proceeds from capital lease	-	-	16,126	-	16,126
Revenue bonds issued	-	-	3,701,933	398,067	4,100,000
Premium on revenue bonds	-	-	9,083	-	9,083
Discount on issuance of revenue bonds	-	-	(69,763)	-	(69,763)
Payment to refunding bond escrow agent	-	-	-	(398,067)	(398,067)
Operating transfers in	7,763	-	3,502	569,427	580,692
Operating transfers out	(3,502)	(7,763)	(569,427)	-	(580,692)
<b>Total other financing sources (uses)</b>	<b>5,067</b>	<b>(7,763)</b>	<b>3,091,454</b>	<b>569,427</b>	<b>3,658,185</b>
Net change in fund balances	174,837	43,209	926,588	45,440	1,190,074
Fund balances beginning of year	1,402,860	331,184	278,572	277,183	2,289,799
Fund balances end of year	<u>\$ 1,577,697</u>	<u>374,393</u>	<u>1,205,160</u>	<u>322,623</u>	<u>3,479,873</u>

See notes to financial statements.

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

Year ended June 30, 2012

**Net change in fund balances - total governmental funds (page 12)** **\$ 1,190,074**

*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 exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 2,618,515	
Depreciation expense	<u>(230,276)</u>	2,388,239

Certain revenues not collected for several months after year end are not considered available revenue and are deferred in the governmental funds. 31,518

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

Issued	(4,116,126)	
Repaid	<u>859,661</u>	(3,256,465)

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. (46,937)

The Internal Service Fund is used by management to charge the costs of the District's employee flexible spending plan to individual funds. The change in net assets of the Internal Service Fund is reported in governmental activities. (4,383)

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	(7,640)	
Other postemployment benefits	<u>(7,441)</u>	<u>(15,081)</u>

**Change in net assets of governmental activities (page 9)** **\$ 286,965**

Pleasantville Community School District

Exhibit G

Statement of Net Assets  
Proprietary Funds

June 30, 2012

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	Nonmajor Enterprise Fund - School Nutrition	Internal Service - Employee Flexible Spending
<b>Assets</b>		
Cash and cash equivalents	\$ 66,823	9,207
Inventories	4,998	-
Capital assets, net of accumulated depreciation	36,867	-
<b>Total assets</b>	<u>108,688</u>	<u>9,207</u>
<b>Liabilities</b>		
Accounts payable	7,109	933
Salaries and benefits payable	2,026	-
Due to other funds	11,188	8,205
Unearned revenue	2,309	-
Net OPEB liability	1,828	-
<b>Total liabilities</b>	<u>24,460</u>	<u>9,138</u>
<b>Net Assets</b>		
Invested in capital assets	36,867	-
Unrestricted	47,361	69
<b>Total net assets</b>	<u>\$ 84,228</u>	<u>69</u>

See notes to financial statements.

Pleasantville Community School District

Exhibit H

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

Year ended June 30, 2012

	Business Type Activities	Governmental Activities Internal
	Nonmajor Enterprise Fund - School Nutrition	Service - Employee Flexible Spending
Operating revenues:		
Local sources:		
Charges for service	\$ 190,160	-
Employee contributions	-	9,200
Total operating revenue	<u>190,160</u>	<u>9,200</u>
Operating expenses:		
Non-instructional programs:		
Salaries	103,677	-
Benefits	8,299	-
Supplies	209,829	-
Other	-	13,590
Depreciation	3,904	-
Total operating expenses	<u>325,709</u>	<u>13,590</u>
Operating (loss)	<u>(135,549)</u>	<u>(4,390)</u>
Non-operating revenues:		
State sources	2,911	-
Federal sources	148,088	-
Interest income	-	7
Total non-operating revenues	<u>150,999</u>	<u>7</u>
Increase (Decrease) in net assets	15,450	(4,383)
Net assets beginning of year	<u>68,778</u>	<u>4,452</u>
Net assets end of year	<u>\$ 84,228</u>	<u>69</u>

See notes to financial statements.

Pleasantville Community School District

Exhibit I

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2012

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	Nonmajor Enterprise Fund - School Nutrition	Internal Service - Employee Flexible Spending
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 181,911	-
Cash received from miscellaneous operating activities	-	9,200
Cash paid to employees for services	(109,312)	-
Cash paid to suppliers for goods and services	(176,165)	(12,657)
Net cash provided (used) by operating activities	<u>(103,566)</u>	<u>(3,457)</u>
Cash flows from non-capital financing activities:		
State grants received	2,911	-
Federal grants received	135,124	-
Net cash provided by non-capital financing activities	<u>138,035</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(9,102)	-
Interfund loan increase	11,188	8,205
Net cash provided (used) by capital and related financing activities	<u>2,086</u>	<u>8,205</u>
Cash flows from investing activities:		
Interest on investments	-	7
Net increase (decrease) in cash and cash equivalents	36,555	4,755
Cash and cash equivalents beginning of year	30,268	4,452
Cash and cash equivalents end of year	<u>\$ 66,823</u>	<u>9,207</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (135,549)	(4,390)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	26,144	-
Depreciation	3,904	-
Decrease in inventories	411	-
Increase in accounts payable	7,109	933
Increase in salaries and benefits payable	2,026	-
(Decrease) in unearned revenue	(8,249)	-
Increase in other postemployment benefits	638	-
Net cash provided (used) by operating activities	<u>\$ (103,566)</u>	<u>(3,457)</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2012, the District received \$26,144 of federal commodities.

See notes to financial statements.

Pleasantville Community School District

Exhibit J

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2012

	<u>Private Purpose Trust Scholarship</u>
<b>Assets</b>	
Cash and pooled investments	\$ 346,178
<b>Total assets</b>	<u>346,178</u>
<b>Liabilities</b>	<u>-</u>
<b>Net Assets</b>	
Reserved for scholarships	<u>\$ 346,178</u>

See notes to financial statements.

Pleasantville Community School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Exhibit K

Year ended June 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 26,750
Interest income	11,426
Total additions	38,176
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	19,000
Change in net assets	19,176
Net assets beginning of year	327,002
Net assets end of year	\$ 346,178

See notes to financial statements.

Pleasantville Community School District

Notes to Financial Statements

June 30, 2012

(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 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 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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues 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 Special Revenue, Management Levy Fund is used to account for revenues from property tax and other revenues to be used for the payment of insurance, unemployment and early retiree benefits.

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

The District reports the following non-major proprietary funds:

The District's proprietary funds are the School Nutrition Fund and the Internal Service Fund. The Enterprise, School Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the employee flexible spending monies. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and the Statement of Activities.

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, proceeds of revenue bonds 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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 and the Goldman Sachs Financial Square Funds – Government Fund which are 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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

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 employees 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements 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 year

or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds and income surtax, 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 succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, and unspent grant proceeds.

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 unused 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, 2012.

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, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **CASH AND POOLED INVESTMENTS**

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. However, at times during the year, the District's deposits in banks 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, 2012, the District had investments in the Iowa Schools Joint Investment Diversified Portfolio which are valued at an amortized cost of \$59,726, pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

At June 30, 2012, the District had investments in the Goldman Sachs Financial Square Funds – Government Fund which are valued at an amortized cost of \$536,478, pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in Goldman Sachs Financial Square Funds – Government Fund was rated AAAM by Standard & Poor's Financial Services.

At June 30, 2012, the District had investments in U.S government bonds, with a fair value of \$213,584. The investments in the U.S. government bonds are valued at fair value. The investment in the U.S. government bonds is not subject to risk categorization.

**(3) DUE FROM AND DUE TO OTHER FUNDS**

The detail of interfund receivables and payables at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Management Levy	<u>\$ 2,497</u>
	Proprietary Funds: School Nutrition	11,189
	Employee Flexible Spending	<u>8,205</u>
		<u>19,394</u>
Total		<u><u>\$ 21,891</u></u>

The above due from/to amounts represents corrections of incorrect recording of transactions.

**(4) INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Management Levy	<u>\$ 7,763</u>
Capital Projects	General	<u>3,502</u>
Debt Service	Capital Projects: Physical Plant and Equipment Levy	143,388
	Statewide Sales, Services and Use Tax	<u>426,039</u>
		<u>569,427</u>
	Total	<u><u>\$ 580,692</u></u>

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

(5) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 64,500	-	-	64,500
Construction in progress	177,511	2,152,289	177,511	2,152,289
Total capital assets not being depreciated	<u>242,011</u>	<u>2,152,289</u>	<u>177,511</u>	<u>2,216,789</u>
Capital assets being depreciated:				
Buildings	6,422,923	467,232	-	6,890,155
Improvements other than buildings	292,776	34,905	-	327,681
Furniture and equipment	1,724,907	141,600	30,001	1,836,506
Total capital assets being depreciated	<u>8,440,606</u>	<u>643,737</u>	<u>30,001</u>	<u>9,054,342</u>
Less accumulated depreciation for:				
Buildings	2,227,246	146,795	-	2,374,041
Improvements other than buildings	268,784	3,711	-	272,495
Furniture and equipment	1,430,574	79,770	30,001	1,480,343
Total accumulated depreciation	<u>3,926,604</u>	<u>230,276</u>	<u>30,001</u>	<u>4,126,879</u>
Total capital assets being depreciated, net	<u>4,514,002</u>	<u>413,461</u>	<u>-</u>	<u>4,927,463</u>
Governmental activities capital assets, net	<u>\$ 4,756,013</u>	<u>2,565,750</u>	<u>177,511</u>	<u>7,144,252</u>
<b>Business type activities:</b>				
Furniture and equipment	\$ 57,451	9,102	-	66,553
Less accumulated depreciation	<u>25,782</u>	<u>3,904</u>	<u>-</u>	<u>29,686</u>
Business type activities capital assets, net	<u>\$ 31,669</u>	<u>5,198</u>	<u>-</u>	<u>36,867</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Other

\$ 15,629

Support services:

Administration

11,911

Operation and maintenance of plant

14,046

Transportation

38,184

79,770

Unallocated

150,506

Total depreciation expense - governmental activities

\$ 230,276

Business type activities:

Food service operations

\$ 3,904

(6) **LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 715,000	4,100,000	715,000	4,100,000	150,000
Capital leases	483,318	16,126	138,360	361,084	140,925
Special assessment	31,505	-	6,301	25,204	6,301
Early retirement	10,262	37,052	29,412	17,902	13,601
Net OPEB liability	13,873	7,441	-	21,314	-
Total	\$ 1,253,958	4,160,619	889,073	4,525,504	310,827

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ 1,190	638	-	1,828	-

Revenue Bonds

Details of the District's June 30, 2012 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of August 1, 2011			
	Interest Rates	Principal	Interest	Total
2013	1.50%	\$ 150,000	125,335	275,335
2014	1.50%	175,000	122,898	297,898
2015	1.50%	185,000	120,197	305,197
2016	2.00%	190,000	116,910	306,910
2017	2.00%	195,000	113,060	308,060
2018-2022	2.00-3.15%	1,065,000	492,733	1,557,733
2023-2027	3.30-4.00%	1,250,000	308,145	1,558,145
2028-2030	4.10-4.25%	890,000	57,365	947,365
Total		\$ 4,100,000	1,456,643	5,556,643

On August 1, 2011, the District issued \$4,100,000 of School Infrastructure Sales, Services and Use Tax Revenue and Refunding Bonds for the current refunding of \$545,000 of School Infrastructure Sales and Services Tax Revenue Bonds dated September 1, 2005. Of the \$4,100,000 total, \$398,067 of the proceeds, along with \$149,500 in the Capital Projects, Statewide Sales, Services and Use Tax monies were used to currently refund the principal and interest due on the September 1, 2005 issue. The current refunding took place on August 15, 2011. Of the remaining amount of \$3,701,933, a total of \$3,378,758 was used to finance the major school improvements, and \$323,175 was used to create a required reserve account.

The District obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$21,763.

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,100,000 bonds issued in August 2011. 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 2030. 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 58% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$5,556,643. For the current year, principal and interest paid on the bonds and total statewide sales, services and use tax revenues were \$52,692 and \$479,201, 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) \$323,175 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.

#### Capital Leases

On May 21, 2001, the District entered into a capital lease agreement for the purchase of computer equipment for the District's one-to-one laptop initiative. The lease bears interest at 1.90% per annum and is payable in eight bi-yearly installments of \$71,694, beginning May 21, 2011. On March 19, 2012, the District entered into a capital lease agreement for the purchase of a John Deere gator. The lease bears interest at 4.30% per annum and is payable in five annual installments of \$3,508, with a final installment of \$1, with the first installment due beginning March 19, 2012. These leases will be paid from physical plant and equipment levy revenues and from statewide sales, services and use tax revenues. The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2012.

Year Ended June 30,	Computer Lease Amount	Gator Lease Amount	Total
2013	\$ 143,388	3,508	146,896
2014	143,388	3,508	146,896
2015	71,693	3,508	75,201
2016	-	3,508	3,508
2017	-	1	1
Minimum Lease Payments	358,469	14,033	372,502
Less Amount Representing Interest	(9,994)	(1,424)	(11,418)
Present Value of Minimum Lease Payments	<u>\$ 348,475</u>	<u>12,609</u>	<u>361,084</u>

#### Special Assessment

During the year ended June 30, 2006, the District was assessed for road improvement costs by the City of Pleasantville. The assessment will be paid for from statewide sales, services and use tax revenues. The assessment is actually paid to the Marion County Treasurer, who in turn remits the proceeds to the City of Pleasantville. The following is a schedule of future minimum special assessment payments, together with the net present value of the minimum special assessment payments as of June 30, 2012.

Year Ended June 30,	Amount
2013	\$ 7,629
2014	7,306
2015	6,979
2016	<u>6,656</u>
Minimum Special Assessment Payments	28,570
Less Amount Representing Interest and Fees	<u>(3,366)</u>
Present Value of Minimum Special Assessment Payments	<u>\$ 25,204</u>

#### 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 in the District's health insurance group at the employee's own expense.

At June 30, 2012, the District had obligations to one participant with a total liability of \$17,902. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$29,412. Early retirement is recorded as a long-term liability of the Governmental Activities in the Statement of Net Assets.

#### (7) **OPERATING LEASE**

The District has entered into a lease on October 26, 2010 to lease copier equipment. The lease has been classified as an operating lease and, accordingly, all rents are charged to expense as incurred. The lease expires on November 30, 2014. The District pays \$1,774 a month for this lease.

The following is a schedule of future payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2012:

Year Ended June 30,	Amount
2013	\$ 21,291
2014	21,291
2015	<u>8,871</u>
Total	<u>\$ 51,453</u>

During the fiscal year, payments made under these lease agreements were \$21,317.

#### (8) **PENSION AND RETIREMENT BENEFITS**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$327,368, \$289,763 and \$253,595, respectively, equal to the required contributions for each year.

**(9) OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees and retirees and their spouses. There are 102 active and 12 retired members in the plan. Retired 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, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 55,000
Interest on net OPEB obligation	678
Adjustment to annual required contribution	<u>(599)</u>
Annual OPEB cost	55,079
Contributions made	<u>(47,000)</u>
Increase in net OPEB obligation	8,079
Net OPEB obligation beginning of year	<u>15,063</u>
Net OPEB obligation end of year	\$ <u>23,142</u>

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, 2012.

For the year ended June 30, 2012, the District contributed \$47,000 to the medical plan. Plan members eligible for benefits contributed \$44,036, or 49% 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, 2012 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
June 30, 2011	55,063	94.4%	15,063
June 30, 2012	55,079	85.3%	23,142

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, 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 \$4.141 million and the ratio of the UAAL to covered payroll was 12.7%. As of June 30, 2012, 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 UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(10) 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.

**(11) 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 \$227,773 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(12) COMMITMENTS/SUBSEQUENT EVENTS**

The District issued \$975,000 in General Obligation Capital Loan Notes in fiscal year 2013. This money is to be used to provide funds for heating and cooling projects, and for work on the exterior of the building.

In fiscal year 2013, the District entered into a lease-purchase agreement for portable classroom space. The lease purchase consists of five yearly payments of \$23,272, with the first payment required to be made on May 1, 2013. These portable buildings were used beginning with the 2012-2013 school year.

The District entered into contracts for approximately \$2,530,000 for a heating and cooling project at the High School building. As of June 30, 2012, approximately \$556,000 was paid on this project, leaving a balance of approximately \$1,974,000 to be paid. This project will be paid for as work on the project progresses. It is anticipated that this project will be completed in fiscal year 2013. This project will be paid for with existing cash reserves, and from the \$975,000 borrowings as noted above.

The District has evaluated subsequent events through March 15, 2013, which is the date the financial statements were available to be issued.

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, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts		Final to Net Variance
						Original	Final	
<b>Revenues:</b>								
Local sources	\$ 3,559,524	199,367	3,758,891	(9,207)	3,749,684	4,045,335	4,045,335	(295,651)
State sources	3,824,371	2,911	3,827,282	-	3,827,282	3,849,901	3,849,901	(22,619)
Federal sources	234,828	148,088	382,916	-	382,916	365,000	365,000	17,916
Total revenues	7,618,723	350,366	7,969,089	(9,207)	7,959,882	8,260,236	8,260,236	(300,354)
<b>Expenditures/Expenses:</b>								
Instruction	4,783,983	-	4,783,983	-	4,783,983	5,819,926	5,819,926	1,035,943
Support services	1,791,728	-	1,791,728	-	1,791,728	2,460,000	2,460,000	668,272
Non-instructional programs	27,255	339,299	366,554	(13,590)	352,964	439,311	439,311	86,347
Other expenditures	3,483,868	-	3,483,868	-	3,483,868	2,846,950	4,846,950	1,363,082
Total expenditures/expenses	10,086,834	339,299	10,426,133	(13,590)	10,412,543	11,566,187	13,566,187	3,153,644
Excess (deficiency) of revenues over (under) expenditures/expenses	(2,468,111)	11,067	(2,457,044)	4,383	(2,452,661)	(3,305,951)	(5,305,951)	2,853,290
Other financing sources, net	3,658,185	-	3,658,185	-	3,658,185	2,000,000	2,000	3,656,185
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	1,190,074	11,067	1,201,141	4,383	1,205,524	(1,305,951)	(5,303,951)	6,509,475
Balances beginning of year	2,289,799	73,230	2,363,029	(4,452)	2,358,577	2,430,553	2,416,154	(57,577)
Balances end of year	\$ 3,479,873	84,297	3,564,170	(69)	3,564,101	1,124,602	(2,887,797)	6,451,898

See accompanying independent auditor's report.

Pleasantville Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2012

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. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$2,000,000.

During the year ended June 30, 2012, 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%
2011	July 1, 2009	-	528	528	0.0%	4,189	12.6%
2012	July 1, 2009	-	528	528	0.0%	4,141	12.7%

See Note 9 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.

Supplementary Information

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2012

	<u>Special Revenue</u>		
	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 80,683	250,556	331,239
Receivables:			
Accounts	1,227	-	1,227
<b>Total assets</b>	<b>\$ 81,910</b>	<b>250,556</b>	<b>332,466</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 9,063	-	9,063
Due to other governments	780	-	780
<b>Total liabilities</b>	<b>9,843</b>	<b>-</b>	<b>9,843</b>
Fund balances:			
Restricted for:			
Debt service	-	250,556	250,556
Student activities	72,067	-	72,067
<b>Total fund balances</b>	<b>72,067</b>	<b>250,556</b>	<b>322,623</b>
<b>Total liabilities and fund balances</b>	<b>\$ 81,910</b>	<b>250,556</b>	<b>332,466</b>

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, 2012

	<u>Special Revenue</u>		
	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:			
Local sources:			
Other	\$ 255,330	4,918	260,248
Total revenues	<u>255,330</u>	<u>4,918</u>	<u>260,248</u>
Expenditures:			
Current:			
Instruction:			
Other	242,755	-	242,755
Other expenditures:			
Long-term debt:			
Principal	-	464,151	464,151
Interest and fiscal charges	-	77,329	77,329
Total expenditures	<u>242,755</u>	<u>541,480</u>	<u>784,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,575</u>	<u>(536,562)</u>	<u>(523,987)</u>
Other financing sources (uses):			
Revenue bonds issued	-	398,067	398,067
Payment to refunding bond escrow agent	-	(398,067)	(398,067)
Operating transfers in	-	569,427	569,427
Total other financing sources (uses)	<u>-</u>	<u>569,427</u>	<u>569,427</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>12,575</u>	<u>32,865</u>	<u>45,440</u>
Fund balances beginning of year	<u>59,492</u>	<u>217,691</u>	<u>277,183</u>
Fund balances end of year	<u>\$ 72,067</u>	<u>250,556</u>	<u>322,623</u>

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, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Elementary Book Fair	\$ 3,875	5,280	4,439	-	4,716
Elementary Fundraiser	36,024	34,945	34,790	(850)	35,329
Miscellaneous	6,251	222	263	-	6,210
Library Club	(549)	1,383	1,383	-	(549)
Industrial Arts Club	(8,795)	2,056	1,110	-	(7,849)
Vocal	1,647	6,068	3,379	-	4,336
Elementary Band	(2,941)	1,399	1,351	-	(2,893)
Athletic Resale	(3,848)	-	-	-	(3,848)
Vocational Agriculture Club	(13,255)	4,639	3,372	-	(11,988)
HS Band	(1,234)	4,868	3,579	-	55
Drill Team	(5,053)	-	773	-	(5,826)
Boys Basketball	11,636	10,964	10,244	-	12,356
Football	28,877	19,549	15,237	-	33,189
Baseball	(14,686)	20,544	10,623	1,010	(3,755)
Boys Track	(9,183)	190	547	-	(9,540)
General HS Athletic Supplies	12,519	8,793	13,020	(120)	8,172
Boys Golf	(7,501)	558	432	-	(7,375)
Wrestling	5,859	8,121	7,853	-	6,127
Girls Basketball	7,030	9,645	8,901	-	7,774
Volleyball	(978)	3,906	3,116	-	(188)
Girls Softball	(14,355)	8,474	9,780	282	(15,379)
Girls Track	(5,060)	193	192	-	(5,059)
Girls Golf	(7,993)	887	216	-	(7,322)
Activity Concessions	198	21,925	22,968	845	-
Elementary Pop	1,357	1,890	2,068	-	1,179
High School Lounge	(2,975)	1,548	152	-	(1,579)
Yearbook	(16,835)	5,030	247	-	(12,052)
Clubs:					
Elementary Student Council	314	-	-	-	314
JH Student Council	2,092	-	801	-	1,291
Student Council	2,141	4,409	1,069	-	5,481
Future Farmers of America	11,387	22,361	31,096	-	2,652
National Honor Society	1,710	-	189	-	1,521
Future Business Leaders	221	-	-	-	221
Cheerleaders	(392)	8,420	8,313	-	(285)
Spanish	2,556	-	-	-	2,556
Science	114	-	-	-	114
Rifle Club	(1,043)	-	-	-	(1,043)

Pleasantville Community School District

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Student Activities:					
Postage	\$ 91	-	-	-	91
Class of:					
2010	(850)	-	-	1,700	850
2011	1,205	-	907	-	298
2012	1,078	3,234	4,059	-	253
2013	100	4,235	3,125	-	1,210
2014	-	100	-	-	100
Prom	2,500	-	-	-	2,500
D.C. Trip	6,604	4,420	3,832	-	7,192
TAG	942	-	188	-	754
Band/Vocal/Art Confederation	3	-	-	-	3
Home Ec	1,840	6,575	6,977	-	1,438
Art/Photo	2,194	540	2,616	-	118
Savings	10,116	146	-	(3,175)	7,087
Community Service	(343)	-	-	-	(343)
Plays	684	5,689	6,788	415	-
Social Studies	343	-	-	-	343
Community Resources	4,283	650	1,462	-	3,471
Student Council Resale - Trojan Track	2,214	8,722	8,713	-	2,223
Trojan Tribute	548	60	742	134	-
High School Fundraising	120	680	344	(120)	336
Middle School Fundraising	6,688	2,012	1,499	(121)	7,080
<b>Total</b>	<b>\$ 59,492</b>	<b>255,330</b>	<b>242,755</b>	<b>-</b>	<b>72,067</b>

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 4

Combining Balance Sheet  
Capital Projects Accounts

June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 2,376,495	108,718	2,485,213
Receivables:			
Property tax:			
Delinquent	-	3,700	3,700
Succeeding year	-	243,326	243,326
Due from other governments	118,416	-	118,416
<b>Total assets</b>	<b>\$ 2,494,911</b>	<b>355,744</b>	<b>2,850,655</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 37,895	-	37,895
Construction contracts payable - retainage	84,285	-	84,285
Construction contracts payable	1,279,989	-	1,279,989
Deferred revenue:			
Succeeding year property tax	-	243,326	243,326
Total liabilities	1,402,169	243,326	1,645,495
Fund balances:			
Restricted for:			
Debt service	323,175	-	323,175
School infrastructure	769,567	-	769,567
Physical plant and equipment	-	112,418	112,418
Total fund balances	1,092,742	112,418	1,205,160
<b>Total liabilities and fund balances</b>	<b>\$ 2,494,911</b>	<b>355,744</b>	<b>2,850,655</b>

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 5

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Capital Projects Accounts

Year ended June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 479,201	227,542	706,743
Other	839	-	839
Total revenues	<u>480,040</u>	<u>227,542</u>	<u>707,582</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	67,641	-	67,641
Transportation	-	90,192	90,192
Other expenditures:			
Facilities acquisition	2,714,615	-	2,714,615
Total expenditures	<u>2,782,256</u>	<u>90,192</u>	<u>2,872,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,302,216)</u>	<u>137,350</u>	<u>(2,164,866)</u>
Other financing sources (uses):			
Proceeds from capital lease	16,126	-	16,126
Revenue bonds issued	3,701,933	-	3,701,933
Premium on revenue bonds	9,083	-	9,083
Discount on issuance of revenue bonds	(69,763)	-	(69,763)
Operating transfers in	3,502	-	3,502
Operating transfers out	(426,039)	(143,388)	(569,427)
Total other financing sources (uses)	<u>3,234,842</u>	<u>(143,388)</u>	<u>3,091,454</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>932,626</u>	<u>(6,038)</u>	<u>926,588</u>
Fund balances beginning of year	<u>160,116</u>	<u>118,456</u>	<u>278,572</u>
Fund balances end of year	<u>\$ 1,092,742</u>	<u>112,418</u>	<u>1,205,160</u>

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 6

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

For the Last Ten Years

	Modified Accrual Basis									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues:</b>										
Local sources:										
Local tax	\$ 2,715,443	2,909,619	2,921,456	2,886,060	2,664,447	2,621,839	2,364,972	2,261,154	1,889,789	1,862,612
Tuition	347,091	311,810	197,656	224,811	217,259	254,641	241,652	202,346	164,052	155,116
Other	496,990	437,361	393,590	420,352	479,156	496,232	477,451	461,408	327,636	414,170
State sources	3,824,371	3,667,898	3,347,341	3,865,412	3,631,724	3,409,873	2,952,470	2,878,737	2,918,647	3,067,690
Federal sources	234,828	328,324	577,481	177,303	118,710	115,904	117,402	141,269	160,112	82,734
<b>Total</b>	<b>\$ 7,618,723</b>	<b>7,655,012</b>	<b>7,437,524</b>	<b>7,573,938</b>	<b>7,111,296</b>	<b>6,898,489</b>	<b>6,153,947</b>	<b>5,944,914</b>	<b>5,460,236</b>	<b>5,582,322</b>
<b>Expenditures:</b>										
Instruction:										
Regular	\$ 2,778,995	3,432,000	2,543,424	4,426,231	4,079,767	4,143,414	3,945,967	3,834,127	2,304,107	2,399,545
Special	947,399	967,950	1,087,674	-	-	-	-	-	905,470	679,491
Other	1,057,589	1,093,627	1,016,887	-	-	-	-	-	459,607	524,948
Support services:										
Student	106,423	104,118	105,686	131,947	73,254	150,696	107,209	102,746	119,321	121,708
Instructional staff	154,714	197,351	106,516	121,478	174,701	160,887	271,802	129,272	154,099	127,368
Administration	733,078	721,409	607,441	582,120	606,430	576,138	563,512	524,227	459,203	427,568
Operation and maintenance of plant	444,602	532,323	466,556	524,352	506,382	520,629	518,104	450,505	405,369	415,469
Transportation	352,911	262,430	317,430	239,425	198,788	187,830	248,667	195,510	135,203	156,861
Central support	-	-	-	-	-	-	-	-	12,055	-
Non-instructional programs	27,255	18,651	22,627	9,233	2,061	13,324	9,728	38,583	227	44,944
Other expenditures:										
Facilities acquisition	2,714,615	388,730	179,841	93,148	104,997	292,533	1,404,187	338,881	332,757	1,891,319
Long-term debt:										
Principal	464,151	347,995	366,718	426,339	405,000	390,000	240,000	225,000	220,000	130,000
Interest and other charges	77,329	36,970	49,841	67,502	79,468	94,003	86,191	57,828	64,930	63,499
AEA flowthrough	227,773	253,163	253,457	232,544	216,305	205,440	183,683	183,306	186,651	197,604
<b>Total</b>	<b>\$ 10,086,834</b>	<b>8,356,717</b>	<b>7,124,098</b>	<b>6,854,319</b>	<b>6,447,153</b>	<b>6,734,894</b>	<b>7,579,050</b>	<b>6,079,985</b>	<b>5,758,999</b>	<b>7,180,324</b>

See accompanying independent auditor's report.

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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, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 15, 2013. 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

The management of Pleasantville Community School District is responsible for establishing and maintaining effective 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, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

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 the accompanying Schedule of Findings as items (A), (B), (C), (D), (E) and (F) 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 deficiency described in the accompanying Schedule of Findings as item (G) to be significant deficiency.

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 the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 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. 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, 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

Peak & Co., LLP  
Certified Public Accountants

March 15, 2013

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2012

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) 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, at times the Board Secretary also stamps the Board President’s name on checks issued by the District. Also, in many instances, vouchers are processed, disbursements are recorded and checks are prepared by the same person.

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 utilizing currently available staff, including elected officials.

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.

- (B) 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.

- (C) Financial Reporting – During the audit, we identified material amounts of receivables, payables, fixed assets, revenues, expenditures and other financing sources (uses) which were 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, fixed asset and all other transactions.

Conclusion – Response accepted.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2012

- (D) 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.

- (E) Bank Reconciliations – For some bank accounts, there were immaterial differences between the reconciled bank balances and the book balances. Adjustments were subsequently made for audit purposes.

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.

- (F) Receipts – Instances were noted where receipts were not timely deposited. For example, some receipts were held several weeks prior to deposit to the bank.

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.

Response – We will attempt to implement these recommendations.

Conclusion – Response accepted.

- (G) 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, 2012.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2012

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.

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

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2012

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Expenditures for the year ended June 30, 2012 did not exceed the amended certified budget amounts. However, the District’s budget amendment was not completed by May 31, as required by Chapter 24 of the Code of Iowa. The District’s amended budget was not approved by the Board until June 11, 2012.

Recommendation – In the future, the budget amendment should be approved by May 31, in order to be in compliance with the Code of Iowa.

Response – Future budgets will be amended in accordance with the Code of Iowa requirements.

Conclusion – Response accepted.

- (2) 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.
- (3) 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.
- (4) Business Transactions – No business transactions between the District and District officials or employees were noted.
- (5) 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 ensure the coverage is adequate for current operations.
- (6) Board Minutes – Some Board minutes were not timely published, and the published Board minutes did not consistently include a schedule of all bills allowed, as required by Chapter 279.35 of the Code of Iowa.

The Board does not consistently approve of all transfers between funds.

Recommendation – The District implement procedures to ensure that all Board minutes are timely published, and include a schedule of bills allowed by the Board. In addition, all transfers between funds should be approved by the Board.

Response – We will implement this recommendation.

Conclusion – Response accepted.

- (7) Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on the Certified Enrollment Certification Form for October 2011 was understated by .5 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.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2012

- (8) Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- (9) 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 at times during the year for one depository. In addition, the District did not include one depository on the depository resolution. Also, bank interest earned on the cash balances in the Debt Service Fund and the Capital Projects Fund is not credited to those funds as required by Chapter 12C.9 of the Code of Iowa.

Recommendation – To be in compliance with Chapter 12C of the Code of Iowa, the Board should implement procedures to ensure the maximum amount which may be kept on deposit in each depository is not exceeded, and that the depository resolutions include all depositories. In addition, the District should credit bank interest earned on balances in the Debt Service Fund and the Capital Projects Fund to those funds, as required by the Code of Iowa.

Response – We will implement these recommendations.

Conclusion – Response accepted.

- (10) Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education. However, we noted variances between the amounts reported on the Certified Annual Report and the financial statements.

Recommendation – The District should implement procedures to ensure the amounts reported on the Certified Annual 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.

Conclusion – Response accepted.

- (11) Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds. However, in some cases the District did not record 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, in some cases, to specific account codes during the year, it appears the District is not 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.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2012

- (12) Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2012 audit.

Beginning balance		\$ 160,116
Revenues/transfers in:		
Sales tax revenues	\$ 479,201	
Other local revenues	839	
Proceeds from capital lease	16,126	
Revenue bonds issued	3,701,933	
Premium on revenue bonds	9,083	
Transfers from other funds	3,502	4,210,684
		<u>4,370,800</u>
Expenditures/transfers out:		
School infrastructure construction	\$2,643,804	
Equipment	138,452	
Discount on issuance of revenue bonds	69,763	
Transfers to other funds:		
Debt service fund	426,039	3,278,058
		<u>3,278,058</u>
Ending balance		<u>\$ 1,092,742</u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- (13) 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 Board.

An IRS 1099-Misc. form was not issued to one vendor as required.

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

Response – We will implement these recommendations.

Conclusion – Response accepted.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2012

- (14) 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.

- (15) Fuel Procedures – The District has diesel 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, the vehicle logs do not document gallons of fuel used in the vehicles and the mileage of the vehicles. As a result, the District is unable to analyze its fuel usage for propriety.

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.

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

The District does not appear to have procedures in place to ensure all open enrollment in monies due to the District from other Districts are appropriately received. The effects of these errors amounted to approximately \$14,700 due to the District from a neighboring District. This situation was not known by the District until we brought this to their attention.

The Special Revenue, Management Levy Fund balance is in excess of one year's expenditures. As a result, the balance in this fund may be excessive.

The District paid for its bond issue costs from the General Fund, instead of the Capital Projects Fund, as required by the bond resolutions. Furthermore, it is questionable as to whether the Code of Iowa allows these types of costs to be paid from the General Fund. It would appear that the bond issue costs should have been paid for from the Capital Projects Fund.

It appears the employee benefit costs of Nutrition Fund employees are paid by the General Fund, instead of the Proprietary, School Nutrition Fund as required.

Recommendation – The District should file for state gas tax refunds in the future. The District should also implement procedures to ensure all open enrollment in fees are appropriately billed and collected. The District should also review the balance in the Special Revenue, Management Levy Fund, and consider reducing the balance in this fund.

The District should also review the issue in relation to bond issue costs, and make corrective transfers, if necessary. In addition, all employee benefit costs of the Nutrition Fund employees should be paid from the Proprietary, School Nutrition Fund.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2012

Response – We will file for a gas tax refunds in the future. In addition, we are in the process of resolving all of the open enrollment in billing issues as noted above. We will evaluate the balance in the Special Revenue, Management Levy Fund for reasonableness. We will also review the issue in relation to the bond issue costs. In addition, in the future, all employee benefit costs of the Nutrition Fund employees will be paid from the Proprietary, School Nutrition Fund.

Conclusion – Response accepted.

- (17) Disbursements – There is no consistent documentation that merchandise is received prior to payment. In addition, instances were noted where part-time and substitute employee time records were not documented as approved by a supervisor.

Recommendation – The District implement procedures which documents that all merchandise is received prior to payment of the claims. In addition, all part-time and substitute employee time records should be documented as approved by a supervisor prior to payment.

Response – We will implement these recommendations.

Conclusion – Response accepted.