

Mount Pleasant Community School District

Mount Pleasant, Iowa



Comprehensive Annual Financial Report

**For the Fiscal Year
Ended June 30, 2013**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the**

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

Mount Pleasant, Iowa

For the fiscal year ended June 30, 2013

OFFICIAL ISSUING REPORT

W. Edward Chabal

Director of Finance

OFFICE ISSUING REPORT

Business Office

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2-7
Certificate of Excellence from the Association of School Business Officials of the United States and Canada	8
Organizational Chart	9
Board of Education and School District Administration	10
Consultants and Advisors	11

FINANCIAL SECTION

Independent Auditor's Report	14-15
Management Discussion and Analysis (MD&A)	16-22
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Position	24
Statement of Activities	25
Governmental Fund Financial Statements:	
Balance Sheet	26
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	27
Statement of Revenues, Expenditures and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	29
Proprietary Fund Financial Statements:	
Statement of Net Position	30
Statement of Revenues, Expenses and Changes in Fund Net Position	31
Statement of Cash Flows	32
Notes to Basic Financial Statements	33-48
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Actual to Budget - All Governmental Fund Types and Proprietary Fund Type	50
Notes to Required Supplementary Information - Budgetary Reporting	51
Schedule of Funding Progress and Employer Contributions for the Retiree Health Plan	52
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	56
Nonmajor Capital Project Accounts:	
Combining Balance Sheet	57

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
CONTENTS

	<u>Page</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	58
STATISTICAL SECTION	
Net Position by Component, Last Ten Fiscal Years	62-63
Expenses, Program Revenues and Net (Expense) Revenue, Last Ten Fiscal Years	64-67
General Revenues and Total Change in Net Position, Last Ten Fiscal Years	68-69
Fund Balances, Governmental Funds, Last Ten Fiscal Years	70-71
Governmental Funds Revenues, Last Ten Fiscal Years	72-73
Governmental Funds Expenditures and Debt Service Ratio, Last Ten Fiscal Years	74-75
Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds, Last Ten Fiscal Years	76-77
Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	78
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	79
Principal Property Taxpayers, Current Year and Nine Years Ago	80
Property Tax Levies and Collections, Last Ten Fiscal Years	81
Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years	82
Outstanding Debt by Type, Last Ten Fiscal Years	83
Direct and Overlapping Governmental Activities Debt, As of June 30, 2013	85
Legal Debt Margin Information, Last Ten Fiscal Years	86-87
Pledged-Revenue Coverage, Last Ten Fiscal Years	88
Demographic and Economic Statistics, Last Ten Calendar Years	89
Principal Employers, Current Year and Nine Years Ago	91
Full-Time Equivalent District Employees By Type, Last Ten Fiscal Years	92-93
Operating Statistics, Last Ten Fiscal Years	94-95
School Building Information, Last Ten Fiscal Years	96-97
Certified Staff Salaries, Last Ten Fiscal Years	98
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	100
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 <u>Government Auditing Standards</u>	102-103
Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	104-105
Schedule of Findings and Questioned Costs	106-108

Introductory Section



Mt. Pleasant Community School District

"Learning for a Lifetime"

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

Phone: 319-385-7750

Mr. Mike Wells, Superintendent
Paul Beatty, Director of Instruction
W. Edward Chabal, Business Manager

Fax: 319-385-7788

December 16, 2013

Members of the Board of Education
and Residents of the Mt. Pleasant Community School District
Mt. Pleasant Community School District
Mt. Pleasant, Iowa

We are pleased to submit to you the Comprehensive Annual Financial Report of the Mt. Pleasant Community School District for the year ending June 30, 2013. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds and account groups of the District. The District is not included in any other reporting entity, nor are other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

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

Introductory Section – This section includes this transmittal letter, the Certificate of Excellence in Financial Reporting for the year ended June 30, 2012, a list of principal officers and the District's organizational chart.

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

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

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

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

Mt. Pleasant Community School District

The District is governed by a seven-member elected Board of Education who serves staggered terms of four years. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The District is the 40th largest of Iowa's 348 public school systems. The enrollment is approximately 2,044 students. The District operates one regular and one alternative high school, one middle school and four elementary schools. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited English speaking students. The District also provides the educational component for Christamore House, a court-appointed juvenile facility located in the District. A District Pre-school program was implemented for the 2013-2014 school year.

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

Economic Condition and Outlook

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

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

Retail sales in Mt. Pleasant totaled \$133.4 million in 2012. Compared to 2011, sales increased \$4.8 million or 3.7%. Retail sales in Mt. Pleasant amounted to \$15,434 per capita in 2012 which was 137% of the statewide average of \$11,236. The number of retail firms decreased to 375. In 2011, Mt. Pleasant had 161% as many retail business as it had in 1976. This data reflects the most recent data available to the District.

In February of 2005, a vote was held to approve a one-cent local option sales tax which is projected to bring in annual revenues of approximately \$1.1 million. Sixty percent of the voters approved the sales tax which may be used for school infrastructure purposes and/or property tax relief. Prior to the vote, a ten-year building repair and expansion plan was assembled by the District to ensure that future building needs are addressed. In September of 2006, the one-cent sales tax was extended to 2022 with an eighty-two percent approval. This allowed the District to issue \$8.5 million in sales tax revenue bonds to finance a Middle School construction and remodel project.

The District is conducting a Master facility study in the Fall of 2013 to assess the comprehensive facility needs of the District.

Current tentative budget projections indicate that the 2014-2015 control budget will increase approximately \$124,000 or 1%. This is larger than the .003% decrease in the 2013-14 fiscal year due to the budget guarantee provision found in Iowa Code as well as a 4% increase in Allowable Growth for Iowa Districts. The increase in new dollars for 2014-2015 is due to the state funding formula. This formula projects an

increase for a one-year period based on October's enrollment for the current budget year multiplied by the state cost per pupil for the 2014-2015 school year based upon an allowable growth percentage. In previous years, this allowable growth has fluctuated from 0% to 4%. Given the current financial status of the State of Iowa, there is a good possibility that this allowable growth rate will remain in the 2% range in the near future.

The financial solvency ratio of the District is a measure of the District's year-end position after payment of all current and outstanding or accrued liabilities. After improving the ratio to a positive number during the 1993-94 school year, the financial indicator has climbed to over ten percent. During fiscal year 1999-2000, the ratio dipped to just over four percent due to board authorized expenditures to equip the new High School. A decline from 4.23% in the 2000-2001 fiscal year to 2.45% in the 2001-2002 fiscal year can be attributed to an across-the-board state funding cut of 4.3% of state foundation aid. The decline in the solvency ratio from the 10.38% in 2007-2008 can in part be attributed to expenses related to construction on the Middle School renovation project and a statewide 10% across the board reduction in state aid for fiscal year 2009-2010. The current solvency ratio is 11.01%, which is within the target range of seven to twelve percent as set by the local Board of Directors.

Major Initiatives and Achievements

The 2012-2013 school year was a productive one for the Mt. Pleasant Community School District. The District continued to expand technology, update curriculum and standards and invest in staff development with the goal of impacting student achievement.

Technology

The District has continues to provide technology in-service programs for staff development to educate staff on the use of software programs and new hardware. Secondary staff continues to use a student management system, Infinite Campus, to communicate with parents and students. Secondary students continue to use software to investigate career choices. The Middle School was awarded a TILE (Transform, Interact, Learn and Engage) grant for FY 2013- 2014 - the only Middle School in Iowa awarded this grant.

Student Achievement

Students in the Mt. Pleasant Community School District have traditionally scored well on standardized tests. The composite score on the ACT college admission test was similar to that of Iowa and National averages: 22.6 for Mt. Pleasant students, 22.1 for Iowa and 21.1 nationally.

An additional academic indicator is the attendance of students. Research tells us that students need to be in school to excel in the classroom or to fulfill their individual potential. The ratio of average daily attendance to average daily membership for the 2012-2013 school year was 94.7%. A program implemented for at-risk students in grades 6 – 8 continues to assist Middle School at-risk students. An alternative High School continues to meet the needs of students in grades 9-12.

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

Community Involvement

The Mt. Pleasant Community School District continues to encourage input and participation from the community. During the 2012-2013 school year, volunteers contributed more than 20,000 hours of service. Volunteers enhanced our students' learning experiences by serving as tutors and classroom resource speakers, assisting teachers in class or on field trips, helping interview for teacher and administrator openings, supporting extra-curricular events and serving on district and building-level committees.

Many Mt. Pleasant area residents served on school advisory committees in 2012-2013, on topics ranging from school improvement, to facilities, to technology, to hiring. Their input and involvement ensures that the District reflects the needs and values of the community.

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

Mission Statement

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

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

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

Financial Information

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

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

Basis of Presentation

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

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

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

Cash Management

The District, in its effort to be a good manager of public funds, competitively bids its banking services. Cash, while temporarily idle during the year, was invested in local bank deposits and the Iowa Schools Joint Investment Trust. Interest revenue of \$66,337 was earned on all investments for the year ended June 30, 2013, a increase of \$4,726 or 7.7% from Fiscal Year 2012. This increase was due to a three year agreement with a local bank that guarantees an interest rate of at least 1.00%.

The District's investment policy establishes the following objectives:

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

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

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

Risk Management

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

Independent Audit

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

Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO), awards a Certificate of Excellence in Financial Reporting. The Mt. Pleasant Community School District received this Certificate for its comprehensive annual financial report for the fiscal year ending June 30, 2012. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of government financial reports.

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

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

Acknowledgements

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

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

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



W. Edward Chabal

Director of Finance
Board Secretary/Treasurer



Mr. Mike Wells

Superintendent of Schools

Association of School Business Officials International

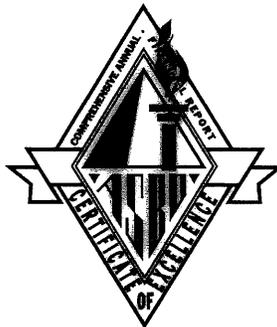


*The Certificate of Excellence in Financial Reporting Award
is presented to*

Mt. Pleasant Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'Ron McCulley', written over a horizontal line.

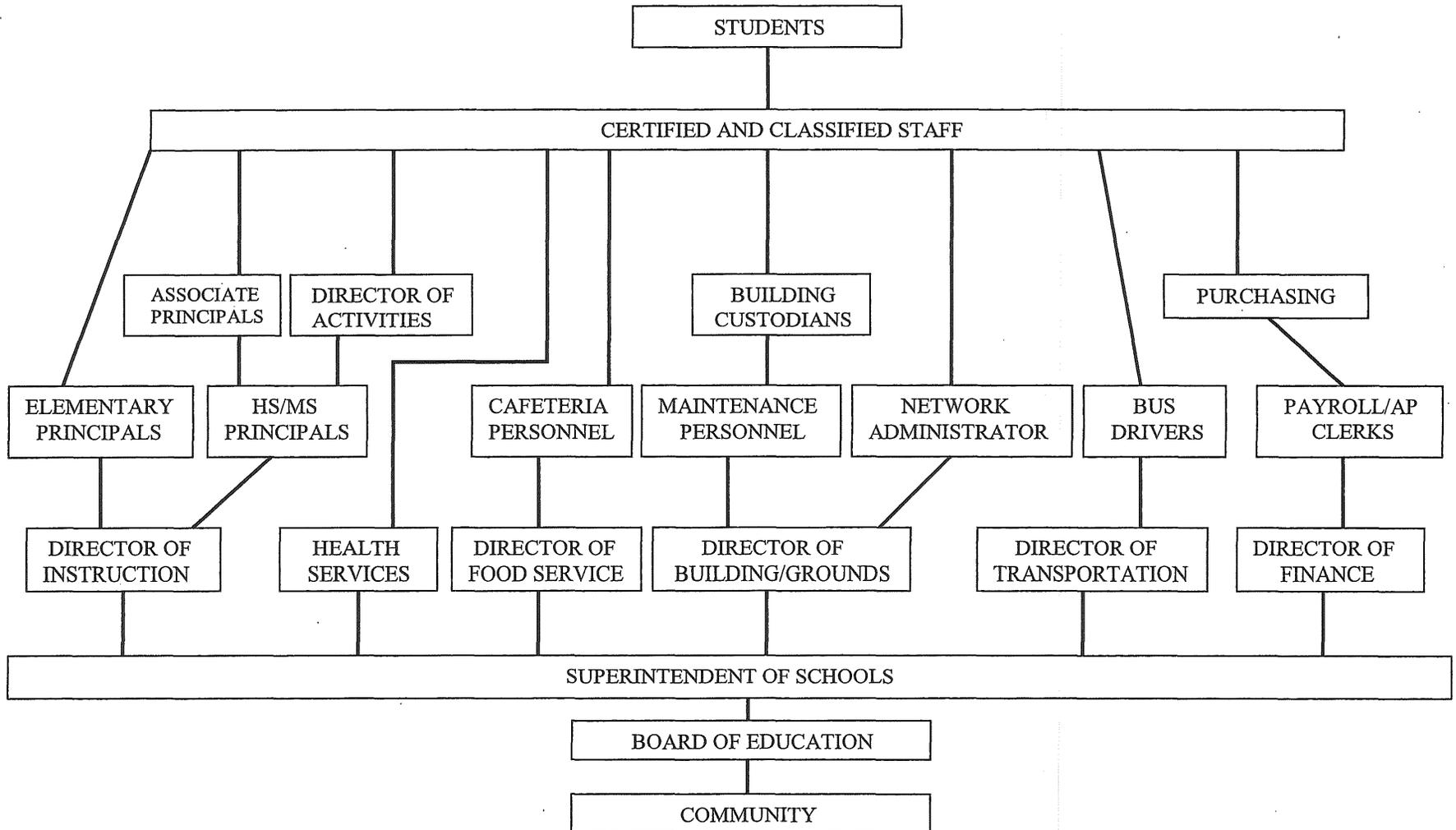
Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

ORGANIZATIONAL CHART



6

Mount Pleasant Community School District

Officials

Year ended June 30, 2013

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Brad Holtkamp	President	2013
Lonny Morrow	Vice President	2015
Regina Erickson	Board Member	2013
Melodee Yaley	Board Member	2015
Ken Feldmann	Board Member	2015
Michelle Skubal	Board Member	2015
Lyle Murray	Board Member	2013
School Officials		
Dr. John A. Roederer	Superintendent	2013
W. Edward Chabal	Board Secretary/Treasurer Director of Finance	2013
Michael Vance	Attorney	2013
Toby Gordon	Attorney	2013

Mount Pleasant Community School District

Consultants and Advisors

Year ended June 30, 2013

CERTIFIED PUBLIC ACCOUNTANT

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

BOND ATTORNEYS

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

FINANCIAL CONSULTANTS

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

GENERAL COUNSEL

Primary:

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

Additional:

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

INSURANCE CONSULTANT

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

ARCHITECTS & ENGINEERS

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

OFFICIAL DEPOSITORIES

US Bank
301 East Washington
Mt. Pleasant, IA 52641

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

Two Rivers Bank and Trust
100 West Washington Street
Mt. Pleasant, IA 52641

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

Great Western Bank
102 S. Main Street
Mt. Pleasant, IA 52641

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

THIS PAGE INTENTIONALLY LEFT BLANK



Financial Section

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 the Mount Pleasant Community School District, Mount Pleasant, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of account policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Mount Pleasant Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 16 through 22 and 50 through 52 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 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

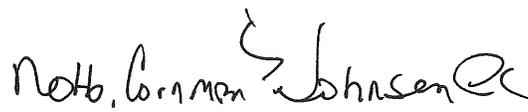
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mount Pleasant Community School District's basic financial statements. The combining and individual fund financial statements and schedules, including the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, listed in the table of contents under the single audit section, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Mount Pleasant Community School District.

The supplementary information contained in this report is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2013 on our consideration of Mount Pleasant Community School District's internal control over financial reporting and on 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 in considering Mount Pleasant Community School District's internal control over financial reporting and compliance.


NOLTE, CORNMAN & JOHNSON, P.C.

December 17, 2013
Newton, Iowa

MT. PLEASANT COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management has prepared the following discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2013 in order to enhance the readers' understanding of the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position for governmental activities was \$16,135,829 at June 30, 2013 compared to \$14,986,448 at June 30, 2012, an increase of 7.67%.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$2,231,538 or 11.02% of total general fund revenues compared to prior years ending balance of \$1,932,921 or 9.35% of total general fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The audited financial statements of the District consist of three components, which are the following:

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

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

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

Government-wide statements

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

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

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

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

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

Fund Financial Statements

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

The District has two types of funds:

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

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

Notes to the financial statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position is an indicator of the fiscal health of the District. The District's net position was \$16,408,034 at June 30, 2013 compared to \$15,247,071 at June 30, 2012. (See Table 1).

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 15,859,862	15,360,143	305,508	257,083	16,165,370	15,617,226	3.51%
Capital assets	20,449,018	20,333,391	68,427	71,565	20,517,445	20,404,956	0.55%
Total assets	36,308,880	35,693,534	373,935	328,648	36,682,815	36,022,182	1.83%
Long-term obligations	9,181,731	10,803,870	6,027	5,375	9,187,758	10,809,245	-15.00%
Other liabilities	10,991,320	9,903,216	95,703	62,650	11,087,023	9,965,866	11.25%
Total liabilities	20,173,051	20,707,086	101,730	68,025	20,274,781	20,775,111	-2.41%
Net position:							
Investment in capital assets, net of related debt	11,571,551	9,807,221	68,427	71,565	11,639,978	9,878,786	17.83%
Restricted	1,990,258	3,008,599	-	-	1,990,258	3,008,599	-33.85%
Unrestricted	2,574,020	2,170,628	203,778	189,058	2,777,798	2,359,686	17.72%
Total net position	\$ 16,135,829	14,986,448	272,205	260,623	16,408,034	15,247,071	7.61%

Investment in capital assets (e.g., land, buildings, machinery and equipment) less any outstanding debt used to acquire those assets is \$11,639,978. These assets are not available for future spending since they represent capital assets used to provide services to students. The resources needed to pay the debt related to these capital assets must be provided from other resources. \$1,990,258 of net position reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$2,574,020 represents unrestricted net position which may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$1,018,341, or 33.85% over the prior year. The decrease in restricted net position can be attributed to the decrease in fund balance for the Debt Service Fund and the Capital Project Accounts.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$418,112, or 17.72%. The increase in unrestricted net position can be mainly attributable to the increase in General Fund carryover balance.

The following table shows changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Table 2
Changes in Net Position

	Governmental Activities		Business type Activities		Total		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for services	\$ 1,867,118	1,777,724	393,527	423,071	2,260,645	2,200,795	2.72%
Operating grants and contributions and restricted interest	3,341,523	3,401,690	603,862	571,398	3,945,385	3,973,088	-0.70%
General revenues:							
Property tax	6,817,221	6,502,067	-	-	6,817,221	6,502,067	4.85%
Income surtax	450,258	404,296	-	-	450,258	404,296	11.37%
Statewide sales, services and use tax	1,725,564	1,572,096	-	-	1,725,564	1,572,096	9.76%
Unrestricted state grants	9,073,313	9,501,654	-	-	9,073,313	9,501,654	-4.51%
Nonspecific program federal grants	-	223,488	-	-	-	223,488	-100.00%
Unrestricted investment earnings	63,972	59,100	2,366	2,511	66,338	61,611	7.67%
Other	158,308	361,004	-	-	158,308	361,004	-56.15%
Total revenues	23,497,277	23,803,119	999,755	996,980	24,497,032	24,800,099	-1.22%
Program expenses:							
Governmental activities:							
Instructional	14,585,510	14,160,410	-	-	14,585,510	14,160,410	3.00%
Support services	6,085,901	5,610,688	13,967	14,521	6,099,868	5,625,209	8.44%
Non-instructional programs	25,656	25,581	974,206	930,864	999,862	956,445	4.54%
Long-term debt interest	254,008	366,951	-	-	254,008	366,951	-30.78%
Other expenses	1,396,821	1,342,972	-	-	1,396,821	1,342,972	4.01%
Total expenses	22,347,896	21,506,602	988,173	945,385	23,336,069	22,451,987	3.94%
Increase in net position	1,149,381	2,296,517	11,582	51,595	1,160,963	2,348,112	-50.56%
Beginning net position	14,986,448	12,689,931	260,623	209,028	15,247,071	12,898,959	18.20%
Ending net position	\$ 16,135,829	14,986,448	272,205	260,623	16,408,034	15,247,071	7.61%

In fiscal 2013, property tax, income surtax, statewide sales, services and use tax, and unrestricted state grants account for 76.89% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.76% of the revenue from business type activities.

The District's total revenues were approximately \$24.5 million of which \$23.5 million was for governmental activities approximately \$1.0 million was for business type activities.

As shown in Table 2, the District as a whole experienced a 1.22% decrease in revenues and a 3.94% increase in expenses. The decrease in revenues can be attributed to the District receiving less in federal grant monies due to the completion of ARRA funding the District had received the previous couple of years. The increase in expenses is related to the increase in negotiated salaries and benefits received by District employees.

Governmental Activities

Revenues for governmental activities were \$23,497,277 and expenses were \$22,347,896.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs, long-term debt interest and other expenses for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 14,585,510	14,160,410	3.00%	10,153,542	9,756,987	4.06%
Support services	6,085,901	5,610,688	8.47%	6,081,133	5,606,606	8.46%
Non-instructional programs	25,656	25,581	0.29%	25,656	25,581	0.29%
Long-term debt interest	254,008	366,951	-30.78%	254,008	366,951	-30.78%
Other expenses	1,396,821	1,342,972	4.01%	624,916	938,014	-33.38%
Totals	\$ 22,347,896	21,506,602	3.91%	17,139,255	16,694,139	2.67%

- The cost financed by users of the District's programs was \$1,867,118.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,341,523.
- The net cost of governmental activities was financed with \$6,817,221 in property tax, \$450,258 in income surtax, \$1,725,564 in statewide sales, services and use tax, \$9,073,313 in unrestricted state grants, \$63,972 in unrestricted investment earnings and \$158,308 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$999,755 and expenses were \$988,173. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2013, the District's net position increased in the business type activities by \$11,582 due mainly in part to increased grant revenues received by the District's nutrition program.

Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2013, the District's governmental funds reported combined ending fund balances of \$4,539,541, a decrease of \$649,544 in comparison with the prior year. Of the combined ending fund balances, \$2,279,152 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

Governmental Fund Highlights

- The General Fund balance increased from \$2,332,439 on June 30, 2012 to \$2,612,597 on June 30, 2013. The fluctuation in the General Fund financial position is the product of many factors. An increase in local tax and tuition revenues was more than enough to offset the increase in General Fund expenditures as compared to the previous year.
- The Debt Service Fund balance decreased from \$832,137 in 2012 to \$605,812 in 2013. The decrease in fund balance is mainly attributable to the District repaying an increased amount on the District's general obligation bond debt as compared to the previous year.

Proprietary Fund Highlights

- The District's business type fund did better than breakeven for the seventh time in several years. Although the District received less in charges for services for the nutrition program as compared to the previous year, an increase in federal grant revenues as compared to the previous year was more than enough to offset the increase in expenditures creating the increase in overall fund balance. As a result, the net position for the District's School Nutrition Fund increased from \$260,623 at June 30, 2012 to \$272,205 at June 30, 2013, representing an increase of 4.44%.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional expenditures associated with additional special education costs, fuel and utility costs and additional food costs. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 50.

The District's total actual receipts were \$192,614 less than the total budgeted receipts, a variance of less than 1%. The most significant change resulted in the District receiving less in federal sources than originally anticipated due to the completion of revenue recognition from ARRA grant funding.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the support services functional area.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$20,517,445 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles and equipment. The decrease in investment in capital assets during the year is attributable to depreciation expense taken during the year. Detailed information regarding the District's capital assets can be found in Note 6 of the notes to the basic financial statements.

Table 4
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 185,400	185,400	-	-	185,400	185,400	0.00%
Buildings	18,708,102	19,003,624	-	-	18,708,102	19,003,624	-1.56%
Land improvements	684,011	608,637	-	-	684,011	608,637	12.38%
Machinery and equipment	871,505	535,730	68,427	71,565	939,932	607,295	54.77%
Total	\$ 20,449,018	20,333,391	68,427	71,565	20,517,445	20,404,956	0.55%

Long-Term Debt

At the end of June 30, 2013, the District had total long-term debt of \$9,187,758, a decrease of \$1,621,487 from the prior fiscal year. Of the total long-term debt remaining, \$1,654,051 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 7 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
General Obligation Bonds	\$ 2,720,000	3,455,000	-	-	2,720,000	3,455,000	-21.27%
Revenue Bonds	5,746,000	6,825,000	-	-	5,746,000	6,825,000	-15.81%
School Bus Leases	411,467	246,170	-	-	411,467	246,170	67.15%
Computer Leases	41,297	-	-	-	41,297	-	100.00%
Compensated Absences	43,227	51,983	505	486	43,732	52,469	-16.65%
Termination Benefits	93,600	117,600	-	-	93,600	117,600	-20.41%
Net OPEB liability	126,140	108,117	5,522	4,889	131,662	113,006	16.51%
Total	\$ 9,181,731	10,803,870	6,027	5,375	9,187,758	10,809,245	-15.00%

Economic Factors and Next Year's Budgets and Rates

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

- The District continues to grow the General Fund balance following a ten percent state aid cut in 2009. The District solvency ratio is 11.02%, which is within the target of 7% to 12% as set by the District's Board of Directors.
- The District saw a significant drop in student enrollment for the 2013-2014 school year but expects the enrollment to stabilize over the next few years. This is crucial due to the Iowa school funding formula based in part on student enrollment.
- The 4% increase in allowable growth set by the state for 2014-2015 will help to offset the financial effect of the decrease in student enrollment. This is a significant increase from the 2% for the 2013-2014 school year.
- The upcoming Iowa legislative session could again prove to be most challenging in respect to the state budget. The impact of state reductions to education is an unknown that we must be ready to address and compensate.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District's Business Office.

Basic Financial Statements

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 7,347,405	290,576	7,637,981
Receivables:			
Property tax:			
Delinquent	81,848	-	81,848
Succeeding year	6,840,006	-	6,840,006
Income surtax	416,171	-	416,171
Accounts	5,627	24	5,651
Due from other governments	1,121,191	-	1,121,191
Inventories	47,614	14,908	62,522
Capital assets not being depreciated:			
Land	185,400	-	185,400
Capital assets net of accumulated depreciation:			
Buildings	18,708,102	-	18,708,102
Land improvements	684,011	-	684,011
Machinery and equipment	871,505	68,427	939,932
TOTAL ASSETS	36,308,880	373,935	36,682,815
LIABILITIES			
Accounts payable	643,819	1,547	645,366
Salaries and benefits payable	3,420,325	83,562	3,503,887
Accrued interest payable	87,170	-	87,170
Deferred revenue:			
Succeeding year property tax	6,840,006	-	6,840,006
Unearned revenue	-	10,594	10,594
Long-term liabilities:			
Portion due within one year:			
Bonds payable	1,395,000	-	1,395,000
School bus lease payable	150,527	-	150,527
Computer lease payable	41,297	-	41,297
Compensated absences payable	43,227	505	43,732
Termination benefits payable	24,000	-	24,000
Portion due after one year:			
Bonds payable	7,071,000	-	7,071,000
School bus lease payable	260,940	-	260,940
Termination benefits payable	69,600	-	69,600
Net OPEB liability	126,140	5,522	131,662
TOTAL LIABILITIES	20,173,051	101,730	20,274,781
NET POSITION			
Investment in capital assets, net of related debt	11,571,551	68,427	11,639,978
Restricted for:			
Categorical funding	244,084	-	244,084
Debt service	518,642	-	518,642
Management levy purposes	191,481	-	191,481
Student activities	89,706	-	89,706
School infrastructure	878,755	-	878,755
Physical plant and equipment levy	67,590	-	67,590
Unrestricted	2,574,020	203,778	2,777,798
TOTAL NET POSITION	\$ 16,135,829	272,205	16,408,034

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 8,917,554	875,343	1,435,859	(6,606,352)	-	(6,606,352)
Special	3,212,909	655,582	485,447	(2,071,880)	-	(2,071,880)
Other	2,455,047	332,883	646,854	(1,475,310)	-	(1,475,310)
	<u>14,585,510</u>	<u>1,863,808</u>	<u>2,568,160</u>	<u>(10,153,542)</u>	<u>-</u>	<u>(10,153,542)</u>
Support services:						
Student	437,648	-	-	(437,648)	-	(437,648)
Instructional staff	334,186	-	-	(334,186)	-	(334,186)
Administration	2,957,167	-	-	(2,957,167)	-	(2,957,167)
Operation and maintenance of plant	1,225,695	-	-	(1,225,695)	-	(1,225,695)
Transportation	1,131,205	3,310	1,458	(1,126,437)	-	(1,126,437)
	<u>6,085,901</u>	<u>3,310</u>	<u>1,458</u>	<u>(6,081,133)</u>	<u>-</u>	<u>(6,081,133)</u>
Non-instructional programs:						
Community service operations	25,656	-	-	(25,656)	-	(25,656)
Long-term debt interest	254,008	-	-	(254,008)	-	(254,008)
Other expenses:						
AEA flowthrough	771,905	-	771,905	-	-	-
Depreciation(unallocated)*	624,916	-	-	(624,916)	-	(624,916)
	<u>1,396,821</u>	<u>-</u>	<u>771,905</u>	<u>(624,916)</u>	<u>-</u>	<u>(624,916)</u>
Total governmental activities	<u>22,347,896</u>	<u>1,867,118</u>	<u>3,341,523</u>	<u>(17,139,255)</u>	<u>-</u>	<u>(17,139,255)</u>
Business type activities:						
Support services:						
Operation and maintenance of plant	13,967	-	-	-	(13,967)	(13,967)
Non-instructional programs:						
Food service operations	974,206	393,527	603,862	-	23,183	23,183
Total business type activities	<u>988,173</u>	<u>393,527</u>	<u>603,862</u>	<u>-</u>	<u>9,216</u>	<u>9,216</u>
Total	<u>\$ 23,336,069</u>	<u>2,260,645</u>	<u>3,945,385</u>	<u>(17,139,255)</u>	<u>9,216</u>	<u>(17,130,039)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 5,936,906	-	5,936,906
Capital projects				49,996	-	49,996
Debt service				830,319	-	830,319
Income surtax				450,258	-	450,258
Statewide sales, services and use tax				1,725,564	-	1,725,564
Unrestricted state grants				9,073,313	-	9,073,313
Unrestricted investment earnings				63,972	2,366	66,338
Other				158,308	-	158,308
Total general revenues				<u>18,288,636</u>	<u>2,366</u>	<u>18,291,002</u>
Change in net position				<u>1,149,381</u>	<u>11,582</u>	<u>1,160,963</u>
Net position beginning of year				<u>14,986,448</u>	<u>260,623</u>	<u>15,247,071</u>
Net position end of year				<u>\$ 16,135,829</u>	<u>272,205</u>	<u>16,408,034</u>

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2013

	Debt			
	General	Service	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 5,909,263	595,898	842,244	7,347,405
Receivables:				
Property tax				
Delinquent	67,792	9,914	4,142	81,848
Succeeding year	5,560,080	842,093	437,833	6,840,006
Income surtax	416,171	-	-	416,171
Accounts	5,566	-	61	5,627
Due from other governments	548,450	-	572,741	1,121,191
Inventories	47,614	-	-	47,614
TOTAL ASSETS	\$ 12,554,936	1,447,905	1,857,021	15,859,862
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 545,763	-	98,056	643,819
Salaries and benefits payable	3,420,325	-	-	3,420,325
Deferred revenue:				
Succeeding year property tax	5,560,080	842,093	437,833	6,840,006
Income surtax	416,171	-	-	416,171
Total liabilities	9,942,339	842,093	535,889	11,320,321
Fund balances:				
Nonspendable	47,614	-	-	47,614
Restricted for:				
Categorical funding	244,084	-	-	244,084
Debt service	-	605,812	-	605,812
Management levy purposes	-	-	285,081	285,081
Student activities	-	-	89,706	89,706
School infrastructure	-	-	878,755	878,755
Physical plant and equipment levy	-	-	67,590	67,590
Assigned for specific special purposes	89,361	-	-	89,361
Unassigned	2,231,538	-	-	2,231,538
Total fund balances	2,612,597	605,812	1,321,132	4,539,541
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,554,936	1,447,905	1,857,021	15,859,862

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

JUNE 30, 2013

Total fund balances of governmental funds(page 26)	\$	4,539,541
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		20,449,018
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.		(87,170)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		416,171
Long-term liabilities, including bonds payable, school bus leases payable, computer lease payable, compensated absences payable, termination benefits payable and other post employee benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(9,181,731)</u>
Net position of governmental activities(page 24)	\$	<u>16,135,829</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2013

	General	Debt Service	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	\$ 6,078,124	830,319	2,070,624	8,979,067
Tuition	1,464,655	-	-	1,464,655
Other	320,719	6,648	344,487	671,854
State sources	11,411,885	-	-	11,411,885
Federal sources	955,840	-	-	955,840
TOTAL REVENUES	20,231,223	836,967	2,415,111	23,483,301
EXPENDITURES:				
Current:				
Instruction:				
Regular	8,891,735	-	-	8,891,735
Special	3,191,125	-	-	3,191,125
Other	2,099,958	-	344,545	2,444,503
	14,182,818	-	344,545	14,527,363
Support services:				
Student	433,351	-	-	433,351
Instructional staff	335,353	-	-	335,353
Administration	2,144,183	20,650	455,865	2,620,698
Operation and maintenance of plant	1,336,793	-	136,864	1,473,657
Transportation	746,002	-	382,807	1,128,809
	4,995,682	20,650	975,536	5,991,868
Non-instructional programs:				
Community service operations	25,656	-	-	25,656
Capital outlay				
	-	-	409,502	409,502
Long-term debt:				
Principal	-	1,707,024	-	1,707,024
Interest and fiscal charges	-	301,191	-	301,191
	-	2,008,215	-	2,008,215
Other expenditures:				
AEA flowthrough	771,905	-	-	771,905
TOTAL EXPENDITURES	19,976,061	2,028,865	1,729,583	23,734,509
Excess(Deficiency) of revenues over(under) expenditures	255,162	(1,191,898)	685,528	(251,208)
Other financing sources(uses):				
Sale of equipment	24,996	-	-	24,996
Refunding bond issuance	-	6,054,000	-	6,054,000
Payment to refunding bond escrow agent	-	(6,832,394)	-	(6,832,394)
Discount on refunding bond issuance	-	(50,556)	-	(50,556)
Proceeds from computer lease	-	-	86,365	86,365
Proceeds from bus leases	-	-	319,253	319,253
Transfer in	-	1,794,523	-	1,794,523
Transfer out	-	-	(1,794,523)	(1,794,523)
Total other financing sources(uses)	24,996	965,573	(1,388,905)	(398,336)
Change in fund balances	280,158	(226,325)	(703,377)	(649,544)
Fund balance beginning of year	2,332,439	832,137	2,024,509	5,189,085
Fund balance end of year	\$ 2,612,597	605,812	1,321,132	4,539,541

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

Change in fund balances - total governmental funds(page 28) \$ (649,544)

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

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

Capital outlays	\$ 984,112	
Depreciation expense	<u>(868,485)</u>	115,627

Proceeds from issuing long-term liabilities provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of long-term liabilities are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances and repayments are as follows:

Issued	\$ (6,459,618)	
Repaid	<u>8,067,024</u>	1,607,406

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.

47,183

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

13,976

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.

Termination benefits	\$ 24,000	
Compensated absences	8,756	
Other post employment benefits	<u>(18,023)</u>	<u>14,733</u>

Change in net position of governmental activities(page 25) \$ 1,149,381

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUND

JUNE 30, 2013

	<u>Nonmajor Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and pooled investments	\$ 290,576
Accounts receivable	24
Inventories	14,908
Total current assets	<u>305,508</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	<u>68,427</u>
Total non-current assets	<u>68,427</u>
TOTAL ASSETS	<u><u>373,935</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,547
Salaries and benefits payable	83,562
Unearned revenue	10,594
Total current liabilities	<u>95,703</u>
Long-term liabilities:	
Compensated absences	505
Net OPEB liability	<u>5,522</u>
Total long-term liabilities	<u>6,027</u>
TOTAL LIABILITIES	<u><u>101,730</u></u>
NET POSITION	
Invested in capital assets	68,427
Unrestricted	203,778
TOTAL NET POSITION	<u><u>\$ 272,205</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

YEAR ENDED JUNE 30, 2013

	Nonmajor Enterprise Fund
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 393,527
OPERATING EXPENSES:	
Support services:	
Operation and maintenance of plant:	
Services	687
Supplies	13,280
Total support services	13,967
Non-instructional programs:	
Food service operations:	
Salaries	310,935
Benefits	101,586
Services	17,387
Supplies	529,718
Depreciation	14,465
Other	115
Total non-instructional programs	974,206
TOTAL OPERATING EXPENSES	988,173
Operating loss	(594,646)
Non-operating revenues:	
State sources	8,265
Federal sources	595,597
Interest on investments	2,366
Total non-operating revenues	606,228
Increase in net position	11,582
Net position beginning of year	260,623
Net position end of year	\$ 272,205

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2013

	Nonmajor Enterprise Fund
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 394,075
Cash payments to employees for services	(379,668)
Cash payments to suppliers for goods or services	(478,586)
Net cash used in operating activities	(464,179)
Cash flows from non-capital financing activities:	
State grants received	8,265
Federal grants received	510,327
Net cash provided by non-capital financing activities	518,592
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(11,327)
Cash flows from investing activities:	
Interest on investments	2,366
Net increase in cash and cash equivalents	45,452
Cash and cash equivalents at beginning of year	245,124
Cash and cash equivalents at end of year	\$ 290,576
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (594,646)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	85,270
Depreciation	14,465
Increase in inventories	(3,094)
Decrease in accounts receivable	121
Increase in accounts payable	425
Increase in salaries and benefits payable	32,201
Increase in unearned revenue	427
Increase in compensated absences	19
Increase in other postemployment benefits	633
Net cash used in operating activities	\$ (464,179)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2013, the District received Federal commodities valued at \$85,270.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Mount Pleasant Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Mount Pleasant Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

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

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

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. 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 receipts that are not allocated by law or contractual agreement to some other fund are accounted for here. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District also reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is accounts for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under 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 position 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 expenditures are 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 to the highest level of classification of fund balances which would be any restricted fund balances. If no restricted fund balances are available, then the District applies the expenditure to less-restrictive classifications in this order: committed, assigned and then unassigned fund balances. The District does not have a policy regarding maintenance of minimum fund balances.

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. Cash, Pooled Investments and Cash Equivalents

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

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

E. Property Taxes

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

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

F. Inventories

General Fund inventories are valued at cost at year end and are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed. General Fund inventories are recorded as expenses when consumed on the government-wide financial statements and some inventories are reported as expenditures when purchased on the fund financial statements.

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

G. Capital Assets

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

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Land improvements	10,000
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Land improvements	20-50 years
Intangibles	5-10 years
Machinery and equipment	5-15 years

H. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2013, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2013.

I. Deferred Revenue

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

J. Unearned Revenue

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

K. Compensated Absences

District employees under a twelve month contract and District secretarial staff accumulate a limited amount of earned but unused vacation benefits payable. The cost of vacation payments expected to be liquidated currently is recorded as a liability of the General Fund and the School Nutrition Fund. The compensated absences liability has been computed based on per diem rates based from the employees' contract in effect during the fiscal year.

L. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities and business type activities columns in the Statement of Net Position.

M. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

1. *Nonspendable* - Amounts that include the values of unconsumed items such as sporting goods, secretarial supplies and miscellaneous instructional supplies. The amount of this inventory at year end is the nonspendable balance in the General Fund.
2. *Restricted* - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantor or state or federal laws or imposed by law through constitutional provisions or enabling legislation.
3. *Committed* - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts. At June 30, 2013, the District's Board of Directors did not commit any fund balances to specific projects.
4. *Assigned* - Amounts are not available for appropriation but are set aside for a specific purpose. The assigned fund balances in the District's General Fund are for various resale accounts and smaller projects that are not able to be accounted for in other governmental funds.

5. *Unassigned* - All amounts not included in other spendable classifications. Negative unassigned balances may be reported in other governmental funds when expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned. At June 30, 2013, the District's only unassigned amount was in the General Fund.

N. Restricted Net Position

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

Note 2. Budgets and Budgetary Accounting

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

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

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

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.
6. Encumbrances are not recognized in the budgetary process and appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.

8. Unexpended budgetary balance lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$459,970 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature with 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions. The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

Credit risk - The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service. Iowa Schools Joint Investment Trust is sponsored by the Iowa Association of School Boards (IASB), governed by a representative board of trustees and served by a dedicated team of professionals. The board of trustees serves as the regulatory oversight of the pool.

Custodial credit risk(deposits) - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. As of June 30, 2013, the carrying amount of the District's bank deposits totaled \$7,177,285 with bank balances of \$7,278,917. Of the bank balance, \$250,000 was covered by federal depository insurance and \$7,028,917 was uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the District's name. These amounts are included in the cash and pooled investments on the combined balance sheet.

Custodial credit risk(investments) - For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy relating to custodial credit risk of investments is to have the majority of the District's investments with an institution that is a national banking company with a rating of AAA/Aaa by Standard & Poors and Moody's Investors Services. As of June 30, 2013, the carrying amount of the District's investments totaled \$459,970 with bank balances of the same amount. The entire amount is exposed to custodial credit risk exposure because the related securities are uninsured, unregistered and held by the District's investment firm which is also the counterparty for the securities held.

Note 4. Transfers

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Statewide Sales, Services and Use Tax Fund to the Debt Service fund were needed for the following purposes:

Purpose	Principal	Interest	Total
Release of December 1, 2006 revenue bond reserve to aid in revenue bond refinancing dated July 23, 2012	\$ 850,000	-	850,000
December 1, 2006 revenue bond payments	465,000	270,013	735,013
July 15, 2010 bus lease payments	59,617	7,929	67,546
August 15, 2010 bus lease payments	19,042	2,557	21,599
August 1, 2012 bus lease principal payment	33,414	-	33,414
August 5, 2012 bus lease principal payment	41,883	-	41,883
August 9, 2012 computer lease principal payment	45,068	-	45,068
	<u>\$ 1,514,024</u>	<u>280,499</u>	<u>\$ 1,794,523</u>

Note 5. Lease Agreement

On June 28, 2004, the District entered into a lease agreement with the City of Mount Pleasant for a building that shall be used for the District's Business Office. The District agrees to pay \$3,321.66 monthly starting January 1, 2005 ending June 30, 2005. This lease agreement was automatically renewed thru June 30, 2014.

Note 6. Capital Assets

A summary of changes in property and equipment comprising capital assets is as follows for the year ended June 30, 2013:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 185,400	-	-	185,400
Total capital assets not being depreciated	<u>185,400</u>	<u>-</u>	<u>-</u>	<u>185,400</u>
Capital assets being depreciated:				
Buildings	25,782,063	217,459	-	25,999,522
Land improvements	1,670,308	135,651	-	1,805,959
Machinery and equipment	3,282,805	631,002	332,171	3,581,636
Total capital assets being depreciated	<u>30,735,176</u>	<u>984,112</u>	<u>332,171</u>	<u>31,387,117</u>
Less accumulated depreciation for:				
Buildings	6,778,439	512,981	-	7,291,420
Land improvements	1,061,671	60,277	-	1,121,948
Machinery and equipment	2,747,075	295,227	332,171	2,710,131
Total accumulated depreciation	<u>10,587,185</u>	<u>868,485</u>	<u>332,171</u>	<u>11,123,499</u>
Total capital assets being depreciated, net	<u>20,147,991</u>	<u>115,627</u>	<u>-</u>	<u>20,263,618</u>
Governmental activities capital assets, net	<u>\$ 20,333,391</u>	<u>115,627</u>	<u>-</u>	<u>20,449,018</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 324,219	11,327	11,990	323,556
Less accumulated depreciation	252,654	14,465	11,990	255,129
Business type activities capital assets, net	<u>\$ 71,565</u>	<u>(3,138)</u>	<u>-</u>	<u>68,427</u>

Governmental activities:	
Instruction:	
Regular	\$ 14,285
Special	1,287
Other	5,184
Support services:	
Administration	347
Operation and maintenance of plant	26,229
Transportation	196,237
	<u>243,569</u>
Unallocated depreciation	624,916
	<u>\$ 868,485</u>
Business type activities:	
Food services	<u>\$ 14,465</u>

Note 7. Long-Term Debt

The Long-Term Debt listed below is related to the governmental activities. A summary of changes in long-term debt for the governmental activities for the year ended June 30, 2013 is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 3,455,000	\$ -	\$ 735,000	\$ 2,720,000	\$ 770,000
Revenue Bonds	6,825,000	6,054,000	7,133,000	5,746,000	625,000
School Bus Leases	246,170	319,253	153,956	411,467	150,527
Computer Lease	-	86,365	45,068	41,297	41,297
Compensated Absences	51,983	43,227	51,983	43,227	43,227
Early Retirement	117,600	-	24,000	93,600	24,000
Net OPEB liability	108,117	18,023	-	126,140	-
Total	<u>\$ 10,803,870</u>	<u>\$ 6,520,868</u>	<u>\$ 8,143,007</u>	<u>\$ 9,181,731</u>	<u>\$ 1,654,051</u>

The Long-Term Debt listed below is related to the business type activities. A summary of changes in long-term debt for the business type activities for the year ended June 30, 2013 is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
<u>Business type activities:</u>					
Compensated Absences	\$ 486	\$ 505	\$ 486	\$ 505	\$ 505
Net OPEB liability	4,889	633	-	5,522	-
Total	<u>\$ 5,375</u>	<u>\$ 1,138</u>	<u>\$ 486</u>	<u>\$ 6,027</u>	<u>\$ 505</u>

General Obligation Bonds

On April 1, 2009, the District refunded a bond issued for \$4,025,000 in general obligation bonds that were used originally for capital facility construction. On April 1, 2010, the District refunded a bond issued for \$1,440,000 in general obligation bonds that were used originally for capital facility construction. Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of April 1, 2009			Bond Issue of April 1, 2010			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2014	2.55 %	\$ 660,000	43,995	3.00 %	\$ 110,000	33,600	\$ 770,000	77,595	847,595
2015	2.85	690,000	27,165	3.00	110,000	30,300	800,000	57,465	857,465
2016	3.00	250,000	7,500	3.00	115,000	27,000	365,000	34,500	399,500
2017	-	-	-	3.00	785,000	23,550	785,000	23,550	808,550
Total		<u>\$ 1,600,000</u>	<u>78,660</u>		<u>\$ 1,120,000</u>	<u>114,450</u>	<u>\$ 2,720,000</u>	<u>193,110</u>	<u>2,913,110</u>

Revenue Bonds

On July 23, 2012, the District refunded a bond issued for \$8,500,000 in revenue bonds that were used originally for capital facility construction. The revenue bonds will be paid with statewide sales, services and use taxes collected in the Statewide Sales, Services and Use Tax Fund. Details of the District's June 30, 2013 revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 23, 2012				
	Interest Rate	Principal	Interest	Total	
2014	2.08 %	\$ 625,000	116,272	741,272	
2015	2.08	634,000	103,272	737,272	
2016	2.08	648,000	89,991	737,991	
2017	2.08	663,000	76,440	739,440	
2018	2.08	683,000	62,556	745,556	
2019-22	2.08	2,493,000	104,104	2,597,104	
Total		<u>\$ 5,746,000</u>	<u>552,635</u>	<u>6,298,635</u>	

The District has pledged future statewide sales, services and use tax revenues to repay \$6,054,000 of bonds issued in July 2012. The bonds were issued for the purpose of refunding the revenue bonds dated December 1, 2006. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District in accordance with Chapter 423E of the Code of Iowa and are payable through 2022. The bonds are not a general obligation of the District. The debt, however, is subject to the constitutional debt limitations of the District. Annual principal and interest payments are expected to require nearly 43% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$6,298,635. For the current year, principal of \$308,000 and interest of \$55,266 was paid on the bonds and total statewide sales, services and use tax revenues were \$1,725,564.

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

- a) The bonds will only be redeemed from the future earnings of the statewide sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received. There is no debt service requirement on the July 23, 2012 refunding bonds.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one sixth of the next principal payment shall be made to the Statewide Sales, Services and Use Tax Sinking Fund for the purpose of making the bond principal and interest payments when due.

School Bus Leases

During the years ended June 30, 2011 and June 30, 2012, the District entered into lease agreements with Blue Bird for the lease purchase of school buses. The Statewide Sales Service and Use Tax Fund will be used to liquidate all of the bus lease liability. The details of the repayment of these leases are as follows:

Year Ending June 30,	Bus lease of August 15, 2010			Bus lease of July 15, 2010					
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest			
2014	4.29 %	\$ 19,859	1,740	4.25 %	\$ 62,151	5,395			
2015	4.29	20,711	888	4.25	64,791	2,755			
		<u>\$ 40,570</u>	<u>2,628</u>		<u>\$ 126,942</u>	<u>8,150</u>			

Year Ending June 30,	Bus lease of August 1, 2012			Bus lease of August 5, 2012			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2014	2.58 %	\$ 30,177	3,237	2.99 %	\$ 38,340	3,543	150,527	13,915	164,442
2015	2.58	30,956	2,458	2.99	39,486	2,397	155,944	8,498	164,442
2016	2.58	31,754	1,660	2.99	40,667	1,216	72,421	2,876	75,297
2017	2.58	32,575	839	-	-	-	32,575	839	33,414
		<u>\$ 125,462</u>	<u>8,194</u>		<u>\$ 118,493</u>	<u>7,156</u>	<u>\$ 411,467</u>	<u>26,128</u>	<u>437,595</u>

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the gross amount of assets acquired on the inception date.

The assets acquired through capital bus leases and the corresponding depreciation taken is as follows:

Asset:	Governmental activities:
Machinery and equipment	\$ 730,014
Less: Accumulated Depreciation	(310,307)
Total	<u>\$ 419,707</u>

Computer Lease

During the year ended June 30, 2013, the District entered into a lease agreement with Dell Computer, Inc. for the lease of computers. The Statewide Sales Service and Use Tax Fund will be used to liquidate the 2013 computer lease liability. This lease agreement does not qualify as a capital lease for accounting purposes and, therefore, has not been added to the District's capital asset listing. Details of the District's June 30, 2013 computer lease indebtedness are as follows:

Year Ending June 30,	Computer lease of August 9, 2012			
	Interest Rate	Principal	Interest	Total
2014	3.77 %	\$ 41,297	3,770	<u>45,067</u>

Termination Benefits (Early Retirement)

The District offered a voluntary early retirement plan to its certified and support staff employees prior to July 1, 2010. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Termination benefits paid during the year ended June 30, 2013, totaled \$24,000. A liability has been recorded in the Statement of Net Position representing the District's commitment to fund non-current early retirement.

Note 8. Bond Defeasement

General Obligation Bonds

On April 1, 2001, the District issued \$4,695,000 in general obligation bonds to advance refund \$4,530,000 of outstanding general obligation bonds dated November 1, 1996. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay all principal and interest on the refunded bonds. The new advance refunding bonds have been added to the appropriate financial statement and schedules. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. At June 30, 2013, \$2,000,000 of such bonds is outstanding. Defeasement of principal and interest for the year was \$595,000 and \$145,410 respectively.

On November 1, 2005, the District issued \$1,740,000 in general obligation bonds to advance refund \$1,665,000 of outstanding general obligation bonds dated May 1, 1998. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay all principal and interest on the refunded bonds. The new advance refunding bonds have been added to the appropriate financial statement and schedules. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. At June 30, 2013, \$825,000 of such bonds is outstanding. Defeasement of principal and interest for the year was \$100,000 and \$61,606 respectively.

Revenue Bonds

On July 23, 2012, the District issued \$6,054,000 in revenue bonds and released the \$850,000 debt reserve fund of the December 1, 2006 revenue bonds to refund \$6,360,000 of outstanding revenue bonds dated December 1, 2006. The proceeds of the refunding issue along with the released debt reserve amount have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay all principal and interest on the December 1, 2006 revenue bond issuance from January 1, 2013, to when the bonds are callable on July 1, 2014.

The District is contingently liable in the remote possibility the escrow account is insufficient to pay the bonds. After the principal and interest on all of the outstanding bonds are paid, any remaining funds in the escrow account, together with any interest thereon, will be returned to the District. The new refunding bonds have been added to the appropriate financial statements and schedules. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. The present value of savings for the refunding is \$222,037. At June 30, 2013, \$6,360,000 of such bonds is outstanding. Defeasement of principal and interest for the year was \$0 and \$130,536 respectively.

Note 9. Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 176 active and 18 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a self-funded plan with Southeast Iowa School Employees Benefits Health Plan (SEISHP). Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit 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 that, 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, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 136,895
Interest on net OPEB obligation	1,130
Adjustment to annual required contribution	<u>(4,357)</u>
Annual OPEB cost	133,668
Contributions made	<u>(115,012)</u>
Increase in net OPEB obligation	18,656
Net OPEB obligation beginning of year	113,006
Net OPEB obligation end of year	<u><u>\$ 131,662</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. 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, 2013.

For the year ended June 30, 2013, the District contributed \$115,012 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% 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, 2013 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 118,770	74.7%	\$ 98,312
2012	\$ 118,160	87.6%	\$ 113,006
2013	\$ 133,668	86.0%	\$ 131,662

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,542,141, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,542,141. The covered payroll (annual payroll of active employees covered by the plan) was \$6,867,831, and the ratio of the UAAL to covered payroll was 22.5%. As of June 30, 2013, 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, will present 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, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 1% discount rate based on the District's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 3%. The medical trend rate is reduced 1% each year until reaching the 3% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Generational Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed based upon recent Mount Pleasant Community School District experience. Termination probabilities were based upon national termination studies performed by the Society of Actuaries and were adjusted to reflect the recent lower termination rates experienced by Mount Pleasant Community School District.

Projected claim costs of the medical plan are \$880 per month for retirees at the weighted average age 62 and post age 65 expected claims cost are assumed to equal retiree contributions. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

The OPEB actuarial plan was completed for the Mount Pleasant Community School District by HANF Actuarial and Richard Johnson, FSA. The report may be obtained by contacting the Business Office of the Mount Pleasant Community School District. The OPEB actuarial plan does not issue a stand-alone financial report.

Note 10. 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.

For the year ended June 30, 2013, plan members were required to contribute 5.78% of their annual covered salary and the District was required to contribute 8.67% of annual covered salary. For the year ended June 30, 2012, plan members were required to contribute 5.38% of their annual salary and the District was required to contribute 8.07% of annual covered payroll. For the year ended June 30, 2011, plan members were required to contribute 4.50% of their annual salary and the District was required to contribute 6.95% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$1,018,633, \$1,108,641, and \$864,738 respectively, equal to the required contributions for each year.

Note 11. Risk Management

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

Each member's contributions to the SEISHP funds current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, SEISHP's general and administrative expenses, claims, claims expenses and insurance expense due and payable in the current year, plus all or any portion of any deficiency in capital. The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to SEISHP for the year ended June 30, 2013 were \$1,650,508.

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

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

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

Note 12. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$771,905 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 13. Categorical Funding

The District's restricted fund balance for categorical funding as of June 30, 2013 is comprised of the following projects:

<u>Project</u>	<u>Amount</u>
Home school assistance program	\$ 5,259
Salary improvement program	113,812
Educator quality, professional development	44,995
Beginning teacher mentoring and induction program	5,048
Market factor	12,656
Educator quality, model core curriculum	62,314
Total reserved for categorical funding	<u>\$ 244,084</u>

Note 14. Due From Other Governments

Amounts due from other governments by fund as of June 30, 2013 are as follows:

	General Fund	Statewide Sales, Services & Use Tax	Student Activity
Local appropriation:			
Tuition	\$ 381,193	\$ -	\$ -
Fees	-	-	155
Total local appropriation	381,193	-	155
State appropriation:			
Vocational aid	1,790	-	-
Non-public transportation aid	1,458	-	-
Fuel tax refund	741	-	-
Statewide sales, services and use tax	-	572,586	-
Total state appropriation	3,989	572,586	-
Federal appropriation:			
Perkins	24,379	-	-
Title IIA	41,568	-	-
Title I	93,949	-	-
Title III	677	-	-
Title VIA	2,695	-	-
Total federal appropriation	163,268	-	-
Total due from other governments	\$ 548,450	\$ 572,586	\$ 155

Note 15. Restricted Net Position - Statement of Net Position

GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, requires that accrued interest payable on the Statement of Net Position on page 24 is a current liability that will be paid from the Debt Service Fund. As such, the liability for accrued interest payable should reduce the amount restricted for debt service in the net position balance on the Statement of Net Position.

The following is the reconciliation of the debt service restricted net position on the Statement of Net Position on page 24:

\$ 605,812	Restricted for debt service balance on the Governmental Funds Balance Sheet page 26
(87,170)	Accrued interest payable on the Statement of Net Position page 24
<u>\$ 518,642</u>	Restricted net position for debt service Statement of Net Position page 24

GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, requires that the balance for termination benefits on the Statement of Net Position on page 24, be subtracted from the restricted net position balance on the Statement of Net Position that will be used to liquidate the liability. As such, the liability for termination benefits is being liquidated with the restricted fund balance for management levy purposes on the balance sheet for the governmental funds on page 26.

The following is the reconciliation of the management levy purposes restricted net position on the Statement of Net Position on page 24:

\$ 285,081	Restricted for management levy purposes on the Governmental Funds Balance Sheet page 26
(24,000)	Termination benefits payable due within one year on the Statement of Net Position page 24
(69,600)	Termination benefits payable due after one year on the Statement of Net Position page 24
<u>\$ 191,481</u>	Restricted net position for management levy purposes Statement of Net Position page 24

Required Supplementary Information

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

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

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Fund Types Actual	Fund Types Actual		Original	Final	
Revenues:						
Local sources	\$ 11,115,576	\$ 395,893	\$ 11,511,469	\$ 10,922,984	\$ 10,922,984	\$ 588,485
State appropriations	11,411,885	8,265	11,420,150	11,862,686	11,862,686	(442,536)
Federal appropriations	955,840	595,597	1,551,437	1,890,000	1,890,000	(338,563)
Total revenues	23,483,301	999,755	24,483,056	24,675,670	24,675,670	(192,614)
Expenditures/Expenses:						
Instruction	14,527,363	-	14,527,363	15,065,000	15,065,000	537,637
Support services	5,991,868	13,967	6,005,835	5,476,000	5,700,000	(305,835)
Non-instructional programs	25,656	974,206	999,862	1,078,000	1,090,000	90,138
Other expenditures	3,189,622	-	3,189,622	2,906,657	9,300,000	6,110,378
Total expenditures/expenses	23,734,509	988,173	24,722,682	24,525,657	31,155,000	6,432,318
Excess(Deficiency) of revenues over(under) expenditures/expenses	(251,208)	11,582	(239,626)	150,013	(6,479,330)	6,239,704
Other financing uses, net	(398,336)	-	(398,336)	7,000	7,000	(405,336)
Excess(Deficiency) of revenues and other financing uses over(under) expenditures/expenses	(649,544)	11,582	(637,962)	157,013	(6,472,330)	5,834,368
Balance beginning of year	5,189,085	260,623	5,449,708	4,186,725	4,186,725	1,262,983
Balance end of year	\$ 4,539,541	\$ 272,205	\$ 4,811,746	\$ 4,343,738	\$ (2,285,605)	\$ 7,097,351

SEE NOTES TO FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$6,629,343.

During the year ended June 30, 2013, expenditures in the support services function exceeded the amount budgeted.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 FOR THE RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Employer Contributions for Retiree Health Plan					Schedule of Funding Progress for Retiree Health Plan					
Year Ended June 30,	Actuarial Valuation Date	Annual Required Contributions (ARC)	Contributions Made By District	Contributions Made By District as a Percentage of ARC	Actuarial Value of Assets (c)	Actuarial Accrued Liability (AAL) (d)	Unfunded AAL (UAAL) (d-e)	Funded Ratio (c/d)	Covered Payroll (e)	UAAL as a Percentage of Covered Payroll ((d-c)/e)
		(a)	(b)	(b/a)						
2011	July 1, 2010	\$ 120,154	\$ 88,701	73.8%	\$ -	\$1,243,262	\$1,243,262	0.0%	\$ 8,625,559	14.4%
2012	July 1, 2010	\$ 120,154	\$ 103,466	86.1%	\$ -	\$1,243,262	\$1,243,262	0.0%	\$10,960,279	11.3%
2013	July 1, 2012	\$ 136,895	\$ 115,012	84.0%	\$ -	\$1,542,141	\$1,542,141	0.0%	\$ 6,867,831	22.5%

See Note 9 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Supplementary Information

Mount Pleasant Community School District

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District's two nonmajor special revenue funds are the Management Fund and the Student Activity Fund.

Management Fund

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

Student Activity Fund

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

Nonmajor Capital Project Accounts

The Capital Project accounts are used to account for all resources used in the acquisition and construction of capital facilities and other capital assets. Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. As a result, the Physical Plant and Equipment Levy Fund is considered a Capital Project Fund along with the Statewide Sales Services and Use Tax Fund.

Physical Plant and Equipment Levy Fund

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

Statewide Sales, Services and Use Tax Fund

This fund accounts for the revenue received from the statewide sales, service and use tax as well as proceeds from the sale of sales tax bond issuances. Expenditures relating to the acquisition, construction, remodeling, repairing, improving or expanding school facilities are authorized by the Code of Iowa.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total		
ASSETS					
Cash and pooled investments	\$ 285,719	\$ 97,104	\$ 382,823	\$ 459,421	\$ 842,244
Receivables:					
Property tax:					
Current year delinquent	3,545	-	3,545	597	4,142
Succeeding year	269,998	-	269,998	167,835	437,833
Accounts	-	61	61	-	61
Due from other governments	-	155	155	572,586	572,741
TOTAL ASSETS	<u>\$ 559,262</u>	<u>\$ 97,320</u>	<u>\$ 656,582</u>	<u>\$ 1,200,439</u>	<u>\$ 1,857,021</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 4,183	\$ 7,614	\$ 11,797	\$ 86,259	\$ 98,056
Deferred revenue:					
Succeeding year property tax	269,998	-	269,998	167,835	437,833
Total liabilities	<u>274,181</u>	<u>7,614</u>	<u>281,795</u>	<u>254,094</u>	<u>535,889</u>
Fund Balances:					
Restricted for:					
Management levy purposes	285,081	-	285,081	-	285,081
Student activities	-	89,706	89,706	-	89,706
School infrastructure	-	-	-	878,755	878,755
Physical plant and equipment levy	-	-	-	67,590	67,590
Total fund balances	<u>285,081</u>	<u>89,706</u>	<u>374,787</u>	<u>946,345</u>	<u>1,321,132</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 559,262</u>	<u>\$ 97,320</u>	<u>\$ 656,582</u>	<u>\$ 1,200,439</u>	<u>\$ 1,857,021</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total		
REVENUES:					
Local sources:					
Local tax	\$ 295,064	\$ -	\$ 295,064	\$ 1,775,560	\$ 2,070,624
Other	10,750	329,124	339,874	4,613	344,487
TOTAL REVENUES	<u>305,814</u>	<u>329,124</u>	<u>634,938</u>	<u>1,780,173</u>	<u>2,415,111</u>
EXPENDITURES:					
Current:					
Instruction:					
Other	-	344,545	344,545	-	344,545
Support services:					
Administration	151,996	-	151,996	303,869	455,865
Operation and maintenance of plant	71,435	-	71,435	65,429	136,864
Transportation	19,597	-	19,597	363,210	382,807
Capital outlay	-	-	-	409,502	409,502
TOTAL EXPENDITURES	<u>243,028</u>	<u>344,545</u>	<u>587,573</u>	<u>1,142,010</u>	<u>1,729,583</u>
Excess(Deficiency) of revenues over(under) expenditures	62,786	(15,421)	47,365	638,163	685,528
Other financing sources(uses):					
Proceeds from computer lease	-	-	-	86,365	86,365
Proceeds from bus leases	-	-	-	319,253	319,253
Transfer out	-	-	-	(1,794,523)	(1,794,523)
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,388,905)</u>	<u>(1,388,905)</u>
Excess(Deficiency) of revenues and other financing sources(uses) over(under) expenditures	62,786	(15,421)	47,365	(750,742)	(703,377)
Fund balances beginning of year	<u>222,295</u>	<u>105,127</u>	<u>327,422</u>	<u>1,697,087</u>	<u>2,024,509</u>
Fund balances end of year	<u>\$ 285,081</u>	<u>\$ 89,706</u>	<u>\$ 374,787</u>	<u>\$ 946,345</u>	<u>\$ 1,321,132</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT ACCOUNTS

JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 392,428	\$ 66,993	\$ 459,421
Receivables:			
Property tax:			
Current year delinquent	-	597	597
Succeeding year	-	167,835	167,835
Due from other governments	572,586	-	572,586
TOTAL ASSETS	<u>\$ 965,014</u>	<u>\$ 235,425</u>	<u>\$ 1,200,439</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 86,259	\$ -	\$ 86,259
Deferred revenue:			
Succeeding year property tax	-	167,835	167,835
Total liabilities	<u>86,259</u>	<u>167,835</u>	<u>254,094</u>
Fund Balances:			
Restricted for:			
School infrastructure	878,755	-	878,755
Physical plant and equipment levy	-	67,590	67,590
Total fund balances	<u>878,755</u>	<u>67,590</u>	<u>946,345</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 965,014</u>	<u>\$ 235,425</u>	<u>\$ 1,200,439</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT ACCOUNTS

YEAR ENDED JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 1,725,564	49,996	\$ 1,775,560
Other	3,997	616	4,613
TOTAL REVENUES	<u>1,729,561</u>	<u>50,612</u>	<u>1,780,173</u>
EXPENDITURES:			
Current:			
Support services:			
Administration	303,869	-	303,869
Operation and maintenance of plant	65,429	-	65,429
Transportation	363,210	-	363,210
Capital outlay	398,556	10,946	409,502
TOTAL EXPENDITURES	<u>1,131,064</u>	<u>10,946</u>	<u>1,142,010</u>
Excess of revenues over expenditures	598,497	39,666	638,163
Other financing sources(uses):			
Proceeds from computer lease	86,365	-	86,365
Proceeds from bus leases	319,253	-	319,253
Transfer out	(1,794,523)	-	(1,794,523)
Total other financing sources(uses)	<u>(1,388,905)</u>	<u>-</u>	<u>(1,388,905)</u>
Excess(Deficiency) of revenues and other financing sources(uses) over(under) expenditures	(790,408)	39,666	(750,742)
Fund balances beginning of year	<u>1,669,163</u>	<u>27,924</u>	<u>1,697,087</u>
Fund balances end of year	<u>\$ 878,755</u>	<u>67,590</u>	<u>\$ 946,345</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Statistical Section

THIS PAGE INTENTIONALLY LEFT BLANK



Mt. Pleasant Community School District

Statistical Section

(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	62-77
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	78-81
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	82-88
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	89-93
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	94-98

Schedule 1
Mt. Pleasant Community School District

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities:					
Net investment in capital assets	\$ 5,025,225	\$ 5,320,690	\$ 5,709,341	\$ 6,347,734	\$ 6,151,005
Restricted	258,606	263,063	247,556	1,353,216	1,950,528
Unrestricted	951,049	1,383,874	1,803,653	1,391,261	2,061,504
Total governmental activities net position	\$ 6,234,880	\$ 6,967,627	\$ 7,760,550	\$ 9,092,211	\$ 10,163,037
Business type activities:					
Net investment in capital assets	\$ 137,881	\$ 110,273	\$ 90,109	\$ 72,109	\$ 56,504
Restricted	-	-	-	-	-
Unrestricted	6,488	(56,861)	(48,777)	(2,744)	31,202
Total business type activities net position	\$ 144,369	\$ 53,412	\$ 41,332	\$ 69,365	\$ 87,706
Primary government:					
Net investment in capital assets	\$ 5,163,106	\$ 5,430,963	\$ 5,799,450	\$ 6,419,843	\$ 6,207,509
Restricted	258,606	263,063	247,556	1,353,216	1,950,528
Unrestricted	957,537	1,327,013	1,754,876	1,388,517	2,092,706
Total primary government net position	\$ 6,379,249	\$ 7,021,039	\$ 7,801,882	\$ 9,161,576	\$ 10,250,743

Note: District implemented GASB statement No. 63 during fiscal year 2013.
 Prior to fiscal year 2013, the term "net assets" was used rather than "net position".
Source: School District financial records.

					Fiscal Year				
2009		2010		2011		2012		2013	
\$	7,732,192	\$	8,343,346	\$	9,043,962	\$	9,807,221	\$	11,571,551
	1,836,673		2,152,791		2,584,447		3,008,599		1,990,258
	1,240,982		638,859		1,061,522		2,170,628		2,574,020
<u>\$ 10,809,847</u>		<u>\$ 11,134,996</u>		<u>\$ 12,689,931</u>		<u>\$ 14,986,448</u>		<u>\$ 16,135,829</u>	
\$	41,427	\$	33,757	\$	59,719	\$	71,565	\$	68,427
	-		-		-		-		-
	87,509		136,272		149,309		189,058		203,778
<u>\$ 128,936</u>		<u>\$ 170,029</u>		<u>\$ 209,028</u>		<u>\$ 260,623</u>		<u>\$ 272,205</u>	
\$	7,773,619	\$	8,377,103	\$	9,103,681	\$	9,878,786	\$	11,639,978
	1,836,673		2,152,791		2,584,447		3,008,599		1,990,258
	1,328,491		775,131		1,210,831		2,359,686		2,777,798
<u>\$ 10,938,783</u>		<u>\$ 11,305,025</u>		<u>\$ 12,898,959</u>		<u>\$ 15,247,071</u>		<u>\$ 16,408,034</u>	

Schedule 2
Mt. Pleasant Community School District

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses:					
Governmental activities:					
Instruction	\$ 10,298,544	\$ 10,422,833	\$ 11,128,026	\$ 11,645,465	\$ 12,636,384
Student services	269,415	442,021	429,673	386,643	526,929
Instructional staff services	646,894	359,645	361,439	435,568	330,420
Administration services	1,506,863	1,804,106	1,767,827	1,939,513	2,147,607
Operation and maintenance of plant	1,002,220	1,101,224	1,339,952	1,323,762	1,576,173
Student transportation services	585,850	655,313	682,855	724,258	764,414
Community services	31,137	30,239	27,854	27,378	26,397
Capital outlay	345,155	207,107	272,975	336,751	-
Long-term debt interest	352,661	336,838	400,449	623,004	640,498
AEA flowthrough	576,385	589,500	615,215	673,277	698,323
Depreciation (unallocated)	361,153	356,474	356,087	387,080	389,793
Total governmental activities expenses	15,976,277	16,305,300	17,382,352	18,502,699	19,736,938
Business type activities:					
Administration services	-	-	-	437	93
Operation and maintenance of plant	-	-	-	12,588	13,136
Nutrition services	743,172	829,836	820,338	840,053	878,877
Total business type activities expenses	743,172	829,836	820,338	853,078	892,106
Total primary government expenses	\$ 16,719,449	\$ 17,135,136	\$ 18,202,690	\$ 19,355,777	\$ 20,629,044
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 1,544,611	\$ 1,563,064	\$ 1,449,860	\$ 1,534,144	\$ 1,583,057
Support services	1,140	1,354	1,941	1,683	4,749
Operating grants and contributions	1,615,435	1,804,605	1,902,569	2,072,239	2,531,911
Capital grants and contributions	121,584	-	-	10,346	-
Total governmental activities program revenues	3,282,770	3,369,023	3,354,370	3,618,412	4,119,717

(Continued on the following page.)

Fiscal Year				
2009	2010	2011	2012	2013
\$ 13,771,319	\$ 13,749,865	\$ 14,227,774	\$ 14,160,410	\$ 14,585,510
482,974	698,211	443,594	460,169	437,648
324,646	336,783	345,115	344,939	334,186
2,122,448	2,031,328	2,126,717	2,413,853	2,957,167
1,531,198	1,396,604	1,574,399	1,616,628	1,225,695
763,569	763,319	836,875	775,099	1,131,205
7,083	7,378	24,477	25,581	25,656
-	120,303	-	-	-
637,329	460,908	430,341	366,951	254,008
757,620	828,781	838,640	771,909	771,905
584,212	574,475	571,062	571,063	624,916
20,982,398	20,967,955	21,418,994	21,506,602	22,347,896
-	-	-	-	-
12,590	12,557	14,076	14,521	13,967
886,126	916,962	948,119	930,864	974,206
898,716	929,519	962,195	945,385	988,173
\$ 21,881,114	\$ 21,897,474	\$ 22,381,189	\$ 22,451,987	\$ 23,336,069
\$ 1,620,662	\$ 1,631,675	\$ 1,725,682	\$ 1,774,697	\$ 1,863,808
3,356	8,601	10,548	3,027	3,310
3,185,199	4,254,559	3,367,291	3,401,690	3,341,523
-	-	-	-	-
4,809,217	5,894,835	5,103,521	5,179,414	5,208,641

Schedule 2
Mt. Pleasant Community School District

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Business type activities:					
Charges for services:					
Nutrition	432,058	454,220	472,689	492,724	495,727
Operating grants and contributions	268,464	296,227	335,301	387,883	413,756
Capital grants and contributions	-	-	-	-	-
Total business type program revenues	700,522	750,447	807,990	880,607	909,483
Total primary government program revenues	\$ 3,983,292	\$ 4,119,470	\$ 4,162,360	\$ 4,499,019	\$ 5,029,200
Net (expense) revenue:					
Governmental activities	\$ (12,693,507)	\$ (12,936,277)	\$ (14,027,982)	\$ (14,884,287)	\$ (15,617,221)
Business type activities	(42,650)	(79,389)	(12,348)	27,529	17,377
Total primary government net expense	\$ (12,736,157)	\$ (13,015,666)	\$ (14,040,330)	\$ (14,856,758)	\$ (15,599,844)

Source: School District financial records.

Fiscal Year				
2009	2010	2011	2012	2013
473,593	437,439	419,699	423,071	393,527
465,693	532,809	574,992	571,398	603,862
-	-	-	-	-
939,286	970,248	994,691	994,469	997,389
\$ 5,748,503	\$ 6,865,083	\$ 6,098,212	\$ 6,173,883	\$ 6,206,030
\$ (16,173,181)	\$ (15,073,120)	\$ (16,315,473)	\$ (16,327,188)	\$ (17,139,255)
40,570	40,729	32,496	49,084	9,216
\$ (16,132,611)	\$ (15,032,391)	\$ (16,282,977)	\$ (16,278,104)	\$ (17,130,039)

Schedule 3
Mt. Pleasant Community School District

General Revenues and Total Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2004	2005	2006	2007	2008
Net (expense) revenue:					
Governmental activities	\$ (12,693,507)	\$ (12,936,277)	\$ (14,027,982)	\$ (14,884,287)	\$ (15,617,221)
Business type activities	(42,650)	(79,389)	(12,348)	27,529	17,377
Total primary government net expense	(12,736,157)	(13,015,666)	(14,040,330)	(14,856,758)	(15,599,844)
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes levied for general purposes	4,543,943	4,505,723	4,627,430	4,350,685	4,482,593
Property taxes levied for debt service	895,660	885,670	889,960	881,673	872,322
Property taxes levied for capital projects	402,769	382,584	-	-	-
Income surtax	-	-	-	449,635	448,100
Statewide sales, services and use tax	6,360	6,545	1,000,109	1,209,486	1,096,004
Unrestricted state grants	7,212,979	7,770,824	8,080,458	8,702,151	8,959,110
Nonspecific program federal grants	-	-	-	-	-
Other	2,273	19,090	1,178	108,618	114,167
Unrestricted investment earnings	29,901	98,588	221,770	513,700	472,921
Significant donation from private sources	-	-	-	-	242,830
Total governmental activities	13,093,885	13,669,024	14,820,905	16,215,948	16,688,047
Business type activities:					
Other	-	(11,964)	-	-	-
Unrestricted investment earnings	668	396	268	504	964
Total business type activities	668	(11,568)	268	504	964
Total primary government	13,094,553	13,657,456	14,821,173	16,216,452	16,689,011
Change in net position:					
Governmental activities	400,378	732,747	792,923	1,331,661	1,070,826
Business type activities	(41,982)	(90,957)	(12,080)	28,033	18,341
Total primary government	\$ 358,396	\$ 641,790	\$ 780,843	\$ 1,359,694	\$ 1,089,167

Note: District implemented GASB statement No. 63 during fiscal year 2013.
Prior to fiscal year 2013, the term "net assets" was used rather than "net position".
Source: School District financial records.

Fiscal Year				
2009	2010	2011	2012	2013
\$ (16,173,181)	\$ (15,073,120)	\$ (16,315,473)	\$ (16,327,188)	\$ (17,139,255)
40,570	40,729	32,496	49,084	9,216
(16,132,611)	(15,032,391)	(16,282,977)	(16,278,104)	(17,130,039)

4,511,106	4,765,665	5,445,689	5,651,578	5,936,906
873,366	895,035	892,518	815,110	830,319
220,780	210,651	45,865	35,379	49,996
484,706	488,136	332,558	404,296	450,258
1,303,249	1,248,383	1,445,699	1,572,096	1,725,564
9,191,822	7,597,781	8,917,273	9,501,654	9,073,313
-	-	406,642	223,488	-
135,567	163,859	339,195	361,004	158,308
99,395	28,759	44,969	59,100	63,972
-	-	-	-	-
16,819,991	15,398,269	17,870,408	18,623,705	18,288,636

-	-	4,557	-	-
660	364	1,946	2,511	2,366
660	364	6,503	2,511	2,366
16,820,651	15,398,633	17,876,911	18,626,216	18,291,002

646,810	325,149	1,554,935	2,296,517	1,149,381
41,230	41,093	38,999	51,595	11,582
\$ 688,040	\$ 366,242	\$ 1,593,934	\$ 2,348,112	\$ 1,160,963

Schedule 4
Mt. Pleasant Community School District

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund:					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	88,181	106,550	1,641,979	118,731	2,046,662
Unreserved	708,927	1,224,785	1,533,868	2,145,298	1,913,073
Total General Fund	\$ 797,108	\$ 1,331,335	\$ 3,175,847	\$ 2,264,029	\$ 3,959,735
All other governmental funds:					
Restricted, reported in:					
Capital projects funds	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Reserved	45,193	41,546	64,518	1,124,223	1,498,615
Unreserved, reported in:					
Capital projects funds	15,675	6,071	143,353	6,349,145	237,914
Special revenue funds	461,908	361,853	193,461	165,769	122,858
Total all other governmental funds	\$ 522,776	\$ 409,470	\$ 401,332	\$ 7,639,137	\$ 1,859,387

Source: School District financial records.

* Reclassification of fund balances due to GASB 54 implementation.

		Fiscal Year				
2009	2010	2011*	2012*	2013*		
\$ -	\$ -	\$ 254,325	\$ 269,553	\$ 244,084		
-	-	57,123	34,829	47,614		
-	-	98,691	95,136	89,361		
-	-	848,823	1,932,921	2,231,538		
171,267	338,643	-	-	-		
1,335,070	555,724	-	-	-		
<u>\$ 1,506,337</u>	<u>\$ 894,367</u>	<u>\$ 1,258,962</u>	<u>\$ 2,332,439</u>	<u>\$ 2,612,597</u>		

\$ -	\$ -	\$ 562,268	\$ 847,087	\$ 946,345	
-	-	212,085	327,422	374,787	
-	-	1,668,385	1,682,137	605,812	
1,521,840	1,571,995	-	-	-	
(160,301)	145,320	-	-	-	
99,175	233,770	-	-	-	
<u>\$ 1,460,714</u>	<u>\$ 1,951,085</u>	<u>\$ 2,442,738</u>	<u>\$ 2,856,646</u>	<u>\$ 1,926,944</u>	

Schedule 5
Mt. Pleasant Community School District

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Federal sources:					
Federal sources:	\$ 664,593	\$ 696,613	\$ 660,048	\$ 616,687	\$ 693,821
Total federal sources	664,593	696,613	660,048	616,687	693,821
State sources:					
State sources:	\$ 8,285,405	\$ 8,878,816	\$ 9,322,979	\$ 10,147,236	\$ 10,748,576
Total state sources	8,285,405	8,878,816	9,322,979	10,147,236	10,748,576
Intermediate sources:					
Intermediate sources:	\$ -	\$ -	\$ -	\$ 1,139	\$ -
Total intermediate sources	-	-	-	1,139	-
Local sources:					
Local taxes	\$ 5,873,260	\$ 5,778,014	\$ 6,517,499	\$ 6,854,304	\$ 6,862,384
Tuition	930,847	986,354	917,245	1,113,416	1,193,270
Other revenues	644,805	676,652	756,326	1,025,721	1,021,965
Total local sources	7,448,912	7,441,020	8,191,070	8,993,441	9,077,619
Total revenues	\$ 16,398,910	\$ 17,016,449	\$ 18,174,097	\$ 19,758,503	\$ 20,520,016

Source: School District financial records.

		Fiscal Year							
		2009	2010	2011	2012	2013			
\$	913,764	\$	2,048,716	\$	1,530,036	\$	1,269,797	\$	955,840
	913,764		2,048,716		1,530,036		1,269,797		955,840
\$	11,448,667	\$	9,747,664	\$	11,107,240	\$	11,818,132	\$	11,411,885
	11,448,667		9,747,664		11,107,240		11,818,132		11,411,885
\$	1,875	\$	1,975	\$	-	\$	-	\$	-
	1,875		1,975		-		-		-
\$	7,338,111	\$	7,534,374	\$	8,232,171	\$	8,490,420	\$	8,979,067
	1,167,990		1,242,638		1,283,406		1,326,814		1,464,655
	755,872		642,206		881,130		909,917		671,854
	9,261,973		9,419,218		10,396,707		10,727,151		11,115,576
\$	21,626,279	\$	21,217,573	\$	23,033,983	\$	23,815,080	\$	23,483,301

Schedule 6
Mt. Pleasant Community School District

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Instruction	\$ 10,343,640	\$ 10,356,502	\$ 11,127,651	\$ 11,684,960	\$ 12,675,586
Student services	265,028	450,752	434,672	386,392	526,678
Instructional staff services	656,180	358,960	361,439	435,568	330,420
Administration services	1,489,839	1,803,819	1,798,910	1,917,398	2,134,939
Operation and maintenance of plant services	975,237	1,081,100	1,334,449	1,314,755	1,572,644
Student transportation services	466,903	523,168	997,830	690,738	709,105
Community services	21,286	21,254	22,452	22,276	26,397
AEA Flowthrough	576,385	589,500	615,215	673,277	698,323
Capital outlay/construction	291,286	351,793	623,208	2,261,377	6,544,556
Debt service:					
Principal	695,838	724,376	742,099	799,377	762,991
Interest	386,055	354,994	365,451	426,575	671,417
Total expenditures	\$ 16,167,677	\$ 16,616,218	\$ 18,423,376	\$ 20,612,693	\$ 26,653,056
Debt service as a percentage of noncapital expenditures	7.17%	6.95%	6.40%	6.32%	5.69%

Source: School District financial records.

		Fiscal Year							
		2009	2010	2011	2012	2013			
\$	13,753,740	\$	13,506,558	\$	14,300,205	\$	14,291,461	\$	14,527,363
	482,393		697,827		443,279		460,015		433,351
	349,276		336,067		344,529		344,653		335,353
	2,103,492		2,011,631		2,116,233		2,409,334		2,620,698
	1,661,882		1,391,044		1,462,682		1,432,554		1,473,657
	626,887		668,127		1,145,357		716,655		1,128,809
	7,083		24,599		24,477		25,581		25,656
	757,620		828,781		838,640		771,909		771,905
	1,138,698		167,001		177,369		178,614		409,502
	1,230,127		1,337,506		1,348,916		1,293,328		1,707,024
	668,902		486,910		440,876		416,274		301,191
\$	22,780,100	\$	21,456,051	\$	22,642,563	\$	22,340,378	\$	23,734,509
		9.09%	9.29%	8.58%	8.29%	9.24%			

Schedule 7
Mt. Pleasant Community School District

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

	2004	2005	2006	2007	2008
Excess(Deficiency) of revenues over (under) expenditures	\$ 231,233	\$ 400,231	\$ (249,279)	\$ (854,190)	\$ (6,133,040)
Other financing sources (uses):					
General long-term debt issued	-	-	-	8,500,000	-
Accrued interest	-	-	-	31,778	-
Refunding debt issued	-	-	1,740,000	-	-
Payment to refunding escrow agent	-	-	(1,693,753)	-	-
Premium on bonds	-	-	-	-	-
Discount on bonds	-	-	-	-	-
Issuance cost on refunding bonds	-	-	-	-	-
Proceeds on school bus lease	-	-	420,238	86,875	82,355
Proceeds from computer lease	-	-	84,122	88,488	45,285
Sale of capital assets	2,273	20,690	1,178	6,904	8,283
Proceeds on loans	-	-	-	-	-
Transfers in	201,820	195,441	204,023	452,339	932,565
Transfers out	(201,820)	(195,441)	(204,023)	(452,339)	(932,565)
Total other financing sources (uses)	2,273	20,690	551,785	8,714,045	135,923
Change in fund balances	\$ 233,506	\$ 420,921	\$ 302,506	\$ 7,859,855	\$ (5,997,117)

Source: School District financial records.

Fiscal Year					
2009	2010	2011	2012	2013	
\$ (1,153,821)	\$ (238,478)	\$ 391,420	\$ 1,474,702	\$ (251,208)	
-	-	-	-	-	
6,546	2,851	-	-	-	
4,025,000	1,440,000	-	-	6,054,000	
(3,970,000)	(1,445,000)	-	-	(6,832,394)	
-	29,872	-	-	-	
-	(4,962)	-	-	(50,556)	
-	(15,178)	-	-	-	
-	-	410,761	-	319,253	
149,944	87,680	44,279	-	86,365	
3,333	21,616	9,788	12,683	24,996	
-	-	-	-	-	
993,095	979,534	989,666	902,289	1,794,523	
(993,095)	(979,534)	(989,666)	(902,289)	(1,794,523)	
214,823	116,879	464,828	12,683	(398,336)	
\$ (938,998)	\$ (121,599)	\$ 856,248	\$ 1,487,385	\$ (649,544)	

Schedule 8
Mt. Pleasant Community School District

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

(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2004	321,506,630	82,002,763	127,572,761	156,820,552	374,261,602	14.09147
2005	328,242,416	104,470,360	103,932,228	170,512,924	366,132,080	14.48920
2006	331,993,945	106,405,100	103,957,626	173,993,761	368,362,910	13.58049
2007	346,115,250	110,001,950	100,904,209	189,124,708	367,896,701	13.88995
2008	340,745,221	111,235,430	111,968,071	193,011,276	370,937,446	14.08369
2009	374,669,276	117,554,912	119,112,495	215,902,020	395,434,663	13.84339
2010	383,119,780	123,781,582	122,053,393	213,159,236	415,795,519	13.83363
2011	401,130,776	127,653,860	126,782,640	219,742,064	435,825,212	13.83363
2012	416,578,410	126,800,790	159,016,841	253,702,189	448,693,852	14.25931
2013	429,977,140	136,722,160	177,707,840	275,179,572	469,227,568	14.29787

Source: Henry County Auditor

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

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

Schedule 9

Mt. Pleasant Community School District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

79

Fiscal Year Ended June 30	District Direct Rates					Overlapping Rates					
	General Purposes	Capital Purposes	Debt Service	Management	Total	County	Community College	City of Mt. Pleasant	Town of Salem	Town of Rome	Town of Westwood
2004	10.29151	1.00000	2.22376	0.57620	14.09147	7.52094	0.99765	12.63999	11.09504	11.19415	6.00009
2005	10.60918	1.00000	2.31497	0.56505	14.48920	8.55807	0.98283	12.63999	11.61646	10.42443	6.00009
2006	10.73185	0.00000	2.31375	0.53489	13.58049	8.86528	0.98258	12.64000	11.95950	8.37000	6.00344
2007	10.96833	0.00000	2.27900	0.64262	13.88995	9.38846	0.98827	12.24086	12.53413	8.37443	6.00328
2008	11.12868	0.00000	2.21121	0.74380	14.08369	9.52311	0.98858	12.24000	12.50264	8.33147	6.19117
2009	10.63622	0.54000	2.08109	0.58608	13.84339	9.41582	0.97944	12.23999	11.75264	8.20078	6.22516
2010	10.72152	0.48000	2.03871	0.59340	13.83363	9.44303	0.99868	12.23999	11.14490	7.90441	6.01639
2011	11.66698	0.10011	1.94804	0.69161	14.40674	9.72726	1.01355	12.24142	11.16701	8.10000	6.00024
2012	11.75222	0.07000	1.73186	0.70523	14.25931	9.69088	1.01878	12.18806	11.27914	8.09453	6.00000
2013	11.88941	0.10147	1.68518	0.62181	14.29787	9.81360	1.01676	12.17986	11.15362	8.10000	7.62550

Source: Henry County Auditor

Notes: Assessed value equals estimated value.

Schedule 10

Mt. Pleasant Community School District

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

Taxpayer	2013			2004		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Wal-Mart Property, Inc.	\$ 25,947,780	1	5.53%	\$ 16,647,550	1	4.45%
Wal-Mart Real Estate Business Trust	9,689,950	2	2.07%			
BNSF Railway	7,952,361	3	1.69%	5,484,886	6	1.47%
Iowa Telecommunications Services	5,709,958	4	1.22%			
Interstate Power and Light	5,058,865	5	1.08%			
Pioneer Hi-Bred International	4,802,110	6	1.02%	5,817,210	4	1.55%
Access Energy Cooperative	4,394,876	7	0.94%	2,625,706	9	0.70%
KCM Properties	4,315,640	8	0.92%			
WCK Mt. Pleasant LC	4,241,840	9	0.90%			
Jasmin LLLP	3,736,230	10	0.80%			
IES Utilities				8,771,083	2	2.34%
Conteidental Telephone of Iowa				7,658,098	3	2.05%
Mapleleaf Healthcare				5,629,385	5	1.50%
Heatilator Inc.				4,001,421	7	1.07%
Blue Bird Body Co.				3,232,389	8	0.86%
Mt. Pleasant Warehouse				2,624,440	10	0.70%
Total	<u>\$ 75,849,610</u>		<u>16.16%</u>	<u>\$ 62,492,168</u>		<u>16.70%</u>

Source: Henry County Auditor

Schedule 11
Mt. Pleasant Community School District

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 5,422,658	\$ 5,297,033	97.68%	\$ 4,801	\$ 5,301,834	97.77%
2005	5,419,759	5,343,781	98.60%	1,361	5,345,142	98.62%
2006	5,019,988	4,983,521	99.27%	3,766	4,987,287	99.35%
2007	5,216,886	5,214,241	99.95%	2,645	5,216,886	100.00%
2008	5,375,911	5,354,915	99.61%	1,496	5,356,411	99.64%
2009	5,596,581	5,595,867	99.99%	714	5,596,581	100.00%
2010	5,873,154	5,870,010	99.95%	3,144	5,873,154	100.00%
2011	6,391,272	6,384,072	99.89%	4,561	6,388,633	99.96%
2012	6,503,447	6,413,000	98.61%	6,042	6,419,042	98.70%
2013	6,816,008	6,733,491	98.79%	-	6,733,491	98.79%

Source: Henry County Treasurer and District records.

Schedule 12
Mt. Pleasant Community School District

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General Obligation Bonds	Revenue Bonds	Less: Amounts Available for Debt Service (c)	Total Bonds	Percent of Actual Taxable Value of Property to Total Bonds (a)	Percent of Actual Taxable Value of Property to General Obligation Bonds (a)	Per Capita (b)
2004	\$ 8,315,000	-	\$ 45,193	\$ 8,269,807	2.21%	2.21%	\$622
2005	7,770,000	-	41,546	7,728,454	2.02%	2.02%	\$586
2006	7,295,000	-	64,518	7,230,482	1.90%	1.90%	\$549
2007	6,705,000	8,500,000	1,124,223	14,080,777	3.70%	1.47%	\$1,068
2008	6,120,000	8,500,000	1,498,615	13,121,385	3.38%	1.19%	\$995
2009	5,570,000	8,105,000	1,521,840	12,153,160	2.94%	0.98%	\$922
2010	4,855,000	7,695,000	1,571,995	10,978,005	2.53%	0.76%	\$833
2011	4,165,000	7,270,000	1,668,385	9,766,615	2.15%	0.55%	\$741
2012	3,455,000	6,825,000	1,682,137	8,597,863	1.92%	0.40%	\$661
2013	2,720,000	5,746,000	605,812	7,860,188	1.60%	0.43%	\$604

Source: School District financial records and Henry County Auditor.

Notes:

- (a) Actual taxable value of property includes Tax Increment Financing valuation. Assessed value equals estimated actual value.
- (b) See Schedule 17 for population data.
- (c) Information includes debt reserve amount in Capital Projects Fund.

Schedule 13
Mt. Pleasant Community School District

Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bonds	Capital Leases			
2003	\$ 8,315,000	\$ -	\$ 184,181	8,499,181	4.57%	\$ 639
2004	7,770,000	-	145,487	7,915,487	4.01%	600
2005	7,295,000	-	457,748	7,752,748	3.64%	588
2006	6,705,000	8,500,000	423,734	15,628,734	7.21%	1,186
2007	6,120,000	8,500,000	373,383	14,993,383	6.29%	1,137
2008	5,570,000	8,105,000	293,200	13,968,200	6.18%	1,060
2009	4,855,000	7,695,000	163,374	12,713,374	5.91%	977
2010	4,165,000	7,270,000	384,498	11,819,498	5.29%	909
2011	3,455,000	6,825,000	246,170	10,526,170	N/A	809
2012	2,720,000	5,476,000	452,764	8,648,764	N/A	665

Source: School District financial records.

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.

(a) See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior year calendar year.

THIS PAGE INTENTIONALLY LEFT BLANK



**Schedule 14
Mt. Pleasant Community School District**

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2013**

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
City of Mount Pleasant	\$ 16,357,000	100.00%	\$ 16,357,000
Henry County	1,387,600	64.26%	\$ 891,672
Jefferson County	1,460,964	0.40%	\$ 5,844
Lee County	7,605,000	0.39%	\$ 29,660
Van Buren County	-	0.02%	\$ -
Great Prairie Area Education Agency (b)	933,000	12.78%	\$ 119,237
Southeastern Community College	6,634,260	20.51%	\$ 1,360,687
			18,764,099
Subtotal, overlapping debt			
District direct debt			8,648,764
			\$ 27,412,863
Total direct and overlapping debt			

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

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

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

Schedule 15
Mt. Pleasant Community School District

Legal Debt Margin Information
Last Ten Fiscal Years

(Unaudited)

	2004	2005	2006	2007	2008
Debt limit	\$ 27,611,425	\$ 27,813,242	\$ 28,010,989	\$ 29,061,485	\$ 32,544,596
Total net debt applicable to limit	8,315,000	7,770,000	7,295,000	15,205,000	14,620,000
Legal debt margin	\$ 19,296,425	\$ 20,043,242	\$ 20,715,989	\$ 13,856,485	\$ 17,924,596
Total net debt applicable to the limit as a percentage of debt limit	30.11%	27.94%	26.04%	52.32%	44.92%

Source: School District financial records and Henry County Auditor.

Notes:

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

Legal Debt Margin Calculation for Fiscal Year 2013

Actual assessed value (a)	<u>\$ 474,422,196</u>
Debt limit (5% of assessed value) (b)	\$ 23,721,110
Debt applicable to limit	<u>8,466,000</u>
Legal debt margin	<u>\$ 15,255,110</u>

	2009	2010	2011	2012	2013
\$	20,922,175	\$ 21,684,311	\$ 22,715,965	\$ 23,357,224	\$ 23,721,110
	13,675,000	12,550,000	11,435,000	10,280,000	8,466,000
\$	7,247,175	\$ 9,134,311	\$ 11,280,965	\$ 13,077,224	\$ 15,255,110
	65.36%	57.88%	50.34%	44.01%	35.69%

Schedule 16
 Mt. Pleasant Community School District

Pledged-Revenue Coverage
 Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds			Coverage
	Revenue	Debt Service		
		Principal	Interest	
2004	\$ -	\$ -	\$ -	-
2005	-	-	-	-
2006	-	-	-	-
2007	1,209,486	-	-	-
2008	1,096,004	-	375,557	2.92
2009	1,303,249	395,000	338,767	1.78
2010	1,248,383	410,000	322,668	1.70
2011	1,445,699	425,000	305,968	1.98
2012	1,572,096	445,000	288,568	2.14
2013	1,725,564	773,000	195,100	1.78

Source: School District financial records.

Schedule 17
Mt. Pleasant Community School District

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Population (a)	Personal Income (b)	Adjusted Gross Income Per Tax Return (b)	Per Capita Personal Income	Unemployment Rate (c)
2004	13,182	197,278,343	27,955	14,966	6.20
2005	13,182	212,910,975	30,089	16,152	4.70
2006	13,182	216,898,921	30,268	16,454	5.40
2007	13,182	238,288,427	32,266	18,077	4.70
2008	13,182	225,912,502	31,147	17,138	5.20
2009	13,182	215,068,300	30,168	16,315	8.20
2010	13,009	223,261,384	30,901	17,162	9.00
2011	13,009	232,951,715	31,668	17,907	7.50
2012	13,009	N/A	N/A	N/A	6.50
2013	13,009	N/A	N/A	N/A	5.60

Notes:

N/A = not available.

- (a) U.S. Department of Commerce, Bureau of Census
- (b) Iowa Department of Revenue
- (c) Iowa Workforce Development as of the month of June county-wide

THIS PAGE INTENTIONALLY LEFT BLANK



Schedule 18
Mt. Pleasant Community School District

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2013			2004		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-Mart Distribution	600	1	6.34%	867	1	8.38%
Metrogroup	550	2	5.81%	500	3	4.83%
Mt. Pleasant Foods	448	3	4.73%	250	8	2.42%
Department of Corrections, State of Iowa	397	4	4.19%	435	4	4.20%
Mt. Pleasant Community School District	325	5	3.43%	325	7	3.14%
Veyance Technologies	250	6	2.64%			
WalMart Retail	248	7	2.62%			
Henry County Health Center	245	8	2.59%	335	5	3.24%
Mackay Envelopes	184	9	1.94%	218	9	2.11%
Hearth & Home	175	10	1.85%	600	2	5.80%
CECO Buidling Systems				200	10	1.93%
Celestica Inc				331	6	3.20%
Total	<u>3,422</u>		<u>36.14%</u>	<u>3,730</u>		<u>39.24%</u>

Source: Mt. Pleasant Chamber of Commerce

Schedule 19

Mt. Pleasant Community School District

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

	Full-Time Equivalent Employees as of June 30				
	2004	2005	2006	2007	2008
Supervisory:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Supervisor of instruction	1.0	1.0	1.0	1.0	1.0
Principals	4.0	4.0	4.0	4.0	4.0
Assistant principals	2.0	2.0	2.0	2.0	2.0
All other administrators	4.8	4.8	4.8	4.8	4.8
Total supervisory	12.8	12.8	12.8	12.8	12.8
Instruction:					
Regular program teachers	130.9	132.2	136.1	136.8	137.4
Special Education teachers	21.0	21.0	21.0	21.5	21.5
Paraeducators, Regular	17.0	17.0	25.0	25.0	25.0
Paraeducators, Special Education	31.0	43.0	41.0	44.0	44.0
Total instruction	199.9	213.2	223.1	227.3	227.9
Student services:					
Guidance counselors	3.0	3.0	3.0	3.0	3.0
Social worker	0.0	0.0	0.0	0.0	0.0
Nurses	2.0	2.0	2.0	2.0	2.0
Media Specialists	1.0	1.0	1.0	1.0	1.0
Total student services	6.0	6.0	6.0	6.0	6.0
Support and administration:					
Clerical/secretarial	17.7	17.7	17.7	17.7	17.7
Custodial and Maintenance	17.5	20.0	20.0	19.0	19.0
Food Service	16.4	14.6	14.6	14.6	14.6
Bus Drivers	18.0	20.0	20.0	20.0	20.0
Total support and administration	69.6	72.3	72.3	71.3	71.3
Total	288.3	304.3	314.2	317.4	318.0

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change 2004-2013
2009	2010	2011	2012	2013	
1.0	1.0	1.0	1.0	1.0	0.0%
1.0	1.0	1.0	1.0	1.0	0.0%
4.0	4.0	4.0	4.0	4.0	0.0%
2.0	2.0	2.0	2.0	2.0	0.0%
4.8	4.8	4.8	4.8	4.8	0.0%
12.8	12.8	12.8	12.8	12.8	0.0%
136.2	136.1	133.0	132.8	131.8	0.7%
21.5	21.5	21.5	19.5	23.0	9.5%
25.0	26.0	27.0	26.0	24.0	41.2%
44.0	43.0	43.0	40.0	42.5	37.1%
226.7	226.6	224.5	218.3	221.3	10.7%
3.0	3.0	3.0	3.0	3.0	0.0%
1.0	1.0	1.0	1.0	1.0	100.0%
2.0	2.0	2.0	2.0	2.0	0.0%
1.0	1.0	1.0	1.0	1.0	0.0%
7.0	7.0	7.0	7.0	7.0	16.7%
17.7	17.7	17.7	17.7	17.7	0.0%
19.0	19.0	19.0	19.6	18.6	6.3%
14.6	14.6	14.6	14.6	14.6	-11.0%
20.0	20.0	20.0	20.0	20.0	11.1%
71.3	71.3	71.3	71.9	70.9	1.9%
317.8	317.7	315.6	310.0	312.0	8.2%

Schedule 20
Mt. Pleasant Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
2004	2,150	\$ 14,794,498	\$ 6,881	1.72%
2005	2,153	15,185,055	7,053	2.50%
2006	2,192	16,131,439	7,359	4.34%
2007	2,190	17,056,907	7,789	5.83%
2008	2,161	18,674,092	8,641	10.95%
2009	2,147	19,742,373	9,195	6.41%
2010	2,133	19,464,634	9,125	(0.76)%
2011	2,092	20,675,402	9,883	8.30%
2012	2,006	20,452,162	10,195	3.16%
2013	2,081	21,316,792	10,244	0.47%

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

Notes: N/A = not available.

(1) Average daily membership

(2) Operating expenditures are total governmental expenditures less debt service and capital outlays.

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
\$ 15,976,277	\$ 7,431	\$ -	151.9	14.15	23.87%
16,305,300	7,573	1.91%	153.2	14.05	25.90%
17,382,352	7,930	4.71%	157.1	13.95	28.60%
18,502,699	8,449	6.54%	158.3	13.83	32.20%
19,736,938	9,133	8.10%	158.9	13.60	36.00%
20,982,398	9,773	7.00%	159.2	13.49	41.55%
20,967,955	9,830	0.59%	164.6	12.96	42.48%
21,418,994	10,239	4.15%	159.6	13.11	44.28%
21,506,602	10,721	4.71%	153.8	13.04	45.07%
22,347,896	10,739	0.17%	154.8	13.44	45.40%

Schedule 21
Mt. Pleasant Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year				
	2004	2005	2006	2007	2008
Elementary:					
Harlan (1955)					
Square feet	37,410	37,410	37,410	37,410	37,410
Capacity	275	275	275	275	275
Enrollment	239	249	246	246	246
Lincoln (1950)					
Square feet	35,935	35,935	35,935	35,935	35,935
Capacity	275	275	275	275	275
Enrollment	249	260	256	256	256
Salem (1963)					
Square feet	13,617	13,617	13,617	13,617	13,617
Capacity	140	140	140	140	140
Enrollment	109	114	112	112	112
Van Allen (1963)					
Square feet	39,550	39,550	39,550	39,550	39,550
Capacity	440	440	440	440	440
Enrollment	398	415	391	391	391
Middle:					
Mt. Pleasant Middle School (1909)					
Square feet	67,370	67,370	67,370	67,370	67,370
Capacity	525	525	525	525	525
Enrollment	446	453	483	483	483
High:					
Mt. Pleasant High School (2000)					
Square feet	115,000	115,000	115,000	115,000	115,000
Capacity	750	750	750	750	750
Enrollment	669	641	676	676	676
Other District Facilities:					
Bus Garage (1963)					
Square feet	2,266	2,266	2,266	2,266	2,266
Central Receiving/ Building and Grounds/ Alternative High School (1976)	11,666	11,666	11,666	11,666	11,666
Athletic Complex (1979)					
Square feet	10,000	10,000	10,000	10,000	10,000
Wrestling Room (2008)					
Square feet	-	-	-	-	3,200

Source: District records

Fiscal Year				
2009	2010	2011	2012	2013
37,410	37,410	37,410	37,410	37,410
275	275	275	275	275
228	240	253	252	246
35,935	35,935	35,935	35,935	35,935
275	275	275	275	275
249	234	254	247	265
13,617	13,617	13,617	13,617	13,617
140	140	140	140	140
106	103	127	123	117
39,550	39,550	39,550	39,550	39,550
440	440	440	440	440
376	365	319	279	244
73,087	73,087	73,087	73,087	73,087
550	550	550	550	550
487	483	523	497	485
115,000	115,000	115,000	115,000	115,000
750	750	750	750	750
659	650	676	657	659
2,266	2,266	2,266	2,266	2,266
11,666	11,666	11,666	11,666	11,666
10,000	10,000	10,000	10,000	10,000
3,200	3,200	3,200	3,200	3,200

Schedule 22
Mt. Pleasant Community School District

Certified Staff Salaries
Last Ten Fiscal Years
(Unaudited)

School Year	Minimum	Maximum	Average
2012-2013	\$30,785	\$65,572	\$50,549
2011-2012	30,285	64,507	48,043
2010-2011	29,960	63,815	50,351
2009-2010	29,735	63,336	49,950
2008-2009	29,335	62,484	47,598
2007-2008	28,235	60,141	46,368
2006-2007	27,415	58,394	45,579
2005-2006	26,265	55,944	43,013
2004-2005	25,425	54,155	42,700
2003-2004	25,000	53,250	42,117

Source: School District financial records.

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

Single Audit Section

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 13	\$ 67,961
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 13	<u>510,984 *</u>
			<u>578,945</u>
 FRESH FRUIT AND VEGETABLE PROGRAM	 10.582	 FY 13	 <u>16,652</u>
 DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-G	327,788
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-GC	106,688
TITLE I - SCHOOLS IN NEED OF ASSISTANCE (SINA)	84.010	FY 13	<u>19,680</u>
			<u>454,156</u>
 TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	 84.013	 4536-D	 <u>22,578</u>
 ENGLISH LANGUAGE ACQUISITION STATE GRANTS	 84.365	 FY 13	 <u>677</u>
 IMPROVING TEACHER QUALITY STATE GRANTS	 84.367	 FY 13	 <u>71,991</u>
 GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI A)	 84.369	 FY 13	 <u>13,475</u>
 GREAT RIVER AREA EDUCATION AGENCY:			
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 13	<u>24,379</u>
 SPECIAL EDUCATION - GRANTS TO STATES (PART B)	 84.027	 FY 13	 <u>109,502</u>
 TOTAL			 <u>\$ 1,292,355</u>

* Includes \$85,270 of non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

THIS PAGE INTENTIONALLY LEFT BLANK



NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mount Pleasant Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mount Pleasant Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mount Pleasant Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mount Pleasant Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control that 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 identified no deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mount Pleasant Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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.

Mount Pleasant Community School District's Responses to Findings

Mount Pleasant Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Mount Pleasant Community School District's responses were not subjected to the auditing procedures applied in the audit or the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



NOLTE, CORNMAN & JOHNSON, P.C.

December 17, 2013
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

**Independent Auditor's Report on Compliance
for Each Major Federal Program, on Internal Control Over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Mount Pleasant Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Mount Pleasant Community School District's major federal programs for the year ended June 30, 2013. Mount Pleasant Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mount Pleasant Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mount Pleasant Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mount Pleasant Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Mount Pleasant Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Members American Institute & Iowa Society of Certified Public Accountants

Report on Internal Control Over Compliance

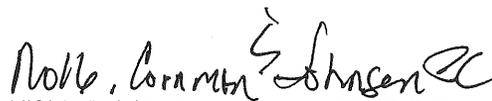
The management of Mount Pleasant Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mount Pleasant Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mount Pleasant Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses.

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

December 17, 2013
Newton, Iowa


NOLTE, CORNMAN & JOHNSON, P.C.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - ***Title I, Part A Clustered Programs:***
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.010 - Title I Schools in Need of Assistance (SINA)
 - ***Individual Program:***
 - CFDA Number 84.027 - Special Education - Grants to States (Part B)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Mount Pleasant Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No material weaknesses in internal control over financial reporting were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-13 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Response - The District will require non-certified staff coaches to fill out time sheets and monitor hours worked.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No material weaknesses in internal control over the major programs were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget - District expenditures for the year ended June 30, 2013 exceeded the budgeted amount in the support services functional area.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

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

Conclusion - Response accepted.

IV-B-13 Questionable Disbursements - We noted during our audit that the District purchased gift cards to give to students as post prom prizes. Gift cards given as prizes do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place and make necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The District will not allow the purchase of gift cards with District funds.

Conclusion - Response accepted.

IV-C-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-13 Business Transactions - Business transactions between the District and District officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Brad Holtkamp, Board Member, Owner of Holtkamp Automotive	Purchased Services	\$295

IV-E-13 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-13 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

- IV-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-13 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-13 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-13 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,669,163
Revenues/transfers in:		
Sales tax revenues	\$ 1,356,223	
Other local revenues	3,997	
Supplemental school infrastructure	369,341	
Proceeds from bus/computer leases	405,618	2,135,179
Expenditures/transfer out:		
School infrastructure construction	266,256	
Equipment	649,498	
Other	215,310	
Transfer to other funds:		
Debt service fund	1,794,523	2,925,587
Ending balance		<u>\$ 878,755</u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

- IV-M-13 Lease Agreements - We noted during our audit that the District entered into two new bus leases and a computer lease. However, the Board President did not sign any of the lease agreements. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should review procedures in place to ensure that the Board President is signing all District contracts to be in compliance with Chapter 291.1 of the Code of Iowa.

Response - The District will require the Board President's signature on District contracts.

Conclusion - Response accepted.