

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the**

**MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT**

**Mount Pleasant, Iowa**

**For the fiscal year ended June 30, 2014**



**OFFICIAL ISSUING REPORT**

**W. Edward Chabal**

**Director of Finance**

**OFFICE ISSUING REPORT**

**Business Office**

**MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT**

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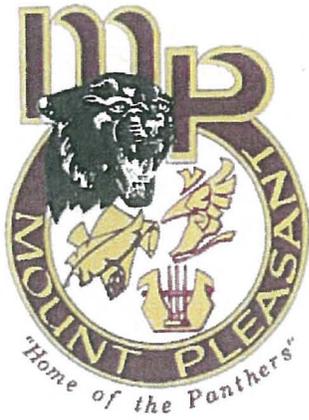
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# **Introductory Section**



## Mt. Pleasant Community School District

*"Learning for a Lifetime"*

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

Phone: 319-385-7750

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

Fax: 319-385-7788

December 19, 2014

Members of the Board of Education and Residents  
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, 2014. 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, 2013, 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 40<sup>th</sup> largest of Iowa's 348 public school systems. The enrollment is approximately 2,127 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 and Wal-Mart 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 \$134.8 million in 2013. Compared to 2012, sales decreased \$500,963 or .4%. Retail sales in Mt. Pleasant amounted to \$15,447 per capita in 2013 compared to \$15,442 in 2012. The number of retail firms increased to 390. In 2013, Mt. Pleasant had 168% 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 conducted 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 2015-2016 control budget will increase approximately \$412,842 or 3.29%. This is dependent on the state legislature setting the allowable growth at 2% early in the upcoming session. This is larger than the 1% increase in the 2014-15 fiscal year due to the budget guarantee provision found in Iowa Code as well as a projected 2% increase in Allowable Growth for Iowa Districts. The increase in new dollars for 2015-2016 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 2015-2016 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 District also hopes to continue experiencing an increase of students since this is an integral component of the formula. Certified enrollment for the 2015-16 budget year is up 25.2 students - an increase of 1.2%.

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 10.6%, which is within the target range of seven to twelve percent as set by the local Board of Directors.

### **Major Initiatives and Achievements**

The 2013-2014 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, Engage) grant for FY 2013-2014 - the only Middle School in Iowa awarded this grant. The District is working with the University of Iowa to create this technology room.

#### **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: 23.3 for Mt. Pleasant students, 22.1 for Iowa and 20.9 nationally.

An additional academic indicator is the attendance of students. Research tells us that students need to be in school to excel in the classroom or to fulfill their individual potential. The ratio of average daily attendance to average daily membership for the 2013-2014 school year was 95.7%. 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 2013-2014 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 2013-2014, 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.

## **Financial Policy**

In the 2013-2014 fiscal year, the District adopted a policy to set the desired solvency ratio of the District in the range of 7% to 12%. This policy gives the Board of Directors a clear measurement of the financial status of the District as they assess the current year financials as well as when they enter into discussion on funding future priorities of the District.

## **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, 2013. 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.

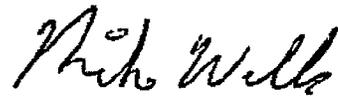
Finally, sincere appreciation is extended to the Board of Education, where commitment to excellence begins.

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



Dr. 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, 2014*

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



A handwritten signature in black ink, reading "Terrie S. Simmons".

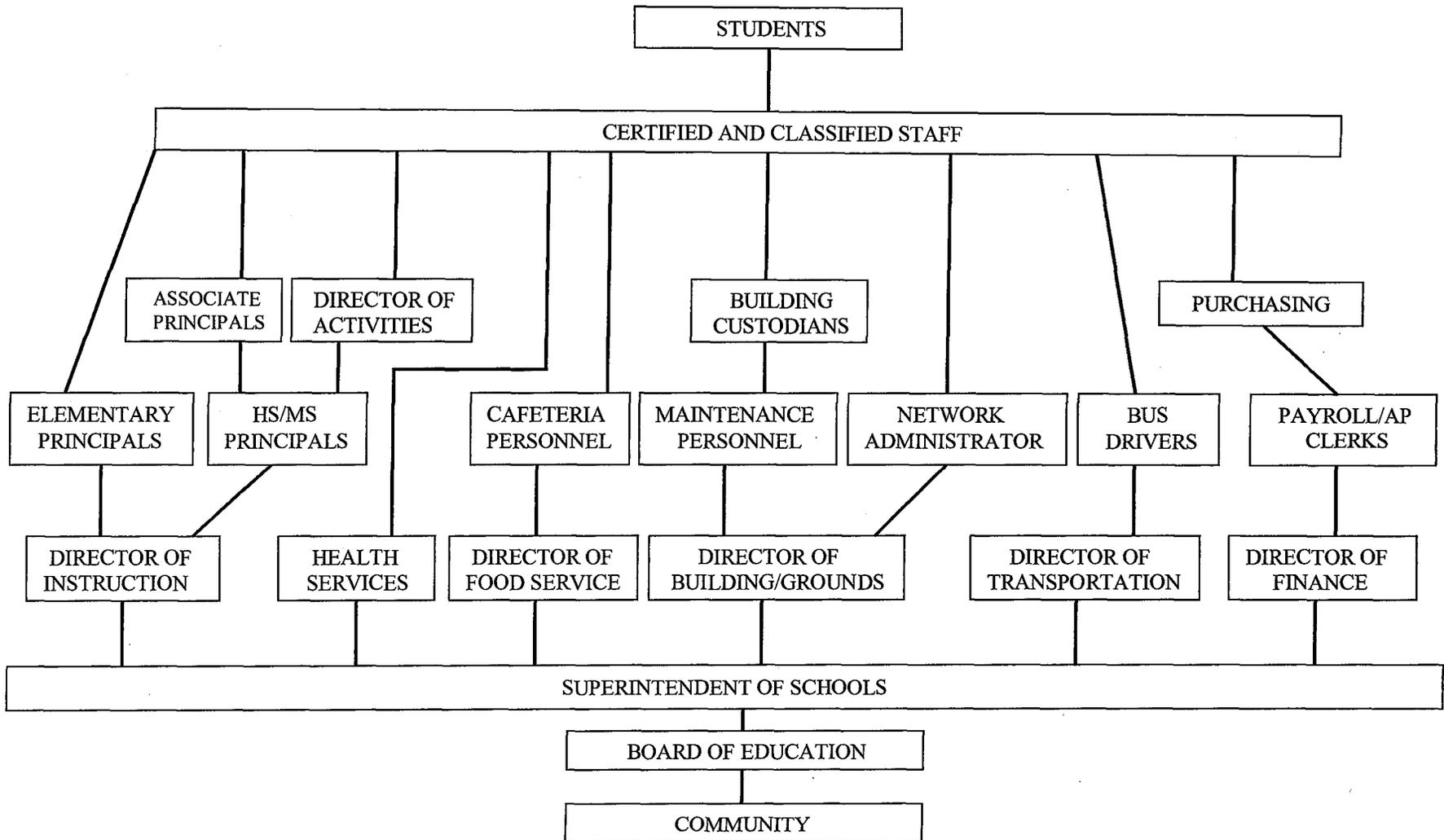
**Terrie S. Simmons, RSBA, CSBO**  
President

A handwritten signature in black ink, reading "John D. Musso".

**John D. Musso, CAE, RSBA**  
Executive Director

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

ORGANIZATIONAL CHART



**Mount Pleasant Community School District**

**Officials**

**Year ended June 30, 2014**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b><u>Board of Education</u></b>		
<b>(Before September 2013 Election)</b>		
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
<b>(After September 2013 Election)</b>		
Brad Holtkamp	President	2017
Lonny Morrow	Vice President	2015
Regina Erickson	Board Member	2017
Melodee Yaley	Board Member	2015
Ken Feldmann	Board Member	2015
Michelle Skubal	Board Member	2015
Lyle Murray	Board Member	2017
<b><u>School Officials</u></b>		
Dr. Mike Wells	Superintendent	2014
W. Edward Chabal	Board Secretary/Treasurer Director of Finance	2014
Michael Vance	Attorney	2014
Toby Gordon	Attorney	2014

**Mount Pleasant Community School District**

**Consultants and Advisors**

**Year ended June 30, 2014**

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

Struxture Architects  
1415 28th Street, Suite 325  
West Des Moines, IA 50266

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

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## **Financial Section**

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

**INDEPENDENT AUDITOR'S REPORT**

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

**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, 2014, 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 propose 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, 2014, 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 19, 2014 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 19, 2014  
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, 2014 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 \$17,580,530 at June 30, 2014 compared to \$16,135,829 at June 30, 2013, an increase of 8.97%.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$2,197,576 or 10.59% of total general fund revenues compared to prior years ending balance of \$2,231,538 or 11.02% 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. 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 is 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 \$17,879,757 at June 30, 2014 compared to \$16,408,034 at June 30, 2013. (See Table 1).

Table 1  
Condensed Statement of Net Position

	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 16,486,428	15,859,862	312,398	305,508	16,798,826	16,165,370	3.92%
Capital assets	19,692,257	20,449,018	97,374	68,427	19,789,631	20,517,445	-3.55%
Total assets	36,178,685	36,308,880	409,772	373,935	36,588,457	36,682,815	-0.26%
Long-term obligations	7,571,799	9,181,731	5,490	6,027	7,577,289	9,187,758	-17.53%
Other liabilities	4,199,272	4,151,314	105,055	95,703	4,304,327	4,247,017	1.35%
Total liabilities	11,771,071	13,333,045	110,545	101,730	11,881,616	13,434,775	-11.56%
Deferred inflows of resources	6,827,084	6,840,006	-	-	6,827,084	6,840,006	-0.19%
Net position:							
Net investment in capital assets	12,360,317	11,571,551	97,374	68,427	12,457,691	11,639,978	7.03%
Restricted	2,652,456	1,990,258	-	-	2,652,456	1,990,258	33.27%
Unrestricted	2,567,757	2,574,020	201,853	203,778	2,769,610	2,777,798	-0.29%
Total net position	\$ 17,580,530	16,135,829	299,227	272,205	17,879,757	16,408,034	8.97%

Investment in capital assets (e.g., land, buildings, machinery and equipment) less any outstanding debt used to acquire those assets is \$12,457,691. 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. \$2,652,456 of net position reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$2,769,610 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 increased \$662,198, or 33.27% over the prior year. The increase in restricted net position can be attributed to the increase in fund balance of 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 - decreased \$8,188, or 0.29%. The decrease in unrestricted net position can be mainly attributable to the decrease in General Fund carryover balance.

The following table shows changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Table 2  
Changes in Net Position

	Governmental Activities		Business type Activities		Total		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 1,797,452	1,867,118	403,500	393,527	2,200,952	2,260,645	-2.64%
Operating grants and contributions and restricted interest	2,350,003	3,341,523	639,900	603,862	2,989,903	3,945,385	-24.22%
<b>General revenues:</b>							
Property tax	6,847,048	6,817,221	-	-	6,847,048	6,817,221	0.44%
Income surtax	463,663	450,258	-	-	463,663	450,258	2.98%
Statewide sales, services and use tax	1,778,016	1,725,564	-	-	1,778,016	1,725,564	3.04%
Unrestricted state grants	10,668,081	9,073,313	-	-	10,668,081	9,073,313	17.58%
Unrestricted investment earnings	58,475	63,972	2,237	2,366	60,712	66,338	-8.48%
Other	174,470	158,308	2,453	-	176,923	158,308	11.76%
<b>Total revenues</b>	<b>24,137,208</b>	<b>23,497,277</b>	<b>1,048,090</b>	<b>999,755</b>	<b>25,185,298</b>	<b>24,497,032</b>	<b>2.81%</b>
<b>Program expenses:</b>							
<b>Governmental activities:</b>							
Instructional	14,849,915	14,585,510	-	-	14,849,915	14,585,510	1.81%
Support services	6,200,527	6,085,901	14,176	13,967	6,214,703	6,099,868	1.88%
Non-instructional programs	23,523	25,656	1,006,892	974,206	1,030,415	999,862	3.06%
Long-term debt interest	195,048	254,008	-	-	195,048	254,008	-23.21%
Other expenses	1,423,494	1,396,821	-	-	1,423,494	1,396,821	1.91%
<b>Total expenses</b>	<b>22,692,507</b>	<b>22,347,896</b>	<b>1,021,068</b>	<b>988,173</b>	<b>23,713,575</b>	<b>23,336,069</b>	<b>1.62%</b>
<b>Increase in net position</b>	<b>1,444,701</b>	<b>1,149,381</b>	<b>27,022</b>	<b>11,582</b>	<b>1,471,723</b>	<b>1,160,963</b>	<b>26.77%</b>
<b>Beginning net position</b>	<b>16,135,829</b>	<b>14,986,448</b>	<b>272,205</b>	<b>260,623</b>	<b>16,408,034</b>	<b>15,247,071</b>	<b>7.61%</b>
<b>Ending net position</b>	<b>\$ 17,580,530</b>	<b>16,135,829</b>	<b>299,227</b>	<b>272,205</b>	<b>17,879,757</b>	<b>16,408,034</b>	<b>8.97%</b>

In fiscal 2014, property tax, income surtax, statewide sales, services and use tax, and unrestricted state grants account for 81.85% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.55% of the revenue from business type activities.

The District's total revenues were approximately \$25.2 million of which \$24.1 million was for governmental activities approximately \$1.1 million was for business type activities.

As shown in Table 2, the District as a whole experienced a 2.81% increase in revenues and a 1.62% increase in expenses. The increase in revenues can be attributed to the District receiving more in unrestricted grant funding from the State of Iowa. 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 \$24,137,208 and expenses were \$22,692,507.

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, 2014 compared to the year ended June 30, 2013.

Table 3  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 14,849,915	14,585,510	1.81%	11,503,741	10,153,542	13.30%
Support services	6,200,527	6,085,901	1.88%	6,196,062	6,081,133	1.89%
Non-instructional programs	23,523	25,656	-8.31%	23,523	25,656	-8.31%
Long-term debt interest	195,048	254,008	-23.21%	195,048	254,008	-23.21%
Other expenses	1,423,494	1,396,821	1.91%	626,678	624,916	0.28%
Totals	\$ 22,692,507	22,347,896	1.54%	18,545,052	17,139,255	8.20%

- The cost financed by users of the District's programs was \$1,797,452.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,350,003.
- The net cost of governmental activities was financed with \$6,847,048 in property tax, \$463,663 in income surtax, \$1,778,016 in statewide sales, services and use tax, \$10,668,081 in unrestricted state grants, \$58,475 in unrestricted investment earnings and \$174,470 in other general revenues.

### Business Type Activities

Revenues of the District's business type activities were \$1,048,090 and expenses were \$1,021,068. 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, 2014, the District's net position increased in the business type activities by \$27,022 or 9.93% 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, 2014, the District's governmental funds reported combined ending fund balances of \$5,094,585, an increase of \$555,044 in comparison with the prior year. Of the combined ending fund balances, \$2,197,576 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 decreased from \$2,612,597 on June 30, 2013 to \$2,598,069 on June 30, 2014. The fluctuation in the General Fund financial position is the product of many factors. The increases in state and federal funding as compared to the previous year were not enough to offset the increase in expenditures year over year.
- The Capital Projects Fund balance increased from \$946,345 in 2013 to \$1,490,611 in 2014. The increase in fund balance can be attributed to the increase in fund balance in both the Capital Projects: Statewide Sales, Services and Use Tax Fund and the Capital Projects: Physical Plant and Equipment Levy Fund(PPEL).

An increase in statewide sales, services and use tax received from the State of Iowa as compared to the previous year was the main factor for the increase in revenues for the Capital Projects: Statewide Sales, Services and Use Tax Fund as compared to the previous year. The increase in revenues coupled with a decrease in fund revenues as compared to the previous year caused the fund balance to increase year over year.

An increase in the tax levy for the PPEL fund led to increased revenues as compared to the previous year. The increase in fund revenues was more than enough to offset the increase in expenditures as compared to the previous year.

#### Proprietary Fund Highlights

- The District's business type fund did better than breakeven for the eighth time in several years. Increases in charges for service and 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 \$272,205 at June 30, 2013 to \$299,227 at June 30, 2014, representing an increase of 9.93%.

#### **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 \$797,441 more than the total budgeted receipts, a variance of less than 3.27%. The most significant change resulted in the District receiving less in state appropriations than originally anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year. During the year ended June 30, 2014, the District adopted one budget amendment increasing budgeted expenditures by \$501,000.

#### **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, 2014, amounts to \$19,789,631 (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		Business type		Total		Total Change
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 189,110	185,400	-	-	189,110	185,400	2.00%
Buildings	18,195,120	18,708,102	-	-	18,195,120	18,708,102	-2.74%
Land improvements	623,735	684,011	-	-	623,735	684,011	-8.81%
Machinery and equipment	684,292	871,505	97,374	68,427	781,666	939,932	-16.84%
Total	\$ 19,692,257	20,449,018	97,374	68,427	19,789,631	20,517,445	-3.55%

### Long-Term Debt

At the end of June 30, 2014, the District had total long-term debt of \$7,577,289, a decrease of \$1,610,469 from the prior fiscal year. Of the total long-term debt remaining, \$1,671,275 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 Change
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2014	2013	2014	2013	2014	2013	2013-14
General Obligation Bonds	\$ 1,950,000	2,720,000	-	-	1,950,000	2,720,000	-28.31%
Revenue Bonds	5,121,000	5,746,000	-	-	5,121,000	5,746,000	-10.88%
School Bus Leases	260,940	411,467	-	-	260,940	411,467	-36.58%
Computer Leases	-	41,297	-	-	-	41,297	-100.00%
Compensated Absences	56,808	43,227	523	505	57,331	43,732	31.10%
Termination Benefits	69,600	93,600	-	-	69,600	93,600	-25.64%
Net OPEB liability	113,451	126,140	4,967	5,522	118,418	131,662	-10.06%
Total	\$ 7,571,799	9,181,731	5,490	6,027	7,577,289	9,187,758	-17.53%

### 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 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, 2014

	Governmental Activities	Business type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 7,881,744	296,047	8,177,791
Receivables:			
Property tax:			
Current year delinquent	72,070	-	72,070
Succeeding year	6,827,084	-	6,827,084
Income surtax	436,153	-	436,153
Accounts	9,954	139	10,093
Due from other governments	1,237,962	2,580	1,240,542
Inventories	21,461	13,632	35,093
Capital assets not being depreciated:			
Land	189,110	-	189,110
Capital assets net of accumulated depreciation:			
Buildings	18,195,120	-	18,195,120
Land improvements	623,735	-	623,735
Machinery and equipment	684,292	97,374	781,666
<b>TOTAL ASSETS</b>	<b>36,178,685</b>	<b>409,772</b>	<b>36,588,457</b>
<b>LIABILITIES</b>			
Accounts payable	607,798	4,677	612,475
Salaries and benefits payable	3,520,808	87,772	3,608,580
Accrued interest payable	70,666	-	70,666
Unearned revenue	-	12,606	12,606
Long-term liabilities:			
Portion due within one year:			
Bonds payable	1,434,000	-	1,434,000
School bus lease payable	155,944	-	155,944
Compensated absences payable	56,808	523	57,331
Termination benefits payable	24,000	-	24,000
Portion due after one year:			
Bonds payable	5,637,000	-	5,637,000
School bus lease payable	104,996	-	104,996
Termination benefits payable	45,600	-	45,600
Net OPEB liability	113,451	4,967	118,418
<b>TOTAL LIABILITIES</b>	<b>11,771,071</b>	<b>110,545</b>	<b>11,881,616</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property tax revenue	6,827,084	-	6,827,084
<b>NET POSITION</b>			
Net investment in capital assets	12,360,317	97,374	12,457,691
Restricted for:			
Categorical funding	296,206	-	296,206
Debt service	529,002	-	529,002
Management levy purposes	241,844	-	241,844
Student activities	94,793	-	94,793
School infrastructure	1,299,417	-	1,299,417
Physical plant and equipment levy	191,194	-	191,194
Unrestricted	2,567,757	201,853	2,769,610
<b>TOTAL NET POSITION</b>	<b>\$ 17,580,530</b>	<b>299,227</b>	<b>17,879,757</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

	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	
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 9,051,979	886,301	311,399	(7,854,279)	-	(7,854,279)
Special	3,334,692	601,045	412,664	(2,320,983)	-	(2,320,983)
Other	2,463,244	307,000	827,765	(1,328,479)	-	(1,328,479)
	<u>14,849,915</u>	<u>1,794,346</u>	<u>1,551,828</u>	<u>(11,503,741)</u>	<u>-</u>	<u>(11,503,741)</u>
Support services:						
Student	481,568	-	-	(481,568)	-	(481,568)
Instructional staff	299,866	-	-	(299,866)	-	(299,866)
Administration	2,721,104	-	-	(2,721,104)	-	(2,721,104)
Operation and maintenance of plant	1,711,217	-	-	(1,711,217)	-	(1,711,217)
Transportation	986,772	3,106	1,359	(982,307)	-	(982,307)
	<u>6,200,527</u>	<u>3,106</u>	<u>1,359</u>	<u>(6,196,062)</u>	<u>-</u>	<u>(6,196,062)</u>
Non-instructional programs:						
Community service operations	23,523	-	-	(23,523)	-	(23,523)
Long-term debt interest	195,048	-	-	(195,048)	-	(195,048)
Other expenses:						
AEA flowthrough	796,816	-	796,816	-	-	-
Depreciation(unallocated)*	626,678	-	-	(626,678)	-	(626,678)
	<u>1,423,494</u>	<u>-</u>	<u>796,816</u>	<u>(626,678)</u>	<u>-</u>	<u>(626,678)</u>
Total governmental activities	<u>22,692,507</u>	<u>1,797,452</u>	<u>2,350,003</u>	<u>(18,545,052)</u>	<u>-</u>	<u>(18,545,052)</u>
Business type activities:						
Support services:						
Operation and maintenance of plant	14,176	-	-	-	(14,176)	(14,176)
Non-instructional programs:						
Food service operations	1,006,892	403,500	639,900	-	36,508	36,508
Total business type activities	<u>1,021,068</u>	<u>403,500</u>	<u>639,900</u>	<u>-</u>	<u>22,332</u>	<u>22,332</u>
Total	<u>\$ 23,713,575</u>	<u>2,200,952</u>	<u>2,989,903</u>	<u>(18,545,052)</u>	<u>22,332</u>	<u>(18,522,720)</u>
<b>General Revenues:</b>						
Property tax levied for:						
General purposes				\$ 5,835,489	-	5,835,489
Capital projects				168,105	-	168,105
Debt service				843,454	-	843,454
Income surtax				463,663	-	463,663
Statewide sales, services and use tax				1,778,016	-	1,778,016
Unrestricted state grants				10,668,081	-	10,668,081
Unrestricted investment earnings				58,475	2,237	60,712
Other				174,470	2,453	176,923
Total general revenues				<u>19,989,753</u>	<u>4,690</u>	<u>19,994,443</u>
Change in net position				1,444,701	27,022	1,471,723
Net position beginning of year				16,135,829	272,205	16,408,034
Net position end of year				<u>\$ 17,580,530</u>	<u>299,227</u>	<u>17,879,757</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, 2014

	General	Capital Projects	Nonmajor	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 5,985,537	897,759	998,448	7,881,744
Receivables:				
Property tax				
Current year delinquent	58,719	1,745	11,606	72,070
Succeeding year	5,448,176	296,944	1,081,964	6,827,084
Income surtax	436,153	-	-	436,153
Accounts	9,954	-	-	9,954
Due from other governments	573,103	664,390	469	1,237,962
Inventories	21,461	-	-	21,461
<b>TOTAL ASSETS</b>	<b>\$ 12,533,103</b>	<b>1,860,838</b>	<b>2,092,487</b>	<b>16,486,428</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 529,897	73,283	4,618	607,798
Salaries and benefits payable	3,520,808	-	-	3,520,808
Total liabilities	4,050,705	73,283	4,618	4,128,606
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	5,448,176	296,944	1,081,964	6,827,084
Income surtax	436,153	-	-	436,153
Total deferred inflows of resources	5,884,329	296,944	1,081,964	7,263,237
Fund balances:				
Nonspendable	21,461	-	-	21,461
Restricted for:				
Categorical funding	296,206	-	-	296,206
Debt service	-	-	599,668	599,668
Management levy purposes	-	-	311,444	311,444
Student activities	-	-	94,793	94,793
School infrastructure	-	1,299,417	-	1,299,417
Physical plant and equipment levy	-	191,194	-	191,194
Assigned for specific purposes	82,826	-	-	82,826
Unassigned	2,197,576	-	-	2,197,576
Total fund balances	2,598,069	1,490,611	1,005,905	5,094,585
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 12,533,103</b>	<b>1,860,838</b>	<b>2,092,487</b>	<b>16,486,428</b>

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, 2014

<b>Total fund balances of governmental funds(page 26)</b>	<b>\$ 5,094,585</b>
<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.	19,692,257
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.	(70,666)
Accounts receivable income surtax, are not yet available to finance current year expenditures of the current fiscal period and, therefore, are recognized as deferred inflows of resources in the governmental funds.	436,153
Long-term liabilities, including bonds payable, school bus leases 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>(7,571,799)</u>
<b>Net position of governmental activities(page 24)</b>	<b><u>\$ 17,580,530</u></b>

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, 2014

	General	Capital Projects	Nonmajor	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 6,008,924	168,105	1,113,700	7,290,729
Tuition	1,427,114	-	-	1,427,114
Other	322,070	6,782	311,902	640,754
State sources	12,020,456	1,778,016	-	13,798,472
Federal sources	960,157	-	-	960,157
<b>TOTAL REVENUES</b>	<b>20,738,721</b>	<b>1,952,903</b>	<b>1,425,602</b>	<b>24,117,226</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	9,091,834	-	-	9,091,834
Special	3,338,296	-	-	3,338,296
Other	2,178,069	-	286,589	2,464,658
	14,608,199	-	286,589	14,894,788
Support services:				
Student	482,119	-	-	482,119
Instructional staff	299,971	-	-	299,971
Administration	2,301,314	246,068	162,714	2,710,096
Operation and maintenance of plant	1,475,695	71,740	75,310	1,622,745
Transportation	769,120	-	22,328	791,448
	5,328,219	317,808	260,352	5,906,379
Non-instructional programs:				
Community service operations	23,523	-	-	23,523
Capital outlay	-	145,808	-	145,808
Long-term debt:				
Principal	-	-	1,586,824	1,586,824
Interest and fiscal charges	-	-	211,552	211,552
	-	-	1,798,376	1,798,376
Other expenditures:				
AEA flowthrough	796,816	-	-	796,816
<b>TOTAL EXPENDITURES</b>	<b>20,756,757</b>	<b>463,616</b>	<b>2,345,317</b>	<b>23,565,690</b>
Excess(Deficiency) of revenues over(under) expenditures	(18,036)	1,489,287	(919,715)	551,536
Other financing sources(uses):				
Sale of equipment	3,508	-	-	3,508
Transfer in	-	-	945,021	945,021
Transfer out	-	(945,021)	-	(945,021)
Total other financing sources(uses)	3,508	(945,021)	945,021	3,508
Change in fund balances	(14,528)	544,266	25,306	555,044
Fund balance beginning of year	2,612,597	946,345	980,599	4,539,541
Fund balance end of year	\$ 2,598,069	1,490,611	1,005,905	5,094,585

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, 2014

<b>Net change in fund balances - total governmental funds(page 28)</b>	<b>\$</b>	<b>555,044</b>
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
<p>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:</p>		
Capital outlays	\$ 132,417	
Depreciation expense	<u>(889,178)</u>	(756,761)
<p>Repayments of long-term liabilities are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
		1,586,824
<p>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.</p>		
		16,504
<p>Income surtax account receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.</p>		
		19,982
<p>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.</p>		
Termination benefits	\$ 24,000	
Compensated absences	(13,581)	
Other post employment benefits	<u>12,689</u>	<u>23,108</u>
<b>Change in net position of governmental activities(page 25)</b>	<b>\$</b>	<b><u>1,444,701</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
 PROPRIETARY FUND

JUNE 30, 2014

	<u>Nonmajor Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and pooled investments	\$ 296,047
Accounts receivable	139
Due from other governments	2,580
Inventories	13,632
Total current assets	<u>312,398</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	<u>97,374</u>
Total non-current assets	<u>97,374</u>
<b>TOTAL ASSETS</b>	<u><u>409,772</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	4,677
Salaries and benefits payable	87,772
Unearned revenue	12,606
Total current liabilities	<u>105,055</u>
Long-term liabilities:	
Compensated absences	523
Net OPEB liability	4,967
Total long-term liabilities	<u>5,490</u>
<b>TOTAL LIABILITIES</b>	<u><u>110,545</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	97,374
Unrestricted	201,853
<b>TOTAL NET POSITION</b>	<u><u>\$ 299,227</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, 2014

	Nonmajor Enterprise Fund
<b>OPERATING REVENUE:</b>	
Local sources:	
Charges for service	\$ 403,500
Miscellaneous	2,453
<b>TOTAL OPERATING REVENUES:</b>	<b>405,953</b>
<b>OPERATING EXPENSES:</b>	
Support services:	
Operation and maintenance of plant:	
Services	810
Supplies	13,366
Total support services	14,176
Non-instructional programs:	
Food service operations:	
Salaries	324,176
Benefits	102,199
Services	19,554
Supplies	542,355
Depreciation	18,329
Other	279
Total non-instructional programs	1,006,892
<b>TOTAL OPERATING EXPENSES</b>	<b>1,021,068</b>
Operating loss	(615,115)
Non-operating revenues:	
State sources	7,930
Federal sources	631,970
Interest on investments	2,237
Total non-operating revenues	642,137
Increase in net position	27,022
Net position beginning of year	272,205
Net position end of year	<b>\$ 299,227</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2014

	Nonmajor Enterprise Fund
<b>Cash flows from operating activities:</b>	
Cash received from sale of lunches and breakfasts	\$ 405,397
Cash received from miscellaneous sources	2,453
Cash payments to employees for services	(422,702)
Cash payments to suppliers for goods or services	(473,984)
Net cash used in operating activities	(488,836)
<b>Cash flows from non-capital financing activities:</b>	
State grants received	7,930
Federal grants received	531,416
Net cash provided by non-capital financing activities	539,346
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(47,276)
<b>Cash flows from investing activities:</b>	
Interest on investments	2,237
Net increase in cash and cash equivalents	5,471
Cash and cash equivalents at beginning of year	290,576
Cash and cash equivalents at end of year	\$ 296,047
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (615,115)
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>	
Commodities used	97,974
Depreciation	18,329
Decrease in inventories	1,276
Increase in accounts receivable	(115)
Increase in accounts payable	3,130
Increase in salaries and benefits payable	4,210
Increase in unearned revenue	2,012
Increase in compensated absences	18
Decrease in other postemployment benefits	(555)
Net cash used in operating activities	\$ (488,836)

**NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

During the year ended June 30, 2014, the District received Federal commodities valued at \$97,974.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

**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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in following 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. Enabling legislation did not result in any restricted net position.

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

The District 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 is 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

#### **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 2014, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2014.

**I. Deferred Inflows of Resources**

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.

Deferred inflows of resources 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 long-term obligation in both the governmental and business type activities. 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, 2014, 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. The District's Board of Directors authorizes the Director of Finance to assign amounts to a specific purpose to be in compliance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions as well as District Board Policy 701.4.
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, 2014, the District's only unassigned amount was in the General Fund.

## **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. During the year ended June 30, 2014, the District adopted one budget amendment increasing total budgeted expenditures by \$501,000.

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

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

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.
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, 2014 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, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$174,746 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, 2014, the carrying amount of the District's bank deposits totaled \$8,177,791 with bank balances of \$8,232,434. Of the bank balance, \$250,000 was covered by federal depository insurance and \$7,982,434 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, 2014, the carrying amount of the District's investments totaled \$174,746 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. Interfund Transfers**

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 945,021</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest payments on the District's revenue bond, computer lease and bus lease indebtedness.

**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 renews automatically at the beginning of each fiscal school year.

**Note 6. Capital Assets**

A summary of changes in property and equipment comprising capital assets is as follows for the year ended June 30, 2014:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b><u>Business type activities:</u></b>				
Machinery and equipment	\$ 323,556	47,276	-	370,832
Less accumulated depreciation	255,129	18,329	-	273,458
Business type activities capital assets, net	<u>\$ 68,427</u>	<u>28,947</u>	-	<u>97,374</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 185,400	3,710	-	189,110
Total capital assets not being depreciated	185,400	3,710	-	189,110
Capital assets being depreciated:				
Buildings	25,999,522	-	-	25,999,522
Land improvements	1,805,959	-	-	1,805,959
Machinery and equipment	3,581,636	128,707	30,207	3,680,136
Total capital assets being depreciated	31,387,117	128,707	30,207	31,485,617
Less accumulated depreciation for:				
Buildings	7,291,420	512,982	-	7,804,402
Land improvements	1,121,948	60,276	-	1,182,224
Machinery and equipment	2,710,131	315,920	30,207	2,995,844
Total accumulated depreciation	11,123,499	889,178	30,207	11,982,470
Total capital assets being depreciated, net	20,263,618	(760,471)	-	19,503,147
Governmental activities capital assets, net	\$ 20,449,018	(756,761)	-	19,692,257

Depreciation expense was charged by the District to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 26,860
Special		1,073
Support services:		
Administration		347
Operation and maintenance of plant		38,881
Transportation		195,339
		<u>262,500</u>
Unallocated depreciation		626,678
Total governmental activities depreciation expense		<u>\$ 889,178</u>
Business type activities:		
Food services		<u>\$ 18,329</u>

#### **Note 7. Long-Term Debt**

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, 2014 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Business type activities:</b>					
Compensated Absences	\$ 505	523	505	523	523
Net OPEB Liability	5,522	-	555	4,967	-
Total	\$ 6,027	523	1,060	5,490	523

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, 2014 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 2,720,000	-	770,000	1,950,000	800,000
Revenue Bonds	5,746,000	-	625,000	5,121,000	634,000
School Bus Leases	411,467	-	150,527	260,940	155,944
Computer Lease	41,297	-	41,297	-	-
Compensated Absences	43,227	56,808	43,227	56,808	56,808
Termination Benefits	93,600	-	24,000	69,600	24,000
Net OPEB Liability	126,140	-	12,689	113,451	-
Total	\$ 9,181,731	56,808	1,666,740	7,571,799	1,670,752

### 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, 2014 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
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		\$ 940,000	34,665		\$ 1,010,000	80,850	\$ 1,950,000	115,515	2,065,515

### 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, 2014 revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 23, 2012				
	Interest Rate	Principal	Interest	Total	
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	2.08	700,000	48,256	748,256	
2020-22	2.08	1,793,000	55,848	1,848,848	
Total		\$ 5,121,000	436,363	5,557,363	

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 41% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$5,557,363. For the current year, principal of \$625,000 and interest of \$116,272 was paid on the bonds and total statewide sales, services and use tax revenues were \$1,778,016.

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
2015	4.29 %	\$ 20,711	888	4.25 %	\$ 64,791	2,755

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
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>\$ 95,285</u>	<u>4,957</u>		<u>\$ 80,153</u>	<u>3,613</u>	<u>\$ 260,940</u>	<u>12,213</u>	<u>273,153</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/amortization, on a closed basis, taken during the year is as follows:

Asset	Governmental Activities
Machinery and equipment	\$ 730,014
Less: Accumulated depreciation/amortization	(456,310) *
Total	<u>\$ 273,704</u>

\* \$13,915 of amortization expense is included in the depreciation amount.

**Debt Margin Computation**

The June 30, 2014 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	\$ 490,201,922
Debt limit, 5% of total assessed valuation	\$ 24,510,096
Amount of debt applicable to debt limit, total bonded debt	7,071,000
Excess of debt limit over bonded limit	\$ 17,439,096

**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, 2014, 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, 2014, \$1,370,000 of such bonds is outstanding. Defeasement of principal and interest for the year was \$630,000 and \$112,685 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, 2014, \$1,020,000 of such bonds is outstanding. Defeasement of principal and interest for the year was \$105,000 and \$56,706 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. At June 30, 2014, \$5,875,000 of such bonds is outstanding. Defeasement of principal and interest for the year was \$485,000 and \$251,368 respectively.

**Note 9. Other Postemployment Benefits(OPEB)**

**Plan Description** - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, 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, 2014, 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	1,317
Adjustment to annual required contribution	(5,076)
Annual OPEB cost	<u>133,136</u>
Contributions made	<u>(146,380)</u>
Increase in net OPEB obligation	(13,244)
Net OPEB obligation beginning of year	131,662
Net OPEB obligation end of year	<u><u>\$ 118,418</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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, 2014.

For the year ended June 30, 2014, the District contributed \$146,380 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, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 118,160	87.6%	\$ 113,006
2013	\$ 133,668	86.0%	\$ 131,662
2014	\$ 133,136	109.9%	\$ 118,418

**Funded Status and Funding Progress** - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, 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 \$8,418,224, and the ratio of the UAAL to covered payroll was 18.3%. As of June 30, 2014, 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, 2014, plan members were required to contribute 5.95% of their annual covered salary and the District was required to contribute 8.93% of annual covered salary. 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. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$1,165,242, \$1,018,633, and \$1,108,641 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, 2014 were \$1,979,198.

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 \$796,816 for the year ended June 30, 2014 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, 2014 is comprised of the following projects:

<u>Project</u>	<u>Amount</u>
Home school assistance program	\$ 73,352
Gifted and talented	3,161
Teacher salary supplement	115,150
Educator quality, professional development	30,889
Beginning teacher mentoring and induction program	5,575
Market factor	12,560
Educator quality, model core curriculum	29,054
Successful progression for early readers	18,906
Teacher leadership grants	2,643
Governor's advisory council STEM scale-up programs	4,916
<b>Total restricted for categorical funding</b>	<b>\$ 296,206</b>

**Note 14. Due From Other Governments**

Amounts due from other governments by fund as of June 30, 2014 are as follows:

	General Fund	Statewide Sales, Services & Use Tax	Student Activity
<b>Local appropriation:</b>			
Tuition	\$ 376,662	-	-
Fees	-	-	469
<b>Total local appropriation</b>	<b>376,662</b>	<b>-</b>	<b>469</b>
<b>State appropriation:</b>			
STEM grant	50,000	-	-
School ready children grant	1,855	-	-
State of Iowa	1,080	-	-
Non-public transportation aid	1,359	-	-
Fuel tax refund	783	-	-
Statewide sales, services and use tax	-	664,390	-
<b>Total state appropriation</b>	<b>55,077</b>	<b>664,390</b>	<b>-</b>
<b>Federal appropriation:</b>			
Perkins	9,387	-	-
Title IIA	35,227	-	-
Title I	94,314	-	-
Aids education grant	170	-	-
Title VIA	2,266	-	-
<b>Total federal appropriation</b>	<b>141,364</b>	<b>-</b>	<b>-</b>
<b>Total due from other governments</b>	<b>\$ 573,103</b>	<b>664,390</b>	<b>469</b>

**Note 15. Reconciliation of Governmental Fund Balances to Net Position**

The following is the detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

	Invested in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	599,668	311,444	2,197,576
Invested in capital assets, net of accumulated depreciation	19,692,257	-	-	-
Revenue bond capitalized indebtedness	(5,121,000)	-	-	-
General obligation bond capitalized indebtedness	(1,950,000)	-	-	-
School bus lease capitalized indebtedness	(260,940)	-	-	-
Accrued interest payable	-	(70,666)	-	-
Termination benefits payable	-	-	(69,600)	-
Income surtax	-	-	-	436,153
Compensated absences	-	-	-	(56,808)
Net OPEB liability	-	-	-	(113,451)
Nonspendable	-	-	-	21,461
Assigned for specific purposes	-	-	-	82,826
<b>Net position (Exhibit A)</b>	<b>\$ 12,360,317</b>	<b>529,002</b>	<b>241,844</b>	<b>2,567,757</b>

**Note 16. Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment to GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

## **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, 2014

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Fund Types Actual	Fund Types Actual		Original	Final	
Revenues:						
Local sources	\$ 9,358,597	\$ 408,190	\$ 9,766,787	\$ 10,941,619	\$ 10,941,619	\$ (1,174,832)
State appropriations	13,798,472	7,930	13,806,402	11,921,256	11,921,256	1,885,146
Federal appropriations	960,157	631,970	1,592,127	1,505,000	1,505,000	87,127
Total revenues	24,117,226	1,048,090	25,165,316	24,367,875	24,367,875	797,441
Expenditures/Expenses:						
Instruction	14,894,788	-	14,894,788	15,015,000	15,315,000	420,212
Support services	5,906,379	14,176	5,920,555	5,774,330	5,975,330	54,775
Non-instructional programs	23,523	1,006,892	1,030,415	1,085,000	1,085,000	54,585
Other expenditures	2,741,000	-	2,741,000	3,210,531	3,210,531	469,531
Total expenditures/expenses	23,565,690	1,021,068	24,586,758	25,084,861	25,585,861	999,103
Excess(Deficiency) of revenues over(under) expenditures/expenses	551,536	27,022	578,558	(716,986)	(1,217,986)	1,796,544
Other financing uses, net	3,508	-	3,508	5,000	5,000	(1,492)
Excess(Deficiency) of revenues and other financing uses over(under) expenditures/expenses	555,044	27,022	582,066	(711,986)	(1,212,986)	1,795,052
Balance beginning of year	4,539,541	272,205	4,811,746	5,001,567	5,001,567	(189,821)
Balance end of year	\$ 5,094,585	\$ 299,227	\$ 5,393,812	\$ 4,289,581	\$ 3,788,581	\$ 1,605,231

SEE NOTES TO FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2014

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 \$501,000.

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) (a)	Contributions Made By District (b)	Contributions Made By District as a Percentage of ARC (b/a)	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)
2010	July 1, 2008	\$ 99,254	\$ 61,890	62.4%	\$ -	\$ 966,524	\$ 966,524	0.0%	\$ 7,877,183	12.3%
2012	July 1, 2010	\$ 120,154	\$ 103,466	86.1%	\$ -	\$ 1,243,262	\$ 1,243,262	0.0%	\$ 10,960,279	11.3%
2014	July 1, 2012	\$ 136,895	\$ 146,380	106.9%	\$ -	\$ 1,542,141	\$ 1,542,141	0.0%	\$ 8,418,224	18.3%

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 termination (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.

#### ***Debt Service Fund***

This fund accounts for property taxes collected to pay the District's general obligation bond indebtedness. This fund also accounts for all principal and interest payments on the District's other debt obligations such as revenue bonds and capital leases.

## **Major 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, 2014

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Management Levy	Student Activity	Total		
<b>ASSETS</b>					
Cash and pooled investments	\$ 308,592	98,942	407,534	590,914	998,448
Receivables:					
Property tax:					
Current year delinquent	2,852	-	2,852	8,754	11,606
Succeeding year	230,001	-	230,001	851,963	1,081,964
Due from other governments	-	469	469	-	469
<b>TOTAL ASSETS</b>	<b>\$ 541,445</b>	<b>99,411</b>	<b>640,856</b>	<b>1,451,631</b>	<b>2,092,487</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	4,618	4,618	-	4,618
Total liabilities	-	4,618	4,618	-	4,618
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	230,001	-	230,001	851,963	1,081,964
Total deferred inflows of resources	230,001	-	230,001	851,963	1,081,964
Fund balances:					
Restricted for:					
Management levy purposes	311,444	-	311,444	-	311,444
Student activities	-	94,793	94,793	-	94,793
Debt service	-	-	-	599,668	599,668
Total fund balances	311,444	94,793	406,237	599,668	1,005,905
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 541,445</b>	<b>99,411</b>	<b>640,856</b>	<b>1,451,631</b>	<b>2,092,487</b>

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, 2014

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total		
<b>REVENUES:</b>					
Local sources:					
Local tax	\$ 270,246	-	270,246	843,454	1,113,700
Other	14,969	291,676	306,645	5,257	311,902
<b>TOTAL REVENUES</b>	<b>285,215</b>	<b>291,676</b>	<b>576,891</b>	<b>848,711</b>	<b>1,425,602</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Other	-	286,589	286,589	-	286,589
Support services:					
Administration	161,214	-	161,214	1,500	162,714
Operation and maintenance of plant	75,310	-	75,310	-	75,310
Transportation	22,328	-	22,328	-	22,328
Long-term debt:					
Principal	-	-	-	1,586,824	1,586,824
Interest and fiscal charges	-	-	-	211,552	211,552
<b>TOTAL EXPENDITURES</b>	<b>258,852</b>	<b>286,589</b>	<b>545,441</b>	<b>1,799,876</b>	<b>2,345,317</b>
Excess(Deficiency) of revenues over(under) expenditures	26,363	5,087	31,450	(951,165)	(919,715)
Other financing sources:					
Transfer in	-	-	-	945,021	945,021
Change in fund balances	26,363	5,087	31,450	(6,144)	25,306
Fund balances beginning of year	285,081	89,706	374,787	605,812	980,599
Fund balances end of year	\$ 311,444	94,793	406,237	599,668	1,005,905

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT ACCOUNTS

JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 706,837	190,922	897,759
Receivables:			
Property tax:			
Current year delinquent	-	1,745	1,745
Succeeding year	-	296,944	296,944
Due from other governments	664,390	-	664,390
<b>TOTAL ASSETS</b>	<b>\$ 1,371,227</b>	<b>489,611</b>	<b>1,860,838</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 71,810	1,473	73,283
Total liabilities	71,810	1,473	73,283
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	296,944	296,944
Total deferred inflows of resources	-	296,944	296,944
Fund balances:			
Restricted for:			
School infrastructure	1,299,417	-	1,299,417
Physical plant and equipment levy	-	191,194	191,194
Total fund balances	1,299,417	191,194	1,490,611
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,371,227</b>	<b>489,611</b>	<b>1,860,838</b>

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, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>REVENUES:</b>			
Local sources:			
Local tax	\$ -	168,105	168,105
Other	5,233	1,549	6,782
State sources	1,778,016	-	1,778,016
<b>TOTAL REVENUES</b>	<b>1,783,249</b>	<b>169,654</b>	<b>1,952,903</b>
<b>EXPENDITURES:</b>			
Current:			
Support services:			
Administration	246,068	-	246,068
Operation and maintenance of plant	71,740	-	71,740
Capital outlay	99,758	46,050	145,808
<b>TOTAL EXPENDITURES</b>	<b>417,566</b>	<b>46,050</b>	<b>463,616</b>
Excess of revenues over expenditures	1,365,683	123,604	1,489,287
Other financing uses:			
Transfer out	(945,021)	-	(945,021)
Change in fund balances	420,662	123,604	544,266
Fund balances beginning of year	878,755	67,590	946,345
Fund balances end of year	<b>\$ 1,299,417</b>	<b>191,194</b>	<b>1,490,611</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

## **Statistical Section**

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# Mt. Pleasant Community School District

## Statistical Section

### (Unaudited)

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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				
	2005	2006	2007	2008	2009
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 5,320,690	\$ 5,709,341	\$ 6,347,734	\$ 6,151,005	\$ 7,732,192
Restricted	263,063	247,556	1,353,216	1,950,528	1,836,673
Unrestricted	1,383,874	1,803,653	1,391,261	2,061,504	1,240,982
<b>Total governmental activities net position</b>	<b>\$ 6,967,627</b>	<b>\$ 7,760,550</b>	<b>\$ 9,092,211</b>	<b>\$ 10,163,037</b>	<b>\$ 10,809,847</b>
<b>Business type activities:</b>					
Net investment in capital assets	\$ 110,273	\$ 90,109	\$ 72,109	\$ 56,504	\$ 41,427
Restricted	-	-	-	-	-
Unrestricted	(56,861)	(48,777)	(2,744)	31,202	87,509
<b>Total business type activities net position</b>	<b>\$ 53,412</b>	<b>\$ 41,332</b>	<b>\$ 69,365</b>	<b>\$ 87,706</b>	<b>\$ 128,936</b>
<b>Primary government:</b>					
Net investment in capital assets	\$ 5,430,963	\$ 5,799,450	\$ 6,419,843	\$ 6,207,509	\$ 7,773,619
Restricted	263,063	247,556	1,353,216	1,950,528	1,836,673
Unrestricted	1,327,013	1,754,876	1,388,517	2,092,706	1,328,491
<b>Total primary government net position</b>	<b>\$ 7,021,039</b>	<b>\$ 7,801,882</b>	<b>\$ 9,161,576</b>	<b>\$ 10,250,743</b>	<b>\$ 10,938,783</b>

**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				
2010		2011		2012		2013		2014	
\$	8,343,346	\$	9,043,962	\$	9,807,221	\$	11,571,551	\$	12,360,317
	2,152,791		2,584,447		3,008,599		1,990,258		2,652,456
	638,859		1,061,522		2,170,628		2,574,020		2,567,757
<u>\$</u>	<u>11,134,996</u>	<u>\$</u>	<u>12,689,931</u>	<u>\$</u>	<u>14,986,448</u>	<u>\$</u>	<u>16,135,829</u>	<u>\$</u>	<u>17,580,530</u>
\$	33,757	\$	59,719	\$	71,565	\$	68,427	\$	97,374
	-		-		-		-		-
	136,272		149,309		189,058		203,778		201,853
<u>\$</u>	<u>170,029</u>	<u>\$</u>	<u>209,028</u>	<u>\$</u>	<u>260,623</u>	<u>\$</u>	<u>272,205</u>	<u>\$</u>	<u>299,227</u>
\$	8,377,103	\$	9,103,681	\$	9,878,786	\$	11,639,978	\$	12,457,691
	2,152,791		2,584,447		3,008,599		1,990,258		2,652,456
	775,131		1,210,831		2,359,686		2,777,798		2,769,610
<u>\$</u>	<u>11,305,025</u>	<u>\$</u>	<u>12,898,959</u>	<u>\$</u>	<u>15,247,071</u>	<u>\$</u>	<u>16,408,034</u>	<u>\$</u>	<u>17,879,757</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				
	2005	2006	2007	2008	2009
<b>Expenses:</b>					
<b>Governmental activities:</b>					
Instruction	\$ 10,422,833	\$ 11,128,026	\$ 11,645,465	\$ 12,636,384	\$ 13,771,319
Student services	442,021	429,673	386,643	526,929	482,974
Instructional staff services	359,645	361,439	435,568	330,420	324,646
Administration services	1,804,106	1,767,827	1,939,513	2,147,607	2,122,448
Operation and maintenance of plant	1,101,224	1,339,952	1,323,762	1,576,173	1,531,198
Student transportation services	655,313	682,855	724,258	764,414	763,569
Community services	30,239	27,854	27,378	26,397	7,083
Capital outlay	207,107	272,975	336,751	-	-
Long-term debt interest	336,838	400,449	623,004	640,498	637,329
AEA flowthrough	589,500	615,215	673,277	698,323	757,620
Depreciation (unallocated)	356,474	356,087	387,080	389,793	584,212
<b>Total governmental activities expenses</b>	<b>16,305,300</b>	<b>17,382,352</b>	<b>18,502,699</b>	<b>19,736,938</b>	<b>20,982,398</b>
<b>Business type activities:</b>					
Administration services	-	-	437	93	-
Operation and maintenance of plant	-	-	12,588	13,136	12,590
Nutrition services	829,836	820,338	840,053	878,877	886,126
<b>Total business type activities expenses</b>	<b>829,836</b>	<b>820,338</b>	<b>853,078</b>	<b>892,106</b>	<b>898,716</b>
<b>Total primary government expenses</b>	<b>\$ 17,135,136</b>	<b>\$ 18,202,690</b>	<b>\$ 19,355,777</b>	<b>\$ 20,629,044</b>	<b>\$ 21,881,114</b>
<b>Program revenues:</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
Instruction	\$ 1,563,064	\$ 1,449,860	\$ 1,534,144	\$ 1,583,057	\$ 1,620,662
Support services	1,354	1,941	1,683	4,749	3,356
Operating grants and contributions	1,804,605	1,902,569	2,072,239	2,531,911	3,185,199
Capital grants and contributions	-	-	10,346	-	-
<b>Total governmental activities program revenues</b>	<b>3,369,023</b>	<b>3,354,370</b>	<b>3,618,412</b>	<b>4,119,717</b>	<b>4,809,217</b>

(Continued on the following page.)

Fiscal Year				
2010	2011	2012	2013	2014
\$ 13,749,865	\$ 14,227,774	\$ 14,160,410	\$ 14,585,510	\$14,849,915
698,211	443,594	460,169	437,648	481,568
336,783	345,115	344,939	334,186	299,866
2,031,328	2,126,717	2,413,853	2,957,167	2,721,104
1,396,604	1,574,399	1,616,628	1,225,695	1,711,217
763,319	836,875	775,099	1,131,205	986,772
7,378	24,477	25,581	25,656	23,523
120,303	-	-	-	-
460,908	430,341	366,951	254,008	195,048
828,781	838,640	771,909	771,905	796,816
574,475	571,062	571,063	624,916	626,678
20,967,955	21,418,994	21,506,602	22,347,896	22,692,507
-	-	-	-	-
12,557	14,076	14,521	13,967	14,176
916,962	948,119	930,864	974,206	1,006,892
929,519	962,195	945,385	988,173	1,021,068
\$ 21,897,474	\$ 22,381,189	\$ 22,451,987	\$ 23,336,069	\$23,713,575
\$ 1,631,675	\$ 1,725,682	\$ 1,774,697	\$ 1,863,808	\$ 1,794,346
8,601	10,548	3,027	3,310	3,106
4,254,559	3,367,291	3,401,690	3,341,523	2,350,003
-	-	-	-	-
5,894,835	5,103,521	5,179,414	5,208,641	4,147,455

**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				
	2005	2006	2007	2008	2009
Business type activities:					
Charges for services:					
Nutrition	454,220	472,689	492,724	495,727	473,593
Operating grants and contributions	296,227	335,301	387,883	413,756	465,693
<b>Total business type program revenues</b>	<b>750,447</b>	<b>807,990</b>	<b>880,607</b>	<b>909,483</b>	<b>939,286</b>
<b>Total primary government program revenues</b>	<b>\$ 4,119,470</b>	<b>\$ 4,162,360</b>	<b>\$ 4,499,019</b>	<b>\$ 5,029,200</b>	<b>\$ 5,748,503</b>
Net (expense) revenue:					
Governmental activities	\$ (12,936,277)	\$ (14,027,982)	\$ (14,884,287)	\$ (15,617,221)	\$ (16,173,181)
Business type activities	(79,389)	(12,348)	27,529	17,377	40,570
<b>Total primary government net expense</b>	<b>\$ (13,015,666)</b>	<b>\$ (14,040,330)</b>	<b>\$ (14,856,758)</b>	<b>\$ (15,599,844)</b>	<b>\$ (16,132,611)</b>

**Source:** School District financial records.

Fiscal Year				
2010	2011	2012	2013	2014
437,439	419,699	423,071	393,527	403,500
532,809	574,992	571,398	603,862	639,900
970,248	994,691	994,469	997,389	1,043,400
\$ 6,865,083	\$ 6,098,212	\$ 6,173,883	\$ 6,206,030	\$ 5,190,855
\$ (15,073,120)	\$ (16,315,473)	\$ (16,327,188)	\$ (17,139,255)	\$ (18,545,052)
40,729	32,496	49,084	9,216	22,332
\$ (15,032,391)	\$ (16,282,977)	\$ (16,278,104)	\$ (17,130,039)	\$ (18,522,720)

**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				
	2005	2006	2007	2008	2009
Net (expense) revenue:					
Governmental activities	\$ (12,936,277)	\$ (14,027,982)	\$ (14,884,287)	\$ (15,617,221)	\$ (16,173,181)
Business type activities	(79,389)	(12,348)	27,529	17,377	40,570
<b>Total primary government net expense</b>	<b>(13,015,666)</b>	<b>(14,040,330)</b>	<b>(14,856,758)</b>	<b>(15,599,844)</b>	<b>(16,132,611)</b>
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes levied for general purposes	4,505,723	4,627,430	4,350,685	4,482,593	4,511,106
Property taxes levied for debt service	885,670	889,960	881,673	872,322	873,366
Property taxes levied for capital projects	382,584	-	-	-	220,780
Income surtax	-	-	449,635	448,100	484,706
Statewide sales, services and use tax	6,545	1,000,109	1,209,486	1,096,004	1,303,249
Unrestricted state grants	7,770,824	8,080,458	8,702,151	8,959,110	9,191,822
Nonspecific program federal grants	-	-	-	-	-
Other	19,090	1,178	108,618	114,167	135,567
Unrestricted investment earnings	98,588	221,770	513,700	472,921	99,395
Significant donation from private sources	-	-	-	242,830	-
<b>Total governmental activities</b>	<b>13,669,024</b>	<b>14,820,905</b>	<b>16,215,948</b>	<b>16,688,047</b>	<b>16,819,991</b>
Business type activities:					
Other	(11,964)	-	-	-	-
Unrestricted investment earnings	396	268	504	964	660
<b>Total business type activities</b>	<b>(11,568)</b>	<b>268</b>	<b>504</b>	<b>964</b>	<b>660</b>
<b>Total primary government</b>	<b>13,657,456</b>	<b>14,821,173</b>	<b>16,216,452</b>	<b>16,689,011</b>	<b>16,820,651</b>
Change in net position:					
Governmental activities	732,747	792,923	1,331,661	1,070,826	646,810
Business type activities	(90,957)	(12,080)	28,033	18,341	41,230
<b>Total primary government</b>	<b>\$ 641,790</b>	<b>\$ 780,843</b>	<b>\$ 1,359,694</b>	<b>\$ 1,089,167</b>	<b>\$ 688,040</b>

**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				
2010	2011	2012	2013	2014
\$ (15,073,120)	\$ (16,315,473)	\$ (16,327,188)	\$ (17,139,255)	\$(18,545,052)
40,729	32,496	49,084	9,216	22,332
(15,032,391)	(16,282,977)	(16,278,104)	(17,130,039)	(18,522,720)

4,765,665	5,445,689	5,651,578	5,936,906	5,835,489
895,035	892,518	815,110	830,319	843,454
210,651	45,865	35,379	49,996	168,105
488,136	332,558	404,296	450,258	463,663
1,248,383	1,445,699	1,572,096	1,725,564	1,778,016
7,597,781	8,917,273	9,501,654	9,073,313	10,668,081
-	406,642	223,488	-	-
163,859	339,195	361,004	158,308	174,470
28,759	44,969	59,100	63,972	58,475
-	-	-	-	-
15,398,269	17,870,408	18,623,705	18,288,636	19,989,753

-	4,557	-	-	2,453
364	1,946	2,511	2,366	2,237
364	6,503	2,511	2,366	4,690

15,398,633	17,876,911	18,626,216	18,291,002	19,994,443
------------	------------	------------	------------	------------

325,149	1,554,935	2,296,517	1,149,381	1,444,701
41,093	38,999	51,595	11,582	27,022
\$ 366,242	\$ 1,593,934	\$ 2,348,112	\$ 1,160,963	\$ 1,471,723

**Schedule 4**  
**Mt. Pleasant Community School District**

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund:					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	106,550	1,641,979	118,731	2,046,662	171,267
Unreserved	1,224,785	1,533,868	2,145,298	1,913,073	1,335,070
<b>Total General Fund</b>	<b>\$ 1,331,335</b>	<b>\$ 3,175,847</b>	<b>\$ 2,264,029</b>	<b>\$ 3,959,735</b>	<b>\$ 1,506,337</b>
All other governmental funds:					
Restricted, reported in:					
Capital projects funds	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Reserved	41,546	64,518	1,124,223	1,498,615	1,521,840
Unreserved, reported in:					
Capital projects funds	6,071	143,353	6,349,145	237,914	(160,301)
Special revenue funds	361,853	193,461	165,769	122,858	99,175
<b>Total all other governmental funds</b>	<b>\$ 409,470</b>	<b>\$ 401,332</b>	<b>\$ 7,639,137</b>	<b>\$ 1,859,387</b>	<b>\$ 1,460,714</b>

Source: School District financial records.

\* Reclassification of fund balances due to GASB 54 implementation.

		Fiscal Year				
		2010	2011*	2012*	2013*	2014*
\$	-	\$ 254,325	\$ 269,553	\$ 244,084	\$ 296,206	
	-	57,123	34,829	47,614	21,461	
	-	98,691	95,136	89,361	82,826	
	-	848,823	1,932,921	2,231,538	2,197,576	
	338,643	-	-	-	-	
	555,724	-	-	-	-	
\$	894,367	\$ 1,258,962	\$ 2,332,439	\$ 2,612,597	\$ 2,598,069	

\$	-	\$ 562,268	\$ 847,087	\$ 946,345	\$ 1,490,611	
	-	212,085	327,422	374,787	406,237	
	-	1,668,385	1,682,137	605,812	599,668	
	1,571,995	-	-	-	-	
	145,320	-	-	-	-	
	233,770	-	-	-	-	
\$	1,951,085	\$ 2,442,738	\$ 2,856,646	\$ 1,926,944	\$ 2,496,516	

**Schedule 5**  
**Mt. Pleasant Community School District**

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Federal sources:					
Federal sources:	\$ 696,613	\$ 660,048	\$ 616,687	\$ 693,821	\$ 913,764
<b>Total federal sources</b>	<b>696,613</b>	<b>660,048</b>	<b>616,687</b>	<b>693,821</b>	<b>913,764</b>
State sources:					
State sources:	\$ 8,878,816	\$ 9,322,979	\$ 10,147,236	\$ 10,748,576	\$ 11,448,667
<b>Total state sources</b>	<b>8,878,816</b>	<b>9,322,979</b>	<b>10,147,236</b>	<b>10,748,576</b>	<b>11,448,667</b>
Intermediate sources:					
Intermediate sources:	\$ -	\$ -	\$ 1,139	\$ -	\$ 1,875
<b>Total intermediate sources</b>	<b>-</b>	<b>-</b>	<b>1,139</b>	<b>-</b>	<b>1,875</b>
Local sources:					
Local taxes	\$ 5,778,014	\$ 6,517,499	\$ 6,854,304	\$ 6,862,384	\$ 7,338,111
Tuition	986,354	917,245	1,113,416	1,193,270	1,167,990
Other revenues	676,652	756,326	1,025,721	1,021,965	755,872
<b>Total local sources</b>	<b>7,441,020</b>	<b>8,191,070</b>	<b>8,993,441</b>	<b>9,077,619</b>	<b>9,261,973</b>
<b>Total revenues</b>	<b>\$ 17,016,449</b>	<b>\$ 18,174,097</b>	<b>\$ 19,758,503</b>	<b>\$ 20,520,016</b>	<b>\$ 21,626,279</b>

Source: School District financial records.

Fiscal Year					
2010	2011	2012	2013	2014	
\$ 2,048,716	\$ 1,530,036	\$ 1,269,797	\$ 955,840	\$ 960,157	
2,048,716	1,530,036	1,269,797	955,840	960,157	
\$ 9,747,664	\$ 11,107,240	\$ 11,818,132	\$ 11,411,885	\$ 13,798,472	
9,747,664	11,107,240	11,818,132	11,411,885	13,798,472	
\$ 1,975	\$ -	\$ -	\$ -	\$ -	
1,975	-	-	-	-	
\$ 7,534,374	\$ 8,232,171	\$ 8,490,420	\$ 8,979,067	\$ 7,290,729	
1,242,638	1,283,406	1,326,814	1,464,655	1,427,114	
642,206	881,130	909,917	671,854	640,754	
9,419,218	10,396,707	10,727,151	11,115,576	9,358,597	
\$ 21,217,573	\$ 23,033,983	\$ 23,815,080	\$ 23,483,301	\$ 24,117,226	

**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				
	2005	2006	2007	2008	2009
Instruction	\$ 10,356,502	\$ 11,127,651	\$ 11,684,960	\$ 12,675,586	\$ 13,753,740
Student services	450,752	434,672	386,392	526,678	482,393
Instructional staff services	358,960	361,439	435,568	330,420	349,276
Administration services	1,803,819	1,798,910	1,917,398	2,134,939	2,103,492
Operation and maintenance of plant services	1,081,100	1,334,449	1,314,755	1,572,644	1,661,882
Student transportation services	523,168	997,830	690,738	709,105	626,887
Community services	21,254	22,452	22,276	26,397	7,083
AEA Flowthrough	589,500	615,215	673,277	698,323	757,620
Capital outlay/construction	351,793	623,208	2,261,377	6,544,556	1,138,698
Debt service:					
Principal	724,376	742,099	799,377	762,991	1,230,127
Interest	354,994	365,451	426,575	671,417	668,902
<b>Total expenditures</b>	<b>\$ 16,616,218</b>	<b>\$ 18,423,376</b>	<b>\$ 20,612,693</b>	<b>\$ 26,653,056</b>	<b>\$ 22,780,100</b>
Debt service as a percentage of noncapital expenditures	6.95%	6.40%	6.32%	5.69%	9.09%

**Source:** School District financial records.

		Fiscal Year							
		2010	2011	2012	2013	2014			
\$	13,506,558	\$	14,300,205	\$	14,291,461	\$	14,527,363	\$	14,894,788
	697,827		443,279		460,015		433,351		482,119
	336,067		344,529		344,653		335,353		299,971
	2,011,631		2,116,233		2,409,334		2,620,698		2,710,096
	1,391,044		1,462,682		1,432,554		1,473,657		1,622,745
	668,127		1,145,357		716,655		1,128,809		791,448
	24,599		24,477		25,581		25,656		23,523
	828,781		838,640		771,909		771,905		796,816
	167,001		177,369		178,614		409,502		145,808
	1,337,506		1,348,916		1,293,328		1,707,024		1,586,824
	486,910		440,876		416,274		301,191		211,552
\$	21,456,051	\$	22,642,563	\$	22,340,378	\$	23,734,509	\$	23,565,690
	9.29%		8.58%		8.29%		9.24%		8.26%

**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)**

	Fiscal Year				
	2005	2006	2007	2008	2009
Excess(Deficiency) of revenues over (under) expenditures	\$ 400,231	\$ (249,279)	\$ (854,190)	\$ (6,133,040)	\$ (1,153,821)
Other financing sources (uses):					
General long-term debt issued	-	-	8,500,000	-	-
Accrued interest	-	-	31,778	-	6,546
Refunding debt issued	-	1,740,000	-	-	4,025,000
Payment to refunding escrow agent	-	(1,693,753)	-	-	(3,970,000)
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	149,944
Sale of equipment	20,690	1,178	6,904	8,283	3,333
Transfers in	195,441	204,023	452,339	932,565	993,095
Transfers out	(195,441)	(204,023)	(452,339)	(932,565)	(993,095)
<b>Total other financing sources</b>					
<b>(uses)</b>	20,690	551,785	8,714,045	135,923	214,823
<b>Change in fund balances</b>	\$ 420,921	\$ 302,506	\$ 7,859,855	\$ (5,997,117)	\$ (938,998)

**Source:** School District financial records.

Fiscal Year				
2010	2011	2012	2013	2014
\$ (238,478)	\$ 391,420	\$ 1,474,702	\$ (251,208)	\$ 551,536
-	-	-	-	-
2,851	-	-	-	-
1,440,000	-	-	6,054,000	-
(1,445,000)	-	-	(6,832,394)	-
29,872	-	-	-	-
(4,962)	-	-	(50,556)	-
(15,178)	-	-	-	-
-	410,761	-	319,253	-
87,680	44,279	-	86,365	-
21,616	9,788	12,683	24,996	3,508
979,534	989,666	902,289	1,794,523	945,021
(979,534)	(989,666)	(902,289)	(1,794,523)	(945,021)
116,879	464,828	12,683	(398,336)	3,508
\$ (121,599)	\$ 856,248	\$ 1,487,385	\$ (649,544)	\$ 555,044

**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			
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
2014	434,164,870	136,645,020	197,499,763	283,122,748	485,186,905	13.87299

**Source:** Henry County Auditor

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

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

**Schedule 9**

**Mt. Pleasant Community School District**

**Direct and Overlapping Property Tax Rates**

**Last Ten Fiscal Years**

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

**(Unaudited)**

Fiscal Year Ended June 30	District Direct Rates					Overlapping Rates					
	General Purposes	Capital Purposes	Debt Service	Management	Total	County	Community College	City of Mt. Pleasant	Town of Salem	Town of Rome	Town of Westwood
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
2014	11.33646	0.33000	1.65574	0.55079	13.87299	9.71751	1.01523	12.18244	13.20649	8.10000	7.30350

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	2014			2005		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Wal-Mart Property, Inc.	\$ 25,947,780	1	5.35%	\$ 30,653,116	1	8.04%
Wal-Mart Real Estate Business Trust	9,689,950	2	2.00%			
BNSF Railway	8,002,731	3	1.65%	4,013,487	7	1.05%
KCM Properties, LLC	5,421,680	4	1.12%			
Iowa Telecommunications Services	5,079,072	5	1.05%	7,135,584	2	1.87%
Becks Superior Hybrids, Inc.	4,891,650	6	1.01%			
WCK Mt. Pleasant LC	4,241,840	7	0.87%	4,426,999	5	1.16%
Jasmin LLLP	3,723,030	8	0.77%			
Gregory Shottenkirk	3,532,140	9	0.73%			
Protein Processing LLC	3,365,600	10	0.69%			
Interstate Power and Light				7,097,716	3	1.86%
Pioneer Hi-Bred International				4,656,020	4	1.22%
Hearth and Home Technologies				4,101,400	6	1.08%
Metromail Corporation				3,486,562	8	0.91%
Ceco Corporation				2,479,270	9	0.65%
Henry County Health Center				2,273,729	10	0.60%
<b>Total</b>	<b>\$ 73,895,473</b>		<b>15.23%</b>	<b>\$ 70,323,883</b>		<b>18.44%</b>

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
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%	5,278	6,738,769	98.87%
2014	6,770,433	6,762,735	99.89%	-	6,762,735	99.89%

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)
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
2014	1,950,000	5,121,000	599,667	6,471,333	1.27%	0.27%	\$497

**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			
2005	\$ 7,770,000	\$ -	\$ 145,487	7,915,487	4.01%	\$ 600
2006	7,295,000	-	457,748	7,752,748	3.64%	588
2007	6,705,000	8,500,000	423,734	15,628,734	7.21%	1,186
2008	6,120,000	8,500,000	373,383	14,993,383	6.29%	1,137
2009	5,570,000	8,105,000	293,200	13,968,200	6.18%	1,060
2010	4,855,000	7,695,000	163,374	12,713,374	5.91%	977
2011	4,165,000	7,270,000	384,498	11,819,498	5.29%	909
2012	3,455,000	6,825,000	246,170	10,526,170	4.47%	809
2013	2,720,000	5,476,000	452,764	8,648,764	N/A	665
2014	1,950,000	5,121,000	260,940	7,331,940	N/A	564

**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.

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

**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
City of Mount Pleasant	\$ 6,761,000	100.00%	\$ 6,761,000
Henry County	1,110,000	64.44%	\$ 715,284
Jefferson County	1,165,000	0.40%	\$ 4,660
Lee County	7,675,000	0.37%	\$ 28,398
Van Buren County	-	0.03%	\$ -
Great Prairie Area Education Agency (b)	745,000	12.78%	\$ 95,211
Southeastern Community College	8,059,913	21.25%	\$ 1,712,732
			9,317,284
			7,331,940
			\$ 16,649,224

**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)**

	2005	2006	2007	2008	2009
Debt limit	\$ 27,813,242	\$ 28,010,989	\$ 29,061,485	\$ 32,544,596	\$ 20,922,175
Total net debt applicable to limit	7,770,000	7,295,000	15,205,000	14,620,000	13,675,000
Legal debt margin	\$ 20,043,242	\$ 20,715,989	\$ 13,856,485	\$ 17,924,596	\$ 7,247,175
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	27.94%	26.04%	52.32%	44.92%	65.36%

**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 2014**

Actual assessed value (a)	<u>\$ 490,201,922</u>
Debt limit (5% of assessed value) (b)	\$ 24,510,096
Debt applicable to limit	<u>7,071,000</u>
Legal debt margin	<u>\$ 17,439,096</u>

	2010	2011	2012	2013	2014
\$	21,684,311	\$ 22,715,965	\$ 23,357,224	\$ 23,721,110	\$ 24,510,096
	12,550,000	11,435,000	10,280,000	8,466,000	7,071,000
\$	9,134,311	\$ 11,280,965	\$ 13,077,224	\$ 15,255,110	\$ 17,439,096
	57.88%	50.34%	44.01%	35.69%	28.85%

**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	
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
2014	1,778,016	625,000	116,272	2.40

**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)
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	235,658,927	32,036	18,115	6.50
2013	13,009	N/A	N/A	N/A	5.60
2014	13,009	N/A	N/A	N/A	5.00

**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

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**Schedule 18**  
**Mt. Pleasant Community School District**

**Principal Employers**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

Employer	2014			2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-Mart Distribution	600	1	6.87%	1,100	1	10.63%
Alaniz MetroGroup	550	2	6.30%	550	4	5.31%
West Liberty Foods	448	3	5.13%	700	2	6.76%
Department of Corrections, State of Iowa	397	4	4.55%	435	5	4.20%
Mt. Pleasant Community School District	325	5	3.72%	315	6	3.04%
Veyance Technologies	250	6	2.86%	240	8	2.32%
Henry County Health Center	245	7	2.81%	331	7	3.20%
MackayMitchell Envelope Co.	184	8	2.11%			
Hearth & Home	175	9	2.00%	680	3	6.57%
WalMart Supercenter	123	10	1.41%			
Ceco Building Division				200	9	1.93%
Alaniz and Sons Inc.				165	10	1.59%
Total	<u>3,297</u>		<u>37.77%</u>	<u>4,551</u>		<u>45.57%</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)**

	2005	2006	2007	2008	2009
<b>Supervisory:</b>					
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
<b>Total supervisory</b>	<b>12.8</b>	<b>12.8</b>	<b>12.8</b>	<b>12.8</b>	<b>12.8</b>
<b>Instruction:</b>					
Regular program teachers	132.2	136.1	136.8	137.4	136.2
Special Education teachers	21.0	21.0	21.5	21.5	21.5
Paraeducators, Regular	17.0	25.0	25.0	25.0	25.0
Paraeducators, Special Education	43.0	41.0	44.0	44.0	44.0
<b>Total instruction</b>	<b>213.2</b>	<b>223.1</b>	<b>227.3</b>	<b>227.9</b>	<b>226.7</b>
<b>Student services:</b>					
Guidance counselors	3.0	3.0	3.0	3.0	3.0
Social worker	0.0	0.0	0.0	0.0	1.0
Nurses	2.0	2.0	2.0	2.0	2.0
Media Specialists	1.0	1.0	1.0	1.0	1.0
<b>Total student services</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>7.0</b>
<b>Support and administration:</b>					
Clerical/secretarial	17.7	17.7	17.7	17.7	17.7
Custodial and Maintenance	20.0	20.0	19.0	19.0	19.0
Food Service	18.0	18.0	18.0	18.0	18.0
Bus Drivers	19.0	19.0	19.0	19.0	19.0
<b>Total support and administration</b>	<b>74.7</b>	<b>74.7</b>	<b>73.7</b>	<b>73.7</b>	<b>73.7</b>
<b>Total</b>	<b>306.7</b>	<b>316.6</b>	<b>319.8</b>	<b>320.4</b>	<b>320.2</b>

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change
2010	2011	2012	2013	2014	2005-2014
1.0	1.0	1.0	1.0	1.0	0.0%
1.0	1.0	1.0	1.0	1.0	0.0%
4.3	4.3	5.3	5.3	5.0	25.0%
2.0	2.0	2.0	2.0	2.0	0.0%
4.8	4.8	4.8	4.8	4.0	-16.7%
13.1	13.1	14.1	14.1	13.0	1.6%
136.1	133.0	132.8	131.8	131.7	-0.4%
21.5	21.5	20.5	23.2	22.8	8.3%
26.0	27.0	26.0	24.0	24.7	45.3%
43.0	43.0	40.0	42.5	47.3	10.0%
226.6	224.5	219.3	221.5	226.5	6.2%
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	19.6	18.6	18.6	-7.0%
18.0	18.0	18.0	18.0	18.0	0.0%
19.0	19.0	19.0	19.0	19.0	0.0%
73.7	73.7	74.3	73.3	73.3	-1.9%
320.4	318.3	314.7	315.9	319.8	4.3%

**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	Expenses	Cost Per Pupil
2005	2,153	\$ 15,185,055	\$ 7,053	1.72%	\$ 16,305,300	\$ 7,573
2006	2,192	16,131,439	7,359	4.34%	17,382,352	7,930
2007	2,190	17,056,907	7,789	5.83%	18,502,699	8,449
2008	2,161	18,674,092	8,641	10.95%	19,736,938	9,133
2009	2,147	19,742,373	9,195	6.41%	20,982,398	9,773
2010	2,133	19,464,634	9,125	(0.76)%	20,967,955	9,830
2011	2,092	20,675,402	9,883	8.30%	21,418,994	10,239
2012	2,006	20,452,162	10,195	3.16%	21,506,602	10,721
2013	2,081	21,316,792	10,244	0.47%	22,347,896	10,739
2014	2,069	21,621,506	10,450	2.02%	22,692,507	10,968

**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.

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Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Open Enrolled Students In	Open Enrolled Students Out	Percentage of Students Receiving Free or Reduced-Priced Meals
-	153.2	14.05	150.90	62.70	25.90%
4.71%	157.1	13.95	138.60	60.80	28.60%
6.54%	158.3	13.83	163.10	59.30	32.20%
8.10%	158.9	13.60	153.20	55.50	36.00%
7.00%	159.2	13.49	132.50	63.90	41.55%
0.59%	164.6	12.96	141.30	53.80	42.48%
4.15%	159.6	13.11	143.20	48.40	44.28%
4.71%	153.8	13.04	142.90	61.50	45.07%
0.17%	154.8	13.44	148.40	77.10	45.40%
2.13%	156.3	13.24	150.90	65.10	43.73%

**Schedule 21**  
**Mt. Pleasant Community School District**

**School Building Information**  
**Last Ten Fiscal Years**  
**(Unaudited)**

School	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Elementary:</b>					
Harlan (1955)					
Square feet	37,410	37,410	37,410	37,410	37,410
Capacity	275	275	275	275	275
Enrollment	249	246	246	246	228
Lincoln (1950)					
Square feet	35,935	35,935	35,935	35,935	35,935
Capacity	275	275	275	275	275
Enrollment	260	256	256	256	249
Salem (1963)					
Square feet	13,617	13,617	13,617	13,617	13,617
Capacity	140	140	140	140	140
Enrollment	114	112	112	112	106
Van Allen (1963)					
Square feet	39,550	39,550	39,550	39,550	39,550
Capacity	440	440	440	440	440
Enrollment	415	391	391	391	376
<b>Middle:</b>					
Mt. Pleasant Middle School (1909)					
Square feet	67,370	67,370	67,370	67,370	73,087
Capacity	525	525	525	525	550
Enrollment	453	483	483	483	487
<b>High:</b>					
Mt. Pleasant High School (2000)					
Square feet	115,000	115,000	115,000	115,000	115,000
Capacity	750	750	750	750	750
Enrollment	641	676	676	676	659
<b>Other District Facilities:</b>					
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	3,200

Source: District records

Fiscal Year				
2010	2011	2012	2013	2014
37,410	37,410	37,410	37,410	37,410
275	275	275	275	275
240	253	252	246	246
35,935	35,935	35,935	35,935	35,935
275	275	275	275	275
234	254	247	265	265
13,617	13,617	13,617	13,617	13,617
140	140	140	140	140
103	127	123	117	117
39,550	39,550	39,550	39,550	39,550
440	440	440	440	440
365	319	279	244	244
73,087	73,087	73,087	73,087	73,087
550	550	550	550	550
483	523	497	485	485
115,000	115,000	115,000	115,000	115,000
750	750	750	750	750
650	676	657	659	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
2013-2014	\$31,515	\$67,127	\$50,653
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

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, 2014

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	10.170	FY 14	\$ <u>750</u>
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 14	66,377
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 14	546,915 *
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	FY 14	669
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 14	<u>2,580</u>
			<u>616,541</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 14	<u>15,429</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-G	331,208
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-GC	63,261
TITLE I - SCHOOLS IN NEED OF ASSISTANCE (SINA)	84.010	FY 14	<u>28,408</u>
			<u>422,877</u>
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.013	4536-D	<u>20,912</u>
ENGLISH LANGUAGE ACQUISITION STATE GRANTS (TITLE III)	84.365	FY 14	<u>563</u>
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 14	<u>67,065</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 14	<u>11,330</u>
GREAT RIVER AREA EDUCATION AGENCY:			
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 14	<u>23,827</u>
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 14	<u>98,557</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS AND TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS			
	93.938	FY 14	<u>170</u>
TOTAL			<u>\$ 1,278,021</u>

\* Includes \$97,974 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.

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**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, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2014.

**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.

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 did not identify any deficiencies in internal control 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 did not identify any deficiencies in internal control that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mount Pleasant Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However,

providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 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 19, 2014  
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 and on Internal Control Over Compliance**  
**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, 2014. 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 of the major federal programs. 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, 2014.

## Report on Internal Control Over Compliance

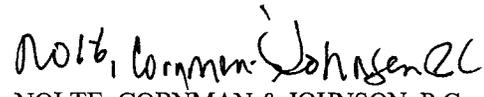
The management of Mount Pleasant Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mount Pleasant Community 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.

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.

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.

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 19, 2014  
Newton, Iowa

  
NOLTE, CORNMAN & JOHNSON, P.C.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) No significant deficiencies or material weaknesses in internal control over financial reporting were 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:
  - *Nutrition Cluster:*
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
    - CFDA Number 10.556 - Special Milk Program for Children
    - CFDA Number 10.559 - Summer Food Service Program for Children
- (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:**

No matters were noted.

**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-14 Certified Budget - District disbursements for the year ended June 30, 2014, did not exceed the amount budgeted.

IV-B-14 Questionable Disbursements - We noted no disbursement that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

However, we noted during our audit purchases on the District's Phillips 66 card were supported by an invoice only. According to Board Policy 205.2, "Employees and officers using a school district credit card must submit a credit card receipt indicating the date, purpose and nature of the expense for each claim item. Failure to provide a proper receipt shall make the expense a personal expense".

Recommendation - The District should review procedures in place with employees and make necessary adjustments to comply with Board Policy 205.2.

Response - A local gas station kept the receipts during the month and forwarded them on to our transportation director who did not send them to Central Office to match with the statement. The District is now picking receipts up at the local gas station at the end of the month to be compared and kept with the statement as supporting documentation.

Conclusion - Response accepted.

IV-C-14 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-14 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-14 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-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-14 Certified Enrollment - We noted variances in the basic enrollment data certified to the Department of Education. The variances noted caused the District's certified enrollment to be understated by one student.

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

Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter. The District has corrected its aid and levy to show the adjustment.

Conclusion - Response accepted.

IV-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-14 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-14 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-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

However, we noted during our audit that in fiscal year 2010 the District approved a 10% permanent carryover of \$86,393.32 for the teacher salary supplement program. We have also noted that over the last four years an additional carryover of \$28,756.59 has been added to the salary improvement program carryover.

Recommendation - According to Chapter 281-98.25(1) of the Iowa Administrative Code "Teacher salary supplement funding shall be fully expended in the fiscal year for which it is allocated; however, in the event that a small amount is remaining and it would not be cost effective to reallocate the remainder to teachers in the fiscal year, the school district...shall carry forward the remainder and add it to the amount to be allocated to teachers in the subsequent fiscal year." The carryover appears to be more than a de minimis amount and should be allocated in the next fiscal year.

Response - The carryover of teacher salary supplement funds is always carried over and included in the next year calculation. The calculation is made at the beginning of the school year based on an estimated FTE. In FY 2014, we had several long term substitutes that did not qualify for the funds and yet their FTE was included in the estimate. The District will work to bring the additional carryover amount down.

Conclusion - Response accepted.

- IV-L-14 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	878,755
Revenues:			
Sales tax revenues	\$	1,778,016	
Other local revenues		5,233	1,783,249
			<hr/>
Expenditures/transfer out:			
School infrastructure construction		62,177	
Equipment		194,361	
Other		161,028	
Transfer to other funds:			
Debt service fund		945,021	1,362,587
			<hr/>
Ending balance		\$	<u>1,299,417</u>

For the year ended June 30, 2014, 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-14 Student Activity Fund - In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students.

**Scholarship:** We noted during our audit that the District paid a scholarship from the Student Council account in the Student Activity Fund.

Recommendation - Excess funds in an individual activity fund account cannot be used to fund a scholarship award to a student. Monies specifically raised for the purpose of a scholarship award are the only amount that can be awarded to a student. Expenditures for scholarships are more appropriate from the Private Purpose Trust Fund.

Response - The District received funds from a blood drive that had to go for a college scholarship. The District will no longer run this through the Student Activity fund if these funds are received in the future.

Conclusion - Response accepted.