

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
OF THE
NEVADA COMMUNITY SCHOOL
DISTRICT
Nevada, Iowa

For the fiscal year ended
June 30, 2008

OFFICIAL ISSUING REPORT
Brian Schaeffer
District Secretary/Treasurer

OFFICE ISSUING REPORT
Business Office

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section



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December 11, 2008

Members of the Board of Education
School Patrons
Nevada Community School District
Nevada, Iowa

The comprehensive annual financial report (CAFR) of the Nevada Community School District (the "District") for the fiscal year ended June 30, 2008, is hereby submitted as mandated by Chapter 11 of the Iowa Code. This statute requires that the District issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

Management Responsibility

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the District. It includes the entire District. The District is not included in any other reporting entity, nor are any 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.

CAFR

The comprehensive annual financial report is presented in the following four sections:

- The **introductory section**, which is unaudited, includes this letter of transmittal, a list of the Board of Education, a list of principal District officials and an organizational chart.
- The **financial section** includes the District's financial statements and schedules, presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplementary information, and combining and individual fund statements and schedules.
- The **statistical section**, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.
- The **single audit section** included the schedules and various independent auditors' reports required by the Single Audit Amendment of 1996.

Reporting Entity

This report includes all funds and account groups of the Nevada Community School District. The District provides a full range of services including instructional, administrative, transportation, food service, maintenance of sites and facilities, clerical, and co-curricular.

The District is governed by a five-member elected Board of Education who serve three-year terms. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The enrollment of the District is approximately 1,520 students, the 65th largest school district in Iowa. The District operates a high school, a middle school, and an elementary school. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, special education for children with special needs, vocational education, and individualized programs such as specialized instruction for students at-risk.

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

Economic Condition and Outlook

The District is located in central Iowa and enjoys a favorable economic environment. Nevada is the county seat of Story County and is located close to the major Iowa cities of Ames and Des Moines, both sources of employment for citizens of the District. Nevada has an economic development council which employs a full-time director. This council has developed commercial and light industrial parks on the west and southeast sides of Nevada which has attracted many new businesses.

Story County's July 1, 2007 population was estimated at 84,752. This was an increase of 10,500 residents over the 1990 census figure. Story County's unemployment rate of 3.5% compares favorably to the state's average rate of 4%. There are no indications that overall employment in Nevada will experience any decline.

Major Initiatives

The Board of Education continued with expansion and improvement of school facilities. During the 2007-08 school year, the project to renovate Central Elementary complex was completed. This project renovated portions of the building constructed in 1966 and 1987, including the 1936 gymnasium. The entire Elementary facility was dedicated on Sunday, January 27, 2008.

Under direction of the Board, administration began discussions of a renovation of the High School facility. A community auditorium committee also met with the Board to report its progress on setting priorities for an auditorium that could be constructed near the High School. The Board set their priorities for renovation of the High School, including geothermal heating and cooling and emphasis on updating science curriculum areas. To this end, the Board interviewed three architectural firms in early December and selected DLR Group of Des Moines as architects for these future projects.

The District began using a hybrid school bus in December 2007. This bus, costing \$216,447 and one of two experimental busses in Iowa, was paid for using \$71,184 of District Physical Plant and Equipment Levy funds and grants from the Iowa Bus Emissions Education Project (\$39,584) and the State Technologies Advancement Collaborative project (\$105,679). This project came to fruition with two years of assistance from the Iowa State University's Center for Transportation Research and Education.

The Athletic Department pursued an initiative to move the District's conference activities from the Raccoon River Conference to the Heart of Iowa Conference in the 2009-10 school year. Reasons cited for this change including saving fuel costs, for both the District and parents, and getting students home

earlier after events on the weekdays, as members of the Heart of Iowa Conference are closer to Nevada. The Heart of Iowa Conference member schools accepted the District proposal in early April.

The Elementary School began a summer school program to help students with reading. Instructors had voiced a concern with some students which regressed in reading skills during the summer so this program was initiated to help alleviate this problem.

The High School pursued a project with instructors on how to connect better with students, knowing the three "R's" for schools are rigor, relevance, and relationships. Instructors have attended training at the Heartland Area Education Agency to learn about how other schools have connected with students.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that its assets 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 valuation of costs and benefits requires estimates and judgments by management. To monitor the adequacy of internal controls, independent auditors review internal control procedures as a part of their examination of financial records at year-end.

Budgetary Controls

The District also maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the general fund, special revenue funds, debt service fund, capital projects fund, enterprise fund and expendable trust funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by program level for all funds combined rather than at the individual fund level.

Annually, the District's Board of Education adopts a budget and approves the appropriations for the general fund, special revenue funds, capital projects fund, debt service fund, enterprise fund, and expendable trust funds in accordance with provisions outlined in the Statutes of the State of Iowa. The budgets prepared on a cash basis list estimates of receipts and disbursements.

Basis of Presentation

The charts and accounts used by the District have been prepared in conformity with generally accepted accounting principles 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 District is in full compliance with these requirements.

Financial Profile

As demonstrated by the statements and schedules included in the financial section of this report, the District is meeting its responsibility for sound financial management. One way this is accomplished is by adoption of a line-item budget by the Board of Education. This budget and the actual expenditures are then reviewed by the superintendent and business manager on a monthly basis and by the Board of Education on a quarterly basis.

Most District functions are financed through the governmental fund types, which include the general, special revenue, debt service and capital project funds. Please see the Management's Discussion and Analysis in the Financial Section of this report for detailed information.

Cash Management

Cash, while temporarily idle during the year, was invested in certificates of deposit or allowed to earn the competitive rate of interest by being held in interest-bearing checking accounts. The overall interest rates during the year were stable. Interest on investments resulted in earnings of \$141,913, excluding interest from Capital Project funds of \$69,573, as of June 30, 2008.

Risk Management

The District currently covers property, liability, and workers' compensation losses with traditional insurance coverage through the Iowa Association of School Boards' group plan carried by EMC Insurance Companies. Wellmark Blue Cross Blue Shield of Iowa carries the group health plan and Assurance Employee Benefits carries the long-term disability plan.

Independent Audit

The accounting firm of Nolte, Cornman & Johnson, P.C. of Newton, Iowa, was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. The auditor's report on the general purpose financial statements, combining and individual fund statements and other schedules is included in the financial section of this report.

Certificate of Excellence in Financial Reporting

The Association of School Business Officials (ASBO) awards the Certificate of Excellence in Financial Reporting. The Nevada Community School District received this certificate for the seventh time in seven years for its comprehensive annual financial report for the fiscal year ending June 30, 2007. The certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

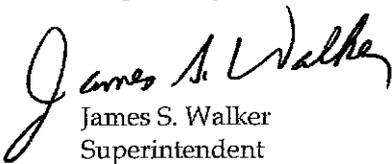
In order to be eligible to receive the certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable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

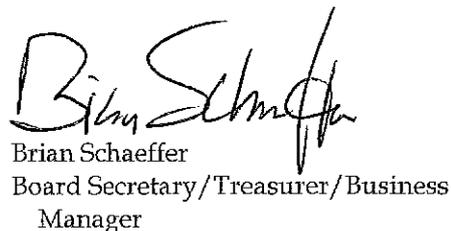
The certificate is valid for a period of one year only. We believe that our current CAFR conforms to the requirements for this award and therefore, we are submitting it to ASBO to determine its eligibility for this certificate.

Acknowledgement

The preparation of this report could not have been accomplished without the cooperation of all District departments. Thanks should also be given to the Board of Education for providing the resources necessary to complete this report.

Respectfully submitted,


James S. Walker
Superintendent


Brian Schaeffer
Board Secretary/Treasurer/Business
Manager

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

NEVADA COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2007

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

James E. Brendel

President

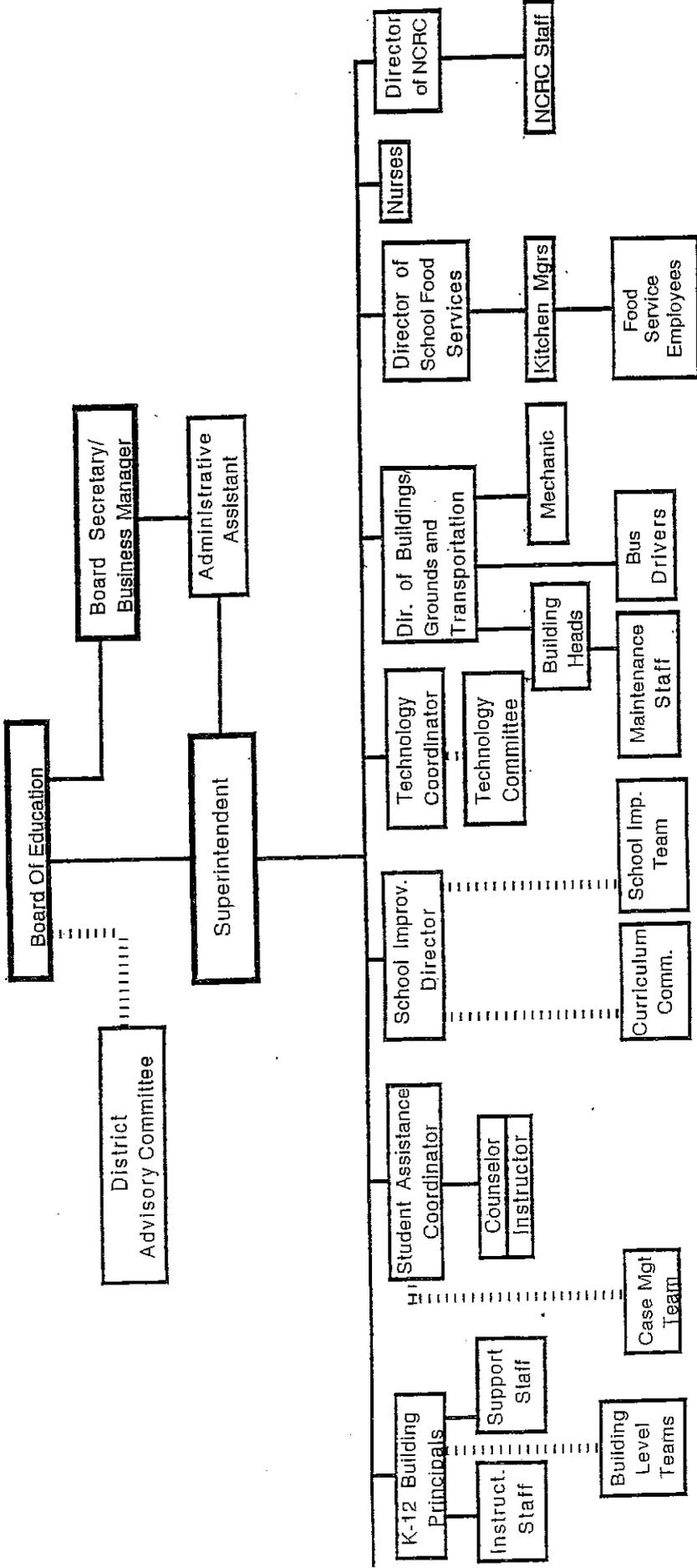
John D. Mueser

Executive Director

NEVADA COMMUNITY SCHOOL DISTRICT

Nevada, Iowa

ORGANIZATIONAL PLAN



——— Line of Authority
 - - - - - Line of Cooperation

Nevada Community School District
Board of Education and School District Administration

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2007 Election)		
Marty Mortvedt	President	2007
Jim Niblock	Vice President	2009
Curt Hoff	Board Member	2007
Marcia Engler	Board Member	2008
David Laird	Board Member	2009
<u>Board of Education</u>		
(After September 2007 Election)		
Jim Niblock	President	2009
Curt Hoff	Vice President	2011
Marcia Engler	Board Member	2008
David Laird	Board Member	2009
Marty Chitty	Board Member	2011
<u>School Officials</u>		
James Walker	Superintendent	2008
Raphael Murray	Principal, Nevada High School	2008
Christine Schmidt	Principal, Nevada Middle School	2008
Kathy Goecke	Principal, Central Elementary School	2008
David McCaulley	Assistant Principal and Activities Director, Nevada High School	2008
Nancy Port	School Improvement Director	2008
Brian Schaeffer	Board Secretary/Treasurer and Business Manager	2008
Margaret Ann Malvern	Director, Technology	2008
Richard Scott	Director, Maintenance & Transportation	2008
Diana Weber	Director, Food Service	2008
Ron Peeler	Attorney	Indefinite
Kathy Skinner	Attorney	Indefinite

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
Nevada Community School District:

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Nevada Community School District, Nevada, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Nevada Community School District at June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2008 on our consideration of the Nevada Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

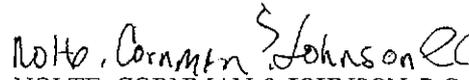
The Management's Discussion and Analysis and budgetary comparison information on pages 12 through 18 and 45 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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

Members American Institute & Iowa Society of Certified Public Accountants

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

December 23, 2008

NEVADA 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, 2008 in order to enhance the readers' understanding of the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net assets for governmental activities were \$11,151,879 at June 30, 2008 compared to \$9,737,578 at June 30, 2007, an increase of 14.52%.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$665,898 or 4.96% of total general fund revenues compared to prior years unreserved fund balance of \$752,162 or 5.97% of total general fund revenues.
- Work was completed on the Central Elementary School renovation during the school year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Nevada Community School District's basic financial statements.

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

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

Government-wide statements

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

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

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

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

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

Fund Financial Statements

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

The District has three 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 Nutrition Fund.

Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. The fiduciary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. These funds include Private-Purpose Trust and Agency funds.

Notes to the financial statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets are an indicator of the fiscal health of the District. The District's net assets were \$11,281,350 at June 30, 2008 compared to \$9,875,846 at June 30, 2007. (See Table 1).

Table 1
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 10,722,605	11,421,828	135,702	130,388	10,858,307	11,552,216	-6.01%
Capital assets	15,325,894	14,722,460	63,778	66,718	15,389,672	14,789,178	4.06%
Total assets	26,048,499	26,144,288	199,480	197,106	26,247,979	26,341,394	-0.35%
Long-term obligations	8,985,622	10,020,170	0	0	8,985,622	10,020,170	-10.32%
Other liabilities	5,910,998	6,386,540	70,009	58,838	5,981,007	6,445,378	-7.20%
Total liabilities	14,896,620	16,406,710	70,009	58,838	14,966,629	16,465,548	-9.10%
Net assets:							
Invested in capital assets, net of related debt	6,355,513	5,686,850	63,778	66,718	6,419,291	5,753,568	11.57%
Restricted	3,059,113	2,988,643	0	0	3,059,113	2,988,643	2.36%
Unrestricted	1,737,253	1,062,085	65,693	71,550	1,802,946	1,133,635	59.04%
Total net assets	\$ 11,151,879	9,737,578	129,471	138,268	11,281,350	9,875,846	14.23%

Invested in capital assets (e.g., land, buildings, machinery and equipment) plus unspent bond proceeds less any outstanding debt used to acquire those assets is \$6,419,291. These assets are not available for future spending since they represent capital assets used to provide services to students. The resources needed to pay the debt related to these capital assets must be provided from other resources. Approximately \$3,059,113 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$1,802,946 represents unrestricted net assets which may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The following table shows changes in net assets for the year ended June 30, 2008 compared to June 30, 2007.

Table 2
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues:							
Program revenues:							
Charges for services	\$ 1,136,365	1,080,324	370,583	361,080	1,506,948	1,441,404	4.55%
Operating grants and contributions and restricted interest	1,972,974	1,429,221	253,139	239,455	2,226,113	1,668,676	33.41%
Capital grants and contributions and restricted interest	62,196	19,940	0	0	62,196	19,940	211.92%
General revenues:							
Property tax	4,500,809	4,502,687	0	0	4,500,809	4,502,687	-0.04%
Income surtax	327,752	405,401	0	0	327,752	405,401	-19.15%
Local option sales and services tax	1,504,206	1,545,767	0	0	1,504,206	1,545,767	-2.69%
Unrestricted state grants	6,733,643	6,419,498	0	0	6,733,643	6,419,498	4.89%
Other	436,627	460,300	3,189	30,271	439,816	490,571	-10.35%
Total revenues	16,674,572	15,863,138	626,911	630,806	17,301,483	16,493,944	4.90%
Program expenses:							
Governmental activities:							
Instructional	9,465,919	8,819,553	0	0	9,465,919	8,819,553	7.33%
Support services	4,570,462	3,854,581	19,766	17,389	4,590,228	3,871,970	18.55%
Non-instructional programs	26,332	28,606	615,942	563,754	642,274	592,360	8.43%
Other expenses	1,197,558	1,102,163	0	0	1,197,558	1,102,163	8.66%
Total expenses	15,260,271	13,804,903	635,708	581,143	15,895,979	14,386,046	10.50%
Changes in net assets	1,414,301	2,058,235	(8,797)	49,663	1,405,504	2,107,898	-33.32%
Beginning net assets	9,737,578	7,679,343	138,268	88,605	9,875,846	7,767,948	27.14%
Ending net assets	\$ 11,151,879	9,737,578	129,471	138,268	11,281,350	9,875,846	14.23%

Property tax, income surtax, local option sales and services tax and unrestricted state grants account for 75.52% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 88.43% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$16,674,572 and expenses were \$15,260,271.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 9,465,919	8,819,553	7.33%	\$ 6,855,196	6,778,364	1.13%
Support services	4,570,462	3,854,581	18.57%	4,503,068	3,828,749	17.61%
Non-instructional programs	26,332	28,606	-7.95%	26,332	28,606	-7.95%
Other expenses	1,197,558	1,102,163	8.66%	704,140	639,699	10.07%
Totals	\$ 15,260,271	13,804,903	10.54%	\$ 12,088,736	11,275,418	7.21%

- The cost financed by users of the District's programs was \$1,136,365.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,972,974.
- The net cost of governmental activities was financed with \$4,500,809 in property tax, \$327,752 in income surtax, \$1,504,206 in local option sales and services tax, \$6,733,643 in unrestricted state grants and \$436,627 in other income.

Business-Type Activities

Revenues and capital contributions of the District's business-type activities were \$626,911 and expenses were \$635,708. 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, 2008, the District's net assets decreased in the business-type activities by \$8,797.

Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2008, the District's governmental funds reported combined ending fund balances of \$4,581,641, a decrease of \$196,183 in comparison with the prior year. Of this amount, \$2,480,826 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

Governmental Fund Highlights

The District's General Fund financial position decreased to \$790,425 at June 30, 2008 from \$869,556 at June 30, 2007, representing a 9.10% decrease. Both the revenues and expenditures increased during the year, however, total expenditures exceeded total revenues resulting in a decrease in fund balance.

The Capital Projects fund balance decreased \$49,587 during the year. Compared to prior year, the total expenditures decreased, with the majority of the construction costs associated with the Central Elementary remodeling project coming to an end. The revenues also decreased during the year, which was due to the decrease in the amount received from local option sales and service taxes.

The Debt Service fund balance decreased \$131,675 to an ending balance of \$1,430,288 at June 30, 2008. The primary reason for the decrease is due to the District paying more in principal and interest for the general obligation bonds than they are receiving in revenues for the year.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue and expenditures associated with the elementary building capital project activity. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 45.

The District's total actual receipts were \$1,248,112 more than the total budgeted receipts, a variance of 7.76%. The most significant change resulted in the District receiving more in local sources than originally anticipated.

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

In spite of the District's practice, expenditures in the instructional and other expenditures functional areas exceeded the certified budget.

Capital Asset and Debt Administration

Capital Assets

The District's invested in capital assets for its governmental and business type activities as of June 30, 2008, amounts to \$15,389,672 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles and equipment. Detailed information regarding the District's capital assets can be found in Note 5 of the notes to the basic financial statements.

During the year ended June 30, 2008, the District sold a parcel of land which resulted in a \$51,000 decrease in land. The increase in buildings was due to the completion of the Central Elementary remodel project, which also decreased the construction in progress. The increase in land improvements was due to the District purchasing new playground equipment for the elementary and new lights for the softball field. The increase in machinery and equipment was primarily due to the purchase of three new buses, one of which was a hybrid bus.

Table 4
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 231,244	282,244	0	0	231,244	282,244	-18.07%
Construction in progress	0	3,217,508	0	0	0	3,217,508	-100.00%
Buildings	14,212,200	10,737,774	0	0	14,212,200	10,737,774	32.36%
Land improvements	338,353	258,887	0	0	338,353	258,887	30.70%
Machinery and equipment	544,097	226,047	63,778	66,718	607,875	292,765	107.63%
Total	\$ 15,325,894	14,722,460	63,778	66,718	15,389,672	14,789,178	4.06%

Long-Term Debt

At the end of June 30, 2008, the District had total long-term debt of \$8,985,622, a decrease of \$1,034,548 from the prior fiscal year. Of this amount, \$1,018,201 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 6 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
General obligation bonds	\$ 4,100,000	4,450,000	-7.87%
Revenue bonds	4,650,000	5,335,000	-12.84%
Capital lease obligations	220,381	218,989	0.64%
Early retirement	15,241	16,181	-5.81%
Totals	\$ 8,985,622	10,020,170	-10.32%

Economic Factors and Next Year's Budgets and Rates

- District enrollment decreased in fiscal year 2008 by 39 students, or 2.5% of the enrollment of 1,559 in fiscal year 2007. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- The District continues to see increases in the cost of special education programs both in the District and outside of the District. Many students are tuitioned out of the District for special education programs. The current state funding mechanism in place for special education programs recovers a program deficit by placing the burden on local property taxes. The District had the third highest tax levy in Story County during Fiscal Year 2008. Whether the District can continue to raise the local tax levy for any education program will be a future concern.
- The cost of fuel for transportation continues to rise. This affects both the cost of transporting students on a daily basis and the cost of goods delivered to the District. The future cost of fuel may negatively impact the District's finances.

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

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 4,131,425	94,139	4,225,564
U.S. Treasury Securities on deposit with escrow agent	1,410,776	0	1,410,776
Receivables:			
Property tax:			
Delinquent	49,258	0	49,258
Succeeding year	4,338,253	0	4,338,253
Income surtax	331,476	0	331,476
Accounts	19,506	1,341	20,847
Accrued interest	35,657	0	35,657
Due from other governments	406,254	0	406,254
Inventories	0	40,222	40,222
Capital assets, net of accumulated depreciation(Note 5)	15,325,894	63,778	15,389,672
TOTAL ASSETS	26,048,499	199,480	26,247,979
LIABILITIES			
Accounts payable	270,197	20,422	290,619
Salaries and benefits payable	1,199,590	36,568	1,236,158
Interest payable	101,510	0	101,510
Deferred revenue:			
Succeeding year property tax	4,338,253	0	4,338,253
Other	1,448	0	1,448
Unearned revenue	0	13,019	13,019
Long-term liabilities(Note 6):			
Portion due within one year:			
Bonds payable	235,000	0	235,000
Revenue bonds payable	710,000	0	710,000
Capital lease payable	65,280	0	65,280
Early retirement payable	7,921	0	7,921
Portion due after one year:			
Bonds payable	3,865,000	0	3,865,000
Revenue bonds payable	3,940,000	0	3,940,000
Capital lease payable	155,101	0	155,101
Early retirement payable	7,320	0	7,320
TOTAL LIABILITIES	14,896,620	70,009	14,966,629
NET ASSETS			
Invested in capital assets, net of related debt	6,355,513	63,778	6,419,291
Restricted for:			
Talented and gifted	9,416	0	9,416
Teacher mentoring	547	0	547
Salary improvement program	2,633	0	2,633
Additional teacher contract day	4,782	0	4,782
Professional development	23,730	0	23,730
Market factor	39	0	39
Early intervention	16,992	0	16,992
Qualified preschool	2,051	0	2,051
Market factor incentives	10,337	0	10,337
Debt service	2,030,288	0	2,030,288
Capital projects	665,898	0	665,898
Physical plant and equipment levy	58,710	0	58,710
Management levy	84,043	0	84,043
Other special revenue purposes	149,647	0	149,647
Unrestricted	1,737,253	65,693	1,802,946
TOTAL NET ASSETS	\$ 11,151,879	129,471	11,281,350

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 6,283,565	559,735	1,393,538	0	(4,330,272)	0	(4,330,272)
Special instruction	1,699,306	126,247	79,263	0	(1,493,796)	0	(1,493,796)
Other instruction	1,483,048	448,399	3,521	0	(1,031,128)	0	(1,031,128)
	<u>9,465,919</u>	<u>1,134,381</u>	<u>1,476,342</u>	<u>0</u>	<u>(6,855,196)</u>	<u>0</u>	<u>(6,855,196)</u>
Support services:							
Student services	704,624	0	0	0	(704,624)	0	(704,624)
Instructional staff services	608,542	0	0	0	(608,542)	0	(608,542)
Administration services	1,073,190	0	0	62,196	(1,010,994)	0	(1,010,994)
Operation and maintenance of plant services	1,757,438	0	0	0	(1,757,438)	0	(1,757,438)
Transportation services	426,668	1,984	3,214	0	(421,470)	0	(421,470)
	<u>4,570,462</u>	<u>1,984</u>	<u>3,214</u>	<u>62,196</u>	<u>(4,503,068)</u>	<u>0</u>	<u>(4,503,068)</u>
Non-instructional programs	26,332	0	0	0	(26,332)	0	(26,332)
Other expenditures:							
Long-term debt interest	307,300	0	0	0	(307,300)	0	(307,300)
AEA flowthrough	493,418	0	493,418	0	0	0	0
Depreciation(unallocated)*	396,840	0	0	0	(396,840)	0	(396,840)
	<u>1,197,558</u>	<u>0</u>	<u>493,418</u>	<u>0</u>	<u>(704,140)</u>	<u>0</u>	<u>(704,140)</u>
Total governmental activities	15,260,271	1,136,365	1,972,974	62,196	(12,088,736)	0	(12,088,736)
Business-Type activities:							
Support services:							
Administration services	349	0	0	0	0	(349)	(349)
Operation and maintenance of plant services	19,417	0	0	0	0	(19,417)	(19,417)
Non-instructional programs:							
Nutrition services	615,942	370,583	253,139	0	0	7,780	2,780
	<u>635,708</u>	<u>370,583</u>	<u>253,139</u>	<u>0</u>	<u>0</u>	<u>(11,986)</u>	<u>(11,986)</u>
Total	\$ 15,895,979	1,506,948	2,226,113	62,196	(12,088,736)	(11,986)	(12,100,722)
General Revenues and Transfers:							
Property tax levied for:							
General purposes				\$ 3,756,206	0		3,756,206
Debt service				447,359	0		447,359
Capital outlay				297,244	0		297,244
Income surtax				327,752	0		327,752
Local option sales and services tax				1,504,206	0		1,504,206
Unrestricted state grants				6,733,643	0		6,733,643
Unrestricted investment earnings				207,223	3,039		210,262
Gain on sale of capital assets				15,722	0		15,722
Refund of prior year's expenditures				15,999	0		15,999
Miscellaneous				197,833	0		197,833
Transfers				(150)	150		0
Total general revenues and transfers				13,503,037	3,189		13,506,226
Changes in net assets				1,414,301	(8,797)		1,405,504
Net assets beginning of year				9,737,578	138,268		9,875,846
Net assets end of year				<u>\$ 11,151,879</u>	<u>129,471</u>		<u>11,281,350</u>

* This amount excludes the depreciation that is included in the direct expense of various programs.
SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2008

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
ASSETS					
Cash and pooled investments	\$ 1,963,730	\$ 1,805,155	\$ 14,853	\$ 347,687	\$ 4,131,425
U.S. Treasury Securities on deposit with escrow agent	0	0	1,410,776	0	1,410,776
Receivables:					
Property tax					
Delinquent	38,404	0	4,859	5,995	49,258
Succeeding year	3,559,125	0	406,010	373,118	4,338,253
Income surtax	331,476	0	0	0	331,476
Accounts	6,345	11,849	0	1,312	19,506
Accrued interest	35,657	0	0	0	35,657
Due from other governments	161,284	244,970	0	0	406,254
TOTAL ASSETS	<u>\$ 6,096,021</u>	<u>\$ 2,061,974</u>	<u>\$ 1,836,498</u>	<u>\$ 728,112</u>	<u>\$ 10,722,605</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 213,957	\$ 8,687	\$ 200	\$ 47,353	\$ 270,197
Salaries and benefits payable	1,199,590	0	0	0	1,199,590
Deferred revenue:					
Succeeding year property tax	3,559,125	0	406,010	373,118	4,338,253
Income surtax	331,476	0	0	0	331,476
Other	1,448	0	0	0	1,448
Total liabilities	<u>5,305,596</u>	<u>8,687</u>	<u>406,210</u>	<u>420,471</u>	<u>6,140,964</u>
Fund balances:					
Reserved for:					
Debt service	0	600,000	1,430,288	0	2,030,288
Talented and gifted	9,416	0	0	0	9,416
Teacher mentoring	547	0	0	0	547
Salary improvement program	2,633	0	0	0	2,633
Additional teacher contract day	4,782	0	0	0	4,782
Professional development	23,730	0	0	0	23,730
Market factor	39	0	0	0	39
Early intervention	16,992	0	0	0	16,992
Qualified preschool	2,051	0	0	0	2,051
Market factor incentives	10,337	0	0	0	10,337
Unreserved:					
Designated for special purpose	54,000	0	0	0	54,000
Undesignated:					
General	665,898	0	0	0	665,898
Capital Projects Fund	0	1,453,287	0	0	1,453,287
Nonmajor Special Revenue Funds	0	0	0	307,641	307,641
Total fund balances	<u>790,425</u>	<u>2,053,287</u>	<u>1,430,288</u>	<u>307,641</u>	<u>4,581,641</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,096,021</u>	<u>\$ 2,061,974</u>	<u>\$ 1,836,498</u>	<u>\$ 728,112</u>	<u>\$ 10,722,605</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2008

Total fund balances of governmental funds(page 22)	\$ 4,581,641
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	15,325,894
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.	(101,510)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	331,476
Long-term liabilities, including bonds payable, capital leases payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(8,985,622)</u>
Net assets of governmental activites(page 20)	<u><u>\$ 11,151,879</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,872,668	\$ 1,504,206	\$ 447,359	\$ 546,978	\$ 6,371,211
Tuition	612,406	0	0	0	612,406
Other	401,523	268,268	30,165	469,656	1,169,612
Intermediate sources	10,378	0	0	0	10,378
State sources	8,230,385	0	249	317	8,230,951
Federal sources	302,886	0	0	0	302,886
Total revenues	<u>13,430,246</u>	<u>1,772,474</u>	<u>477,773</u>	<u>1,016,951</u>	<u>16,697,444</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	6,249,642	0	0	41,920	6,291,562
Special instruction	1,699,306	0	0	0	1,699,306
Other instruction	1,031,002	0	0	452,046	1,483,048
	<u>8,979,950</u>	<u>0</u>	<u>0</u>	<u>493,966</u>	<u>9,473,916</u>
Support services:					
Student services	703,368	0	0	1,256	704,624
Instructional staff services	558,542	0	0	50,000	608,542
Administration services	1,044,780	0	0	23,701	1,068,481
Operation and maintenance of plant services	1,081,868	0	0	131,590	1,213,458
Transportation services	625,914	0	0	116,456	742,370
	<u>4,014,472</u>	<u>0</u>	<u>0</u>	<u>323,003</u>	<u>4,337,475</u>
Non-instructional programs	<u>26,197</u>	<u>0</u>	<u>0</u>	<u>135</u>	<u>26,332</u>
Other expenditures:					
Facilities acquisitions	0	1,104,457	0	172,747	1,277,204
Long-term debt:					
Principal	0	0	1,121,526	0	1,121,526
Interest and fiscal charges	0	0	318,246	0	318,246
AEA flowthrough	493,418	0	0	0	493,418
	<u>493,418</u>	<u>1,104,457</u>	<u>1,439,772</u>	<u>172,747</u>	<u>3,210,394</u>
Total expenditures	<u>13,514,037</u>	<u>1,104,457</u>	<u>1,439,772</u>	<u>989,851</u>	<u>17,048,117</u>
Excess(deficiency) of revenues over(under) expenditures	(83,791)	668,017	(961,999)	27,100	(350,673)
Other financing sources(uses):					
Sale of equipment	14,172	0	0	0	14,172
Sale of real property	0	0	0	52,550	52,550
Proceeds from lease purchases	62,419	0	0	25,499	87,918
Transfers in	2,000	64,893	830,324	49,989	947,206
Transfers out	(73,931)	(782,497)	0	(90,928)	(947,356)
Total other financing sources(uses)	<u>4,660</u>	<u>(717,604)</u>	<u>830,324</u>	<u>37,110</u>	<u>154,490</u>
Net change in fund balances	(79,131)	(49,587)	(131,675)	64,210	(196,183)
Fund balances beginning of year	<u>869,556</u>	<u>2,102,874</u>	<u>1,561,963</u>	<u>243,431</u>	<u>4,777,824</u>
Fund balances end of year	<u>\$ 790,425</u>	<u>\$ 2,053,287</u>	<u>\$ 1,430,288</u>	<u>\$ 307,641</u>	<u>\$ 4,581,641</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA 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, 2008

Net change in fund balances - total governmental funds(page 24) \$ (196,183)

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

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

Capital outlays	\$ 1,110,874	
Depreciation expense	(413,757)	
Loss on disposal of assets	<u>(93,683)</u>	603,434

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

Issued	(87,918)	
Repaid	<u>1,121,526</u>	1,033,608

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. 10,946

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (38,444)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement		<u>940</u>
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Changes in net assets of governmental activities(page 21) \$ 1,414,301

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
 PROPRIETARY FUND

JUNE 30, 2008

	<u>School Nutrition</u>
<u>ASSETS</u>	
Current assets:	
Cash and pooled investments	\$ 94,139
Accounts receivable	1,341
Inventories	40,222
Total current assets	<u>135,702</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation(Note 5)	<u>63,778</u>
Total non-current assets	<u>63,778</u>
TOTAL ASSETS	<u>199,480</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	20,422
Salaries and benefits payable	36,568
Unearned revenue	13,019
Total current liabilities	<u>70,009</u>
TOTAL LIABILITIES	<u>70,009</u>
<u>NET ASSETS</u>	
Invested in capital assets	63,778
Unrestricted	65,693
Total net assets	<u>\$ 129,471</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2008

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 370,583
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	349
Operation and maintenance of plant services:	
Services	6,084
Supplies	13,333
	<u>19,417</u>
Total support services	<u>19,766</u>
Non-instructional programs:	
Food service operations:	
Salaries	265,519
Benefits	41,245
Services	10,566
Supplies	283,296
Depreciation	8,022
Other	6,777
Total non-instructional programs	<u>615,425</u>
TOTAL OPERATING EXPENSES	<u>635,191</u>
OPERATING LOSS	<u>(264,608)</u>
NON-OPERATING REVENUES(EXPENSES):	
State sources	6,827
Federal sources	246,312
Interest on investments	3,039
Transfer in	150
Loss on disposal of capital assets	(517)
TOTAL NON-OPERATING REVENUES(EXPENSES)	<u>255,811</u>
Change in net assets	(8,797)
Net assets beginning of year	<u>138,268</u>
Net assets end of year	<u>\$ 129,471</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2008

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 353,009
Cash received from miscellaneous sources	17,686
Cash payments to employees for services	(306,025)
Cash payments to suppliers for goods or services	(269,230)
Net cash used in operating activities	<u>(204,560)</u>
Cash flows from non-capital financing activities:	
State grants received	6,827
Federal grants received	203,276
Transfer from general fund	150
Net cash provided by non-capital financing activities	<u>210,253</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(5,599)
Net cash used in capital and related financing activities	<u>(5,599)</u>
Cash flows from investing activities:	
Interest on investments	3,039
Net cash provided by investing activities	<u>3,039</u>
Net increase in cash and cash equivalents	3,133
Cash and cash equivalents at beginning of year	<u>91,006</u>
Cash and cash equivalents at end of year	<u>\$ 94,139</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (264,608)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	43,036
Depreciation	8,022
Increase in inventories	(1,971)
Increase in accounts receivable	(210)
Increase in accounts payable	10,110
Increase in salaries and benefits payable	739
Increase in unearned revenue	322
Net cash used in operating activities	<u>\$ (204,560)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and investments	<u>\$ 94,139</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
During the year ended June 30, 2008, the District received Federal commodities valued at \$43,036.	

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2008

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	\$ 35,399	\$ 11,220
Accrued interest	505	0
TOTAL ASSETS	<u>35,904</u>	<u>11,220</u>
LIABILITIES		
Accounts payable	0	119
Due to other groups	0	11,101
TOTAL LIABILITIES	<u>0</u>	<u>11,220</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 35,904</u>	<u>\$ 0</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS

NEVADA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2008

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 17,496
Interest	1,224
Total additions	18,720
Deductions:	
Instructional:	
Supplies	14,534
Student services:	
Supplies	2,148
	16,682
Change in net assets	2,038
Net assets beginning of year	33,866
Net assets end of year	\$ 35,904

SEE NOTES TO BASIC FINANCIAL STATEMENTS

NEVADA COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

Note 1. Summary of Significant Accounting Policies

The Nevada 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 Nevada, Iowa, and the predominate agricultural territory in Story County. 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, Nevada 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 Nevada 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 Story County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all of the activities of the District, with omission of the fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation plus the unspent bond proceeds and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

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

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.

The District also reports the following proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports the following fiduciary funds:

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible

within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

The District maintains its financial records on the accrual basis.

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 taxes in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its

budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

F. Inventories

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

G. Capital Assets

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

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-50 years
Land improvements	20 years
Machinery and equipment	5-20 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 2008, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2008.

I. Deferred Revenue

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

J. Unearned Revenues

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

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

L. Fund Balances

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

M. Designated Fund Balances

In the governmental fund financial statements, designated funds are not available for appropriation but are set aside for a specific purpose. The designated fund balance is a reserve for wind turbine maintenance.

N. Restricted Net Assets

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

Note 2. Budgets and Budgetary Accounting

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

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

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

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor. During the year ended June 30, 2008, the support services and non-instructional programs areas were amended for an increase of 3.31% and 37.04%, to the final approved budgets.
6. Encumbrances are not recognized in the budgetary process and appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balance lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

As of June 30, 2008, the carrying amount of the District's bank deposits and pooled investments totaled \$5,671,739 with bank balances of \$2,109,236. These amounts are included in the cash and pooled investments on the combined balance sheet. Of the bank balance, \$100,000 was covered by federal depository insurance and \$2,009,236 was collateralized by securities held by the pledging financial institution or its agent but not in the District's name.

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

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust and U.S. Treasury Securities as follows:

Type	Amortized Cost
U.S. Treasury Securities	\$ 1,410,776
Diversified Portfolio	2,151,727
Total	<u>\$ 3,562,503</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material difference from fair value.

Credit risk. The investments in the Iowa Schools Joint Investment Trust (ISJIT) were rated Aaa by Moody's Investors Service. ISJIT 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.

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.

Note 4. Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Nonmajor Special Revenue: Physical Plant and Equipment Levy	\$ 24,035
Capital Projects	Nonmajor Special Revenue: Physical Plant and Equipment Levy	64,893
Nonmajor Special Revenue: Physical Plant and Equipment Levy	General	49,989
School Nutrition	General	150
Debt Service	General	23,792
Debt Service	Capital Projects	782,497
General	Nonmajor Special Revenue: Student Activity	<u>2,000</u>
Total		<u>\$ 947,356</u>

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

Note 5. Capital Assets

A summary of changes in property and equipment comprising capital assets is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 282,244	0	51,000	231,244
Construction in progress	3,217,508	633,611	3,851,119	0
Total capital assets not being depreciated	<u>3,499,752</u>	<u>633,611</u>	<u>3,902,119</u>	<u>231,244</u>
Capital assets being depreciated:				
Buildings	15,257,921	3,851,119	0	19,109,040
Land improvements	627,878	99,613	0	727,491
Machinery and equipment	1,609,113	377,650	183,138	1,803,625
Total capital assets being depreciated	<u>17,494,912</u>	<u>4,328,382</u>	<u>183,138</u>	<u>21,640,156</u>
Less accumulated depreciation for:				
Buildings	4,520,147	376,693	0	4,896,840
Land improvements	368,991	20,147	0	389,138
Machinery and equipment	1,383,066	16,917	140,455	1,259,528
Total accumulated depreciation	<u>6,272,204</u>	<u>413,757</u>	<u>140,455</u>	<u>6,545,506</u>
Total capital assets being depreciated, net	<u>11,222,708</u>	<u>3,914,625</u>	<u>42,683</u>	<u>15,094,650</u>
Governmental activities capital assets, net	<u>\$ 14,722,460</u>	<u>4,548,236</u>	<u>3,944,802</u>	<u>15,325,894</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 254,674	5,599	32,885	227,388
Less accumulated depreciation	187,956	8,022	32,368	163,610
Business-type activities capital assets, net	<u>\$ 66,718</u>	<u>(2,423)</u>	<u>517</u>	<u>63,778</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Support services:	
Administration	\$ 4,709
Transportation	12,208
	<u>16,917</u>
Unallocated depreciation	396,840
Total governmental activities depreciation expense	<u>\$ 413,757</u>
Business-type activities:	
Food services	<u>\$ 8,022</u>

Note 6. Long-Term Debt

All Long-Term Debt listed is related to governmental activities. A summary of changes in long-term debt for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 4,450,000	\$ 0	\$ 350,000	\$ 4,100,000	\$ 235,000
Revenue Bonds	5,335,000	0	685,000	4,650,000	710,000
Capital Lease Obligations	218,989	87,918	86,526	220,381	65,280
Early Retirement	16,181	28,282	29,222	15,241	7,921
Total	<u>\$ 10,020,170</u>	<u>\$ 116,200</u>	<u>\$ 1,150,748</u>	<u>\$ 8,985,622</u>	<u>\$ 1,018,201</u>

Bonded debt

On June 27, 2006 the District issued general obligation bonds of \$4,100,000 for capital facility construction. The General Obligation Bonds will be paid with property taxes collected in the Debt Service Fund. Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Rate	Bond Issue of June 27, 2006		
		Principal	Interest	Total
2009	4.50 %	\$ 235,000	\$ 171,010	\$ 406,010
2010	4.50	245,000	160,436	405,436
2011	4.50	260,000	149,410	409,410
2012	4.25	270,000	137,710	407,710
2013	4.25	285,000	126,236	411,236
2014-2018	4.00-4.25	1,630,000	441,337	2,071,337
2019-2021	4.00-4.10	1,175,000	96,629	1,271,629
Total		<u>\$ 4,100,000</u>	<u>\$ 1,282,768</u>	<u>\$ 5,382,768</u>

On May 1, 2005, the District issued local option sales and service tax revenue bonds of \$6,000,000 for school infrastructure. The Revenue Bonds will be paid with local option sales and services taxes collected in the Capital Projects Fund. Details of the District's June 30, 2008 local option sales and service tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Rate	Bond Issue of May 1, 2005		
		Principal	Interest	Total
2009	3.60 %	\$ 710,000	\$ 155,045	\$ 865,045
2010	3.60	730,000	129,125	859,125
2011	3.60	760,000	102,305	862,305
2012	3.60	785,000	74,495	859,495
2013	3.60	815,000	45,695	860,695
2014	3.65	850,000	15,512	865,512
Total		<u>\$ 4,650,000</u>	<u>\$ 522,177</u>	<u>\$ 5,172,177</u>

The District has pledged future local option sales and services tax revenues to repay the \$6,000,000. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District in accordance with Chapter 423B of the Code of Iowa and are payable through 2014. 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 on the bonds are expected to require nearly 60 percent of the local option sales and services tax revenues. The total principal

and interest paid remaining to be paid is \$5,172,177. For the current year \$685,000 in principal and \$178,784 in interest was paid on the bonds and total local option sales and services tax revenues were \$1,504,206.

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

- a) The bonds will only be redeemed from the future earnings of the local option sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made to the Local Option Sales and Service Tax Sinking Fund for the purpose of making the bond principal and interest payments when due.
- c) A separate bond reserve fund will be maintained in the amount of \$600,000 to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose. This fund is called the Local Option Sales and Services Tax Reserve Fund.

Capital Lease Obligations

During the years ended June 30, 2007 and June 30, 2008, the District entered into capital lease purchase agreements of \$67,116 and \$62,419, respectively for the lease purchase of computers, servers and networking equipment. The apple leases are payable from the General Fund. During the year ended June 30, 2007 and June 30, 2008, the District entered into capital lease purchase agreements of \$77,706 and \$70,840, respectively for the lease purchase of two school buses. The school bus leases are payable from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the District's indebtedness under the agreements in effect at June 30, 2008 are as follows:

Year Ending June 30,	Rate	2007 Apple Lease		
		Principal	Interest	Total
2009	6.49 %	\$ 22,342	\$ 1,450	\$ 23,792
<hr/>				
Year Ending June 30,	Rate	2008 Apple Lease		
		Principal	Interest	Total
2009	2.75 %	\$ 21,966	\$ 0	\$ 21,966
2010	2.75	19,668	2,299	21,967
2011	2.75	20,785	1,181	21,966
		<u>\$ 62,419</u>	<u>\$ 3,480</u>	<u>\$ 65,899</u>
<hr/>				
Year Ending June 30,	Rate	2007 Bus Lease		
		Principal	Interest	Total
2009	4.73 %	\$ 9,862	\$ 3,064	\$ 12,926
2010	4.73	10,328	2,598	12,926
2011	4.73	44,590	2,109	46,699
		<u>\$ 64,780</u>	<u>\$ 7,771</u>	<u>\$ 72,551</u>

Year Ending June 30,	Rate	2008 Bus Lease		
		Principal	Interest	Total
2009	4.23 %	\$ 11,110	\$ 0	\$ 11,110
2010	4.23	8,583	2,527	11,110
2011	4.23	8,946	2,163	11,109
2012	4.23	42,201	1,785	43,986
		<u>\$ 70,840</u>	<u>\$ 6,475</u>	<u>\$ 77,315</u>
Total		<u>\$ 220,381</u>	<u>\$ 19,176</u>	<u>\$ 239,557</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified and support staff employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 45% of the employee's base salary. The employee's base salary is calculated by using the current year regular salary schedule, less any other additional pay. Early retirement benefits paid during the year ended June 30, 2008, totaled \$29,222. The cost of early retirement payments expected to be liquidated currently is recorded as a liability in the Special Revenue, Management Levy Fund in the fund financial statements and as a liability of the Governmental Activities in the Government-wide financial statements. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the Government-wide financial statements.

Note 7. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$518,056, \$450,822 and \$430,376 respectively, equal to the required contributions for each year.

Note 8. Risk Management

Nevada Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Note 9. 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 \$493,418 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2008, expenditures in the instructional and other expenditures functional area exceeded the certified budget.

Required Supplementary Information

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NEVADA COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 8,153,229	\$ 373,622	\$ 8,526,851	\$ 7,759,762	\$ 7,759,762	\$ 767,089
Intermediate sources	10,378	0	10,378	0	0	10,378
State appropriations	8,230,951	6,827	8,237,778	7,891,126	7,891,126	346,652
Federal appropriations	302,886	246,312	549,198	425,205	425,205	123,993
Total revenues	16,697,444	626,761	17,324,205	16,076,093	16,076,093	1,248,112
Expenditures:						
Instruction	9,473,916	0	9,473,916	9,355,624	9,355,624	(118,292)
Support services	4,337,475	19,766	4,357,241	4,392,835	4,538,100	180,859
Non-instructional programs	26,332	615,425	641,757	474,312	650,000	8,243
Other expenditures	3,210,394	0	3,210,394	3,014,244	3,014,244	(196,150)
Total expenditures	17,048,117	635,191	17,683,308	17,237,015	17,557,968	(125,340)
Excess(deficiency) of revenues over(under) expenditures	(350,673)	(8,430)	(359,103)	(1,160,922)	(1,481,875)	1,122,772
Other financing sources, net	154,490	(367)	154,123	(6,000)	(6,000)	160,123
Excess(deficiency) of revenues and other financing sources over(under) expenditures	(196,183)	(8,797)	(204,980)	(1,166,922)	(1,487,875)	1,282,895
Balance beginning of year	4,777,824	138,268	4,916,092	4,128,365	4,128,365	787,727
Balance end of year	\$ 4,581,641	\$ 129,471	\$ 4,711,112	\$ 2,961,443	\$ 2,640,490	\$ 2,070,622

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

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 \$320,953

During the year ended June 30, 2008, the expenditures in the instructional and other expenditures functional areas exceeded the certified budget.

Other Supplementary Information

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Nevada Community School District

Nonmajor Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Management Fund

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

Student Activity Fund

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

Physical Plant and Equipment Levy Fund

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

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2008

	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 124,800	\$ 162,621	\$ 60,266	\$ 347,687
Receivables:				
Property tax:				
Current year delinquent	2,766	0	3,229	5,995
Succeeding year	64,000	0	309,118	373,118
Accounts	0	1,312	0	1,312
TOTAL ASSETS	<u>\$ 191,566</u>	<u>\$ 163,933</u>	<u>\$ 372,613</u>	<u>\$ 728,112</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 28,282	\$ 14,286	\$ 4,785	\$ 47,353
Deferred revenue:				
Succeeding year property tax	64,000	0	309,118	373,118
Total liabilities	<u>92,282</u>	<u>14,286</u>	<u>313,903</u>	<u>420,471</u>
Unreserved fund balances	<u>99,284</u>	<u>149,647</u>	<u>58,710</u>	<u>307,641</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 191,566</u>	<u>\$ 163,933</u>	<u>\$ 372,613</u>	<u>\$ 728,112</u>

NEVADA COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2008

	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 249,734	\$ 0	\$ 297,244	\$ 546,978
Other	15,999	453,657	0	469,656
State sources	152	0	165	317
TOTAL REVENUES	<u>265,885</u>	<u>453,657</u>	<u>297,409</u>	<u>1,016,951</u>
EXPENDITURES:				
Current:				
Instruction				
Regular instruction	41,920	0	0	41,920
Other instruction	0	452,046	0	452,046
Support services:				
Student services	0	1,256	0	1,256
Instructional staff services	0	0	50,000	50,000
Administration services	0	23,701	0	23,701
Operation and maintenance of plant services	125,396	6,194	0	131,590
Student transportation	13,925	0	102,531	116,456
Non-instructional programs	0	135	0	135
Other expenditures:				
Facilities acquisition	0	0	172,747	172,747
TOTAL EXPENDITURES	<u>181,241</u>	<u>483,332</u>	<u>325,278</u>	<u>989,851</u>
Excess(deficiency) of revenues over(under) expenditures	84,644	(29,675)	(27,869)	27,100
OTHER FINANCING SOURCES(USES):				
Proceeds from lease purchases	0	0	25,499	25,499
Proceeds from sale of real property	0	0	52,550	52,550
Transfer in	0	0	49,989	49,989
Transfer out	0	(2,000)	(88,928)	(90,928)
Total other financing sources(uses)	<u>0</u>	<u>(2,000)</u>	<u>39,110</u>	<u>37,110</u>
Net change in fund balances	84,644	(31,675)	11,241	64,210
FUND BALANCES BEGINNING OF YEAR	<u>14,640</u>	<u>181,322</u>	<u>47,469</u>	<u>243,431</u>
FUND BALANCES END OF YEAR	<u>\$ 99,284</u>	<u>\$ 149,647</u>	<u>\$ 58,710</u>	<u>\$ 307,641</u>

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND

YEAR ENDED JUNE 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 9,913	5,122	3,815	11,220
LIABILITIES				
Accounts payable	\$ 35	119	35	119
Due to other groups	9,878	5,003	3,780	11,101
	\$ 9,913	5,122	3,815	11,220

Statistical Section

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Nevada Community School District

Statistical Section

(Unaudited)

This part of the Nevada 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.	56-67
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	68-71
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.	73-78
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.	79-83
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.	84-87

Schedule 1
Nevada Community School District

Net Assets by Component
Last Six Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ 2,976,584	\$ 3,680,540	\$ 5,231,775	\$ 6,676,587	\$ 5,686,850	\$ 6,355,513
Restricted	412,412	1,118,228	1,185,554	266,512	2,988,643	3,059,113
Unrestricted	1,220,065	1,120,263	677,416	736,244	1,062,085	1,737,253
Total governmental activities net assets	\$ 4,609,061	\$ 5,919,031	\$ 7,094,745	\$ 7,679,343	\$ 9,737,578	\$ 11,151,879
Business-type activities:						
Invested in capital assets, net of related debt	\$ 44,983	\$ 48,433	\$ 60,063	\$ 57,531	\$ 66,718	\$ 63,778
Restricted	-	-	-	-	-	-
Unrestricted	75,836	60,154	26,114	31,074	71,550	65,693
Total business-type activities net assets	\$ 120,819	\$ 108,587	\$ 86,177	\$ 88,605	\$ 138,268	\$ 129,471
Primary government:						
Invested in capital assets, net of related debt	\$ 3,021,567	\$ 3,728,973	\$ 5,291,838	\$ 6,734,118	\$ 5,753,568	\$ 6,419,291
Restricted	412,412	1,118,228	1,185,554	266,512	2,988,643	3,059,113
Unrestricted	1,295,901	1,180,417	703,530	767,318	1,133,635	1,802,946
Total primary government net assets	\$ 4,729,880	\$ 6,027,618	\$ 7,180,922	\$ 7,767,948	\$ 9,875,846	\$ 11,281,350

Source: School District financial records.

Note:

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

Schedule 2
Nevada Community School District

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses:						
Governmental activities:						
Instruction	\$ 7,947,273	\$ 8,227,884	\$ 8,648,727	\$ 8,566,639	\$ 8,819,553	\$ 9,465,919
Student services	1,239,799	1,181,547	629,174	553,116	562,967	704,624
Instructional staff services	352,329	201,515	427,449	485,660	561,912	608,542
Administration services	862,375	924,511	856,527	925,429	1,074,906	1,073,190
Operation and maintenance of plant	1,021,392	1,115,285	972,783	1,114,833	1,162,466	1,757,438
Pupil transportation services	363,845	436,782	472,413	442,531	492,330	426,668
Other support services	132,551	-	-	-	-	-
Non-instructional programs	20,497	20,782	29,210	19,210	28,606	26,332
Facilities acquisitions	590	67,435	392,253	810,283	-	-
Interest on long-term debt	163,193	60,644	65,052	306,149	382,249	307,300
AEA flowthrough	448,043	417,513	412,669	427,831	462,464	493,418
Depreciation (unallocated)	186,394	198,832	211,923	599,916	257,450	396,840
Total governmental activities expenses	12,738,281	12,852,730	13,118,180	14,251,597	13,804,903	15,260,271
Business-type activities:						
Administration services	-	-	-	-	-	349
Operation and maintenance of plant	-	-	-	-	17,389	19,417
Nutrition services	511,330	540,699	561,991	558,632	563,754	615,942
Total business-type activities expenses	511,330	540,699	561,991	558,632	581,143	635,708
Total primary government expenses	\$ 13,249,611	\$ 13,393,429	\$ 13,680,171	\$ 14,810,229	\$ 14,386,046	\$ 15,895,979
Program revenues:						
Governmental activities:						
Charges for services:						
Instruction	\$ 975,954	\$ 1,085,636	\$ 1,074,285	\$ 1,154,109	\$ 1,078,361	\$ 1,134,381
Support services	28,870	37,593	33,643	5,680	1,963	1,984
Operating grants and contributions	1,789,780	1,683,945	1,184,031	1,164,797	1,429,221	1,972,974
Capital grants and contributions	94,375	49,927	117,088	-	19,940	62,196
Total governmental activities program revenues	2,888,979	2,857,101	2,409,047	2,324,586	2,529,485	3,171,535

(Continued on the following page.)

Schedule 2
Nevada Community School District

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Business-type activities:						
Charges for services:						
Nutrition	317,759	339,902	347,314	367,572	361,080	370,583
Operating grants and contributions	180,674	187,350	190,492	204,845	239,455	253,139
Capital grants and contributions	-	-	-	-	-	-
Total business-type program revenues	498,433	527,252	537,806	572,417	600,535	623,722
Total primary government program revenues	\$ 3,387,412	\$ 3,384,353	\$ 2,946,853	\$ 2,897,003	\$ 2,925,121	\$ 3,795,257
Net (expense) revenue:						
Governmental activities	\$ (9,849,302)	\$ (9,995,629)	\$ (10,709,133)	\$ (11,927,011)	\$ (11,927,011)	\$ (12,088,736)
Business-type activities	(12,897)	(13,447)	(24,185)	13,785	41,903	(11,986)
Total primary government net expense	\$ (9,862,199)	\$ (10,009,076)	\$ (10,733,318)	\$ (11,913,226)	\$ (11,885,108)	\$ (12,100,722)

Source: School District financial records.

Note:

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

Schedule 3
Nevada Community School District

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Net (expense) revenue:						
Governmental activities	\$ (9,849,302)	\$ (9,995,629)	\$ (10,709,133)	\$ (11,927,011)	\$ (11,927,011)	\$ (12,088,736)
Business-type activities	(12,897)	(13,447)	(24,185)	13,785	13,785	(11,986)
Total primary government net expense	(9,862,199)	(10,009,076)	(10,733,318)	(11,913,226)	(11,913,226)	(12,100,722)
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Property taxes levied for general purposes	3,513,697	3,881,126	3,739,413	4,106,936	3,778,248	3,756,206
Property taxes levied for debt service	501,424	440,351	444,929	438,498	439,108	447,359
Property taxes levied for capital outlay	237,413	299,342	274,973	279,787	285,331	297,244
Income surtax	-	-	-	-	405,401	327,752
Sales tax	-	1,055,437	1,514,873	1,362,867	1,545,767	1,504,206
Unrestricted grants and contributions	5,669,116	5,514,650	5,794,091	6,020,105	6,419,498	6,733,643
Miscellaneous	126,203	79,695	42,720	46,514	85,161	229,554
Investment earnings	57,239	34,998	73,848	242,954	375,139	207,223
Transfers	-	-	-	13,948	-	(150)
Total governmental activities	10,105,092	11,305,599	11,884,847	12,511,609	13,333,653	13,503,037
Business-type activities:						
Miscellaneous	-	-	-	-	26,404	-
Investment earnings	2,487	1,215	1,775	2,591	3,867	3,039
Transfers	-	-	-	(13,948)	-	150
Total business-type activities	2,487	1,215	1,775	(11,357)	30,271	3,189
Total primary government	10,107,579	11,306,814	11,886,622	12,500,252	13,363,924	13,506,226
Change in net assets:						
Governmental activities	255,790	1,309,970	1,175,714	584,598	1,406,642	1,414,301
Business-type activities	(10,410)	(12,232)	(22,410)	2,428	44,056	(8,797)
Total primary government	\$ 245,380	\$ 1,297,738	\$ 1,153,304	\$ 587,026	\$ 1,450,698	\$ 1,405,504

Source: School District financial records.

Note:

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

Schedule 4
Nevada Community School District

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

	Fiscal Year				
	1999	2000	2001	2002	2003
General Fund:					
Reserved	\$ 67,556	\$ 91,965	\$ 118,874	\$ 107,699	\$ 74,910
Unreserved	1,067,556	1,149,776	1,290,808	1,156,607	1,083,068
Total General Fund	\$ 1,135,112	\$ 1,241,741	\$ 1,409,682	\$ 1,264,306	\$ 1,157,978
All other governmental funds:					
Reserved					
Debt service funds	\$ 75,416	\$ 83,281	\$ 91,247	\$ 93,219	\$ 99,238
Other reserved	-	-	-	-	-
Unreserved, reported in:					
Capital projects funds	(3,677)	69,299	1,176	1,176	586
Special revenue funds	201,836	184,125	166,223	173,908	172,359
Total all other governmental funds	\$ 273,575	\$ 336,705	\$ 258,646	\$ 268,303	\$ 272,183

Source: School District financial records.

		Fiscal Year							
		2004	2005	2006	2007	2008			
\$	66,718	\$	51,872	\$	42,953	\$	63,394	\$	70,527
	1,002,208		555,314		580,670		806,162		719,898
\$	1,068,926	\$	607,186	\$	623,623	\$	869,556	\$	790,425
\$	97,823	\$	99,190	\$	1,661,818	\$	2,161,963	\$	2,030,288
	761,202		6,861,916		5,088,600		1,502,874		1,453,287
	96,669		53,780		223,223		243,431		307,641
\$	955,694	\$	7,014,886	\$	6,973,641	\$	3,908,268	\$	3,791,216

Schedule 5
Nevada Community School District

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Federal sources:					
Federal sources	\$ 121,359	\$ 141,566	\$ 183,978	\$ 689,300	\$ 1,010,719
Total federal sources	121,359	141,566	183,978	689,300	1,010,719
State sources:					
State sources	\$ 6,045,078	\$ 6,439,547	\$ 6,559,309	\$ 6,497,689	\$ 6,550,557
Total state sources	6,045,078	6,439,547	6,559,309	6,497,689	6,550,557
Intermediate sources:					
Intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -
Total intermediate sources	-	-	-	-	-
Local sources:					
Local taxes	\$ 3,895,833	\$ 3,869,478	\$ 4,054,447	\$ 4,361,540	\$ 4,248,066
Tuition	372,902	352,130	469,397	426,447	441,690
Other revenues	138,497	653,766	734,803	650,279	743,809
Total local sources	4,407,232	4,875,374	5,258,647	5,438,266	5,433,565
Total revenues	\$ 10,573,669	\$ 11,456,487	\$ 12,001,934	\$ 12,625,255	\$ 12,994,841

Source: School District financial records.

		Fiscal Year							
		2004	2005	2006	2007	2008			
\$	924,937	\$	286,117	\$	261,805	\$	275,655	\$	302,886
	924,937		286,117		261,805		275,655		302,886
\$	6,323,721	\$	6,599,717	\$	6,923,097	\$	7,464,747	\$	8,230,951
	6,323,721		6,599,717		6,923,097		7,464,747		8,230,951
\$	-	\$	-	\$	2,000	\$	35,252	\$	10,378
	-		-		2,000		35,252		10,378
\$	5,663,327	\$	5,946,502	\$	6,188,088	\$	6,380,883	\$	6,371,211
	521,868		605,500		561,729		570,688		612,406
	706,802		799,971		839,014		1,060,102		1,169,612
	6,891,997		7,351,973		7,588,831		8,011,673		8,153,229
\$	14,140,655	\$	14,237,807	\$	14,775,733	\$	15,787,327	\$	16,697,444

Schedule 6
Nevada Community School District

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Instruction	\$ 6,463,422	\$ 7,033,271	\$ 7,272,683	\$ 7,765,406	\$ 7,942,483
Student services	756,462	751,557	773,932	1,278,670	1,239,799
Instructional staff services	271,324	260,932	274,505	293,692	352,329
Administration services	878,453	973,002	1,054,418	1,051,651	861,525
Operation and maintenance of plant services	946,613	763,613	1,080,669	933,265	1,039,942
Pupil transportation services	285,138	579,606	338,645	359,352	372,395
Other support services	51,960	-	-	-	132,551
Non-instructional programs	12,531	31,911	34,020	35,454	20,497
AEA flowthrough	420,621	435,531	458,537	450,277	448,043
Capital outlay:					
Facilities acquisition/construction	3,677	488,935	250,571	-	94,965
Debt service:					
Principal	304,000	373,842	389,347	435,974	443,662
Interest and fiscal charges	165,711	134,553	167,923	157,333	159,098
Total expenditures	\$ 10,559,912	\$ 11,826,753	\$ 12,095,250	\$ 12,761,074	\$ 13,107,289
Debt service as a percentage of noncapital expenditures	4.66%	4.49%	4.83%	4.88%	4.82%

Source: School District financial records.

		Fiscal Year				
		2004	2005	2006	2007	2008
\$	8,214,156	\$ 8,662,269	\$ 8,338,486	\$ 8,833,840	\$ 9,473,916	
	1,181,547	629,174	553,116	562,967	704,624	
	211,985	427,449	485,660	561,912	608,542	
	918,783	850,800	920,449	968,569	1,068,481	
	1,108,813	945,924	1,114,473	1,171,874	1,213,458	
	500,143	456,739	440,249	578,190	742,370	
	-	-	-	-	-	
	20,782	29,210	19,210	28,606	26,332	
	417,513	412,669	427,831	462,464	493,418	
	411,634	1,827,335	5,867,298	4,016,239	1,277,204	
	500,452	522,337	583,833	1,240,977	1,121,526	
	72,297	48,668	214,048	382,445	318,246	
\$	13,558,105	\$ 14,812,574	\$ 18,964,653	\$ 18,808,083	\$ 17,048,117	
	4.41%	4.01%	4.39%	9.45%	9.22%	

Schedule 7
Nevada Community School District

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Excess of revenues over (under) expenditures	\$ 13,757	\$ (370,266)	\$ (93,316)	\$ (135,819)	\$ (112,448)
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	-	-	-
Issuance of revenue bonds	-	-	-	-	-
Capital lease purchase agreement	-	-	-	-	-
Issuance of capital loan notes	-	540,000	182,448	-	-
Refunding debt issued	-	-	-	-	1,985,000
Payment to refunding escrow agent	-	-	-	-	(1,975,000)
Premium on bonds	-	-	-	-	-
Sale of capital assets	-	25	750	100	-
Transfers in	17,136	79,141	-	142,585	108,136
Transfers out	(17,136)	(79,141)	-	(142,585)	(108,136)
Total other financing sources					
(uses)	-	540,025	183,198	100	10,000
Net change in fund balances	\$ 13,757	\$ 169,759	\$ 89,882	\$ (135,719)	\$ (102,448)

Source: School District financial records.

Fiscal Year				
2004	2005	2006	2007	2008
\$ 582,550	\$ (574,767)	\$ (4,188,920)	\$ (3,020,756)	\$ (350,673)
-	-	4,100,000	-	-
-	6,000,000	-	-	-
-	140,999	-	198,477	87,918
-	-	-	-	-
-	-	-	-	-
-	31,220	46,514	-	-
11,909	-	3,650	2,839	66,722
130,983	127,443	1,879,742	1,118,837	947,206
(130,983)	(127,443)	(1,865,794)	(1,118,837)	(947,356)
11,909	6,172,219	4,164,112	201,316	154,490
\$ 594,459	\$ 5,597,452	\$ (24,808)	\$ (2,819,440)	\$ (196,183)

Schedule 8
Nevada 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			
1999	\$ 185,399,943	\$ 34,401,695	\$ 98,311,373	\$ 91,273,685	\$ 226,839,326	\$15.99895
2000	189,902,667	36,291,538	94,195,989	86,111,532	234,278,662	15.40000
2001	N/A	N/A	N/A	N/A	249,540,888	15.06170
2002	230,470,681	42,394,779	87,967,396	97,241,219	263,591,637	15.20579
2003	250,019,749	45,297,208	86,273,759	118,605,591	262,985,125	14.90901
2004	259,852,241	49,152,959	125,090,251	173,739,394	260,356,057	15.77656
2005	267,623,886	47,286,724	66,172,976	146,572,129	234,511,457	16.59480
2006	274,600,449	46,620,972	66,546,901	151,266,981	236,501,341	17.76519
2007	302,790,752	47,679,083	60,227,881	172,954,503	237,743,213	17.75500
2008	310,544,423	47,470,233	60,498,524	179,031,956	239,481,224	17.72244

Source: Story 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.

N/A = not available

Schedule 9
Nevada 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	Total	Story County	City of Nevada	Community College
1999	13.12368	2.87527	15.99895	6.15851	14.52204	0.50551
2000	12.59705	2.80295	15.40000	5.99570	14.59655	0.52451
2001	12.40823	2.65347	15.06170	5.58921	14.32364	0.54506
2002	12.64500	2.56079	15.20579	6.67242	14.38557	0.54454
2003	12.34480	2.56421	14.90901	6.66890	14.19251	0.54584
2004	13.30551	2.47105	15.77656	6.24548	14.35684	0.58184
2005	13.97663	2.61817	16.59480	6.43930	14.87863	0.59856
2006	15.19793	2.56726	17.76519	6.61371	14.88108	0.68408
2007	15.25833	2.49667	17.75500	6.74790	14.87874	0.68688
2008	15.22244	2.50000	17.72244	6.61712	14.87874	0.60276

Source: Story County Auditor

Notes: Assessed value equals estimated actual value.

Schedule 10
Nevada Community School District

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

Taxpayer	2008			1997		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Lincolnway Energy LLC	\$ 6,979,300	1	2.35%	-	-	-
Heart of Iowa Coop	4,210,600	2	1.42%	-	-	-
Burke, Marketing Corporation	3,716,700	3	1.25%	2,543,500	2	0.84%
Flexi-Coil Inc-Ctr	2,391,700	4	0.81%	-	-	-
General Financial Supply Inc	1,637,900	5	0.55%	-	-	-
Heart of Iowa Coop	1,625,100	6	0.55%	-	-	-
Northridge Investments LLC	1,582,000	7	0.53%	-	-	-
PR Investments LLC	1,541,800	8	0.52%	-	-	-
Hubert Family Trust	1,474,400	9	0.50%	2,609,400	1	0.86%
Fareway Stores Inc.	1,428,800	10	0.48%	-	-	-
Meadows Apartment Ltd.	-	-	-	1,311,642	3	0.43%
Iowa Falls Nursing Corp.	-	-	-	1,291,197	4	0.42%
State Bank & Trust Co. of Nevada	-	-	-	756,098	5	0.25%
Flummerfelt's County Club Estates	-	-	-	721,734	6	0.24%
Nevada Elderly Apartments	-	-	-	685,014	7	0.22%
Golf Properties Inc.	-	-	-	681,524	8	0.22%
Southland Development Co.	-	-	-	649,357	9	0.21%
Eastpark Village Apartments	-	-	-	637,035	10	0.21%
Total	<u>\$ 26,588,300</u>		<u>8.96%</u>	<u>\$ 11,886,501</u>		<u>3.90%</u>

Source: Story County Auditor

Note: The Story County Auditor was unable to provide the taxable values for 1999 or 1998.

Schedule 11
Nevada 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
1999	\$ 3,656,180	\$ 3,620,941	99.04%	-	\$ 3,620,941	99.04%
2000	3,636,463	3,640,211	100.10%	-	3,640,211	100.10%
2001	3,816,204	3,813,920	99.94%	2,697	3,816,617	100.01%
2002	4,071,758	4,063,748	99.80%	2,124	4,065,872	99.86%
2003	3,984,839	3,954,835	99.25%	109	3,954,944	99.25%
2004	4,342,119	4,335,055	99.84%	31,869	4,366,924	100.57%
2005	4,113,720	4,071,818	98.98%	10,184	4,082,002	99.23%
2006	4,433,104	4,457,388	100.55%	-	4,457,388	100.55%
2007	4,456,193	4,505,212	101.10%	198	4,505,410	101.10%
2008	4,541,972	4,538,358	99.92%	3,614	4,541,972	100.00%

Source: Story County Treasurer and District records.

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Schedule 12
Nevada Community School District

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Capital Loan Notes	Total General Bonded Debt	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
1999	\$ 3,250,000	-	\$ 27,924	\$ 42,011	\$ 3,319,935	1.46%	\$43
2000	2,950,000	-	-	536,082	3,486,082	1.49%	\$45
2001	2,640,000	-	-	641,748	3,281,748	1.32%	\$41
2002	2,315,000	-	-	530,774	2,845,774	1.08%	\$36
2003	1,985,000	-	-	427,112	2,412,112	0.92%	\$30
2004	1,595,000	-	-	316,660	1,911,660	0.73%	\$24
2005	1,185,000	6,000,000	140,999	204,323	7,530,322	3.21%	\$94
2006	4,870,000	6,000,000	91,489	85,000	11,046,489	4.67%	\$138
2007	4,450,000	5,335,000	218,989	-	10,003,989	4.21%	\$125
2008	4,100,000	4,650,000	220,381	-	8,970,381	3.75%	\$112

Source: School District financial records and Story County Auditor.

Notes: Assessed value equals estimated actual value.

(a) Actual taxable value of property includes Tax Increment Financing valuation.

(b) See Schedule 17 for population data.

Schedule 13
Nevada 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	Early Retirement	Capital Leases	Revenue Bonds	Capital Loan Notes					
1999	\$ 3,250,000	\$ 73,984	\$ 27,924	-	\$ 42,011		\$ 3,393,919	0.19%	\$ 44	
2000	2,950,000	37,689	-	-	536,082		3,523,771	0.19%	45	
2001	2,640,000	31,848	-	-	641,748		3,313,596	0.17%	42	
2002	2,315,000	41,978	-	-	530,774		2,887,752	0.14%	36	
2003	1,985,000	43,223	-	-	427,112		2,455,335	0.12%	31	
2004	1,595,000	54,043	-	-	316,660		1,965,703	0.09%	24	
2005	1,185,000	35,499	140,999	6,000,000	204,323		7,565,821	0.26%	94	
2006	4,870,000	43,864	91,489	6,000,000	85,000		11,090,353	0.46%	138	
2007	4,450,000	16,181	218,989	5,335,000	-		10,020,170	0.39%	126	
2008	4,100,000	15,241	220,381	4,650,000	-		8,985,622	0.33%	107	

Source: School District financial records.

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 6 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.

Schedule 14
Nevada Community School District

Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Story County	\$ 8,130,000	9.74%	\$ 685,439
City of Nevada	18,566,000	100.00%	18,566,000
Area XI Community College	82,815,000	0.65%	537,992
			19,789,431
Subtotal, overlapping debt			
District direct debt			8,985,622
			\$ 28,775,053
Total direct and overlapping debt			

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

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

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

Schedule 15
Nevada Community School District

Legal Debt Margin Information
Last Ten Fiscal Years

(Unaudited)

	1999	2000	2001	2002	2003
Debt limit	\$ 16,019,510	\$ 15,712,864	\$ 19,121,477	\$ 19,765,998	\$ 20,873,890
Total net debt applicable to limit	3,319,935	3,486,082	3,281,748	2,845,774	2,412,112
Legal debt margin	\$ 12,699,575	\$ 12,226,782	\$ 15,839,729	\$ 16,920,224	\$ 18,461,778
Total net debt applicable to the limit as a percentage of debt limit	20.72%	22.19%	17.16%	14.40%	11.56%

Source: School District financial records and Story County Auditor.

Notes:

(a) Actual assessed value includes Tax Increment Financing

(b) Code of Iowa Section 296.1

Legal Debt Margin Calculation for Fiscal Year 2007

Actual assessed value (a)	<u>\$ 481,286,728</u>
Debt limit (5% of assessed value) (b)	\$ 24,064,336
Debt applicable to limit	<u>8,970,381</u>
Legal debt margin	<u>\$ 15,093,955</u>

	2004	2005	2006	2007	2008
\$	21,656,722	\$ 21,109,701	\$ 21,761,450	\$ 23,021,473	\$ 24,064,336
	1,911,660	7,530,322	11,046,489	10,003,989	8,970,381
\$	19,745,062	\$ 13,579,379	\$ 10,714,961	\$ 13,017,484	\$ 15,093,955
	8.83%	35.67%	50.76%	43.46%	37.28%

Schedule 16
Nevada Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds				Coverage
	Revenue	Debt Service			
		Principal	Interest		
1999	\$ -	\$ -	\$ -	-	
2000	-	-	-	-	
2001	-	-	-	-	
2002	-	-	-	-	
2003	-	-	-	-	
2004	1,055,437	-	-	-	
2005	1,514,873	-	-	-	
2006	1,362,867	-	122,710	11.11	
2007	1,545,767	665,000	200,053	1.79	
2008	1,504,206	685,000	178,784	1.74	

Source: School District financial records.

Notes: Details regarding the District's outstanding debt can be found in Note 6 of the notes to the financial statements.

Schedule 17
Nevada Community School District

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Population (a)	Personal Income (a) (thousands of dollars)	Per Capita Personal Income	Unemployment Rate (a)
1997	77,833	\$1,771,563	\$22,761	2.60%
1998	78,221	1,884,374	24,090	2.60%
1999	79,372	1,964,780	24,754	2.10%
2000	80,026	2,066,756	25,826	1.90%
2001	79,553	2,120,643	26,657	2.10%
2002	80,719	2,190,377	27,136	2.50%
2003	80,261	2,880,797	35,893	2.80%
2004	80,239	2,417,680	30,131	3.00%
2005	79,787	2,553,304	32,002	3.30%
2006	83,804	2,728,284	32,556	3.50%

Notes:

(a) Bureau of Economic Analysis Web Site

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Schedule 18
Nevada Community School District

Principal Employers
Current Year and Ten Years Ago
(Unaudited)

Employer	2008			1998		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Story County	373	1	3.77%	350	2	3.33%
Burke Marketing	360	2	3.64%	140	5	1.33%
Nevada Community School District	220	3	2.22%	190	3	1.81%
Story County Medical Center	200	4	2.02%	170	4	1.62%
General Financial Supply	125	5	1.26%	95	6	0.90%
Alamco	95	6	0.96%	70	8	0.67%
Mid-America Manufacturing	75	7	0.76%	22	10	0.21%
Paragon International	56	8	0.57%	-	-	-
Printgraphics	55	9	0.56%	85	7	0.81%
City of Nevada	44	10	0.44%	44	9	0.42%
Donnelley Marketing	-	-	-	400	1	3.81%
Total	1,603		16.19%	1,566		11.10%

Source: Nevada Economic Development Council web site

Schedule 19
Nevada Community School District

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

	Full-Time Equivalent Employees as of June 30				
	1999	2000	2001	2002	2003
Supervisory:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Principals	3.0	3.0	3.0	3.0	3.0
Assistant principals	1.5	1.5	1.5	1.5	1.5
All other administrators	3.5	4.5	4.5	4.5	4.5
Total supervisory	9.0	10.0	10.0	10.0	10.0
Instruction:					
Teachers	110.0	113.7	115.1	116.7	119.2
Teachers' Aides	25.8	17.5	20.0	25.2	29.0
Other	4.8	4.5	6.0	6.0	1.5
Total instruction	140.6	135.7	141.1	147.9	149.7
Student services:					
Counselors	4.0	4.5	4.0	4.0	4.0
Nurses	2.0	2.0	3.0	3.0	3.0
Librarians	3.0	3.0	3.0	3.0	3.0
Total student services	9.0	9.5	10.0	10.0	10.0
Support and administration:					
Office/Clerical	9.8	8.5	11.0	9.5	5.5
Operative	6.0	11.0	15.0	6.0	16.5
Service	9.5	9.5	30.0	12.0	8.5
Other support	5.3	6.5	6.0	-	12.0
Total support and administration	30.6	35.5	62.0	27.5	42.5
Total	189.2	190.7	223.1	195.4	212.2

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change 1999-2008
2004	2005	2006	2007	2008	
1.0	1.0	1.0	1.0	1.0	0.0%
3.0	3.0	3.0	3.0	3.0	0.0%
1.5	0.5	0.5	0.3	0.3	-83.3%
3.5	4.5	4.5	4.8	4.8	35.7%
9.0	9.0	9.0	9.0	9.0	0.0%
110.0	106.3	110.7	101.9	111.4	1.3%
21.0	20.5	25.0	24.0	26.0	0.8%
1.5	1.5	1.5	1.5	0.5	-89.6%
132.5	128.3	137.2	127.4	137.9	-1.9%
4.0	3.3	3.3	3.3	3.3	-17.5%
3.0	2.0	2.0	2.0	2.1	5.0%
2.5	2.5	2.5	2.0	2.0	-33.3%
9.5	7.8	7.8	7.3	7.4	-17.8%
7.5	7.0	6.5	10.5	9.7	-1.0%
19.0	10.0	12.0	12.0	15.0	150.0%
7.5	34.5	35.0	19.2	25.0	163.2%
14.5	7.5	2.0	9.5	12.0	126.4%
48.5	59.0	55.5	51.2	61.7	101.6%
199.5	204.1	209.5	194.8	216.0	14.2%

Schedule 20
Nevada Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
1999	1,517	\$ 10,086,524	\$ 6,649	8.55%
2000	1,519	10,829,423	7,129	7.22%
2001	1,435	11,287,409	7,866	10.33%
2002	1,431	12,167,767	8,503	8.10%
2003	1,451	12,409,564	8,552	0.58%
2004	1,392	12,573,722	9,033	5.62%
2005	1,443	12,414,234	8,603	(4.76)%
2006	1,417	12,299,474	8,680	0.89%
2007	1,404	13,168,422	9,379	8.06%
2008	1,505	14,331,141	9,522	1.53%

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

Notes: N/A = not available.

(1) Average daily membership

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

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
N/A	N/A	N/A	110.00	13.79	22.4%
N/A	N/A	N/A	113.70	13.36	22.4%
N/A	N/A	N/A	115.10	12.47	20.1%
N/A	N/A	N/A	116.70	12.26	21.0%
13,249,611	9,131	N/A	119.20	12.17	20.6%
13,393,429	9,622	5.37%	110.00	12.65	22.5%
13,680,171	9,480	(1.47)%	106.30	13.57	23.4%
14,810,229	10,452	10.25%	105.60	13.42	21.9%
15,895,979	11,322	8.32%	101.90	13.78	26.0%
15,895,979	10,562	(6.71)%	113.45	13.27	27.0%

Schedule 21
Nevada Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year				
	1999	2000	2001	2002	2003
Elementary:					
Central (2006)					
Square feet	91,000	91,000	91,000	91,000	91,000
Capacity	700	700	700	700	700
Enrollment	630	613	599	555	546
North Central (2006)					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
Middle:					
Nevada Middle School (1991)					
Square feet	73,000	73,000	73,000	73,000	73,000
Capacity	600	600	600	600	600
Enrollment	469	498	509	509	484
High:					
Nevada High School (1962)					
Square feet	115,000	115,000	115,000	115,000	115,000
Capacity	750	750	750	750	750
Enrollment	689	709	689	650	670
Other District Facilities:					
Bus Garage (1988)					

Source: District records

Notes: Due to construction, third and fourth grades were housed temporarily in the Middle School during fiscal year 2006. Multiage classes were housed at North Central Elementary.

Fiscal Year				
2004	2005	2006	2007	2008
91,000	91,000	53,000	103,000	103,000
700	700	400	800	800
524	548	298	595	595
-	-	12,000	12,000	12,000
-	-	200	200	200
-	-	131	15	15
73,000	73,000	73,000	73,000	73,000
600	600	600	600	600
471	446	546	546	546
115,000	115,000	115,000	115,000	115,000
750	750	750	750	750
669	641	676	676	676

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Single Audit Section

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NEVADA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DONATION (non-cash)	10.550	FY 08	<u>43,036</u>
SCHOOL NUTRITION CLUSTER PROGRAMS:			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 08	167,813
SCHOOL BREAKFAST PROGRAM	10.553	FY 08	28,221
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	FY 08	<u>7,242</u>
			<u>203,276</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4617-G	89,759
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4617-GC	<u>15,790</u>
			<u>105,549</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES (TITLE V PROGRAM)			
	84.298	FY 08	<u>1,839</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATES GRANTS			
	84.186	FY 08	<u>4,286</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM			
	84.367	FY 08	<u>32,424</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)			
	84.369	FY 08	<u>14,337</u>
ADVANCED PLACEMENT PROGRAM			
	84.330	FY 08	<u>3,412</u>
SPECIAL EDUCATION - STATE PROGRAM IMPROVEMENT GRANTS FOR CHILDREN WITH DISABILITIES			
	84.323	FY 08	<u>17,282</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES			
	84.048	FY 08	<u>11,138</u>
HEARTLAND AREA EDUCATION AGENCY: SPECIAL EDUCATION - GRANTS TO STATES (PART B)			
	84.027	FY 08	<u>79,263</u>
OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY: CLEAN SCHOOL BUS PROGRAM			
	66.034	FY 08	<u>200</u>
TOTAL			<u>\$ 516,042</u>

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

To the Board of Education of the
Nevada Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nevada Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nevada Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Nevada Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Nevada Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Nevada Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Nevada Community School District's financial statements that is more than inconsequential will not be prevented or detected by Nevada Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Nevada Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada 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, 2008 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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Nevada Community School District and other parties to whom Nevada Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Nevada 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 23, 2008

NOLTE, CORNMAN & JOHNSON P.C.

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Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Nevada Community School District

Compliance

We have audited the compliance of Nevada Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Nevada Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Nevada Community School District's management. Our responsibility is to express an opinion on Nevada Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nevada Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Nevada Community School District's compliance with those requirements.

In our opinion, Nevada Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Nevada Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Nevada Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nevada Community School District's internal control over compliance.

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

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Nevada Community School District and other parties to whom Nevada Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

December 23, 2008

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.556 - Special Milk Program for Children
 - Individual
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Nevada Community School District did not qualify as a low-risk auditee.

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the duties of one individual include preparing checks and recording the transactions in the general ledger.

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

Response - As a part of an overall review of the District's financial structure, the review will be completed by the Business Office with recommendations on how to maximize internal control.

Conclusion - Response accepted.

II-B-08 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events. The District currently receipts this into the Student Activity Fund.

Recommendation - Chapter 297.9 of the code of Iowa requires rent to be receipted into the general fund. The district should receipt rent collected for facility usage into the general fund.

Response - The District will comply with this in the future.

Conclusion - Response accepted.

II-C-08 Payroll Procedures - We noted the wages for officiating are not added to the District employees W-2's or the District's 941's.

Recommendation - Wages paid to employees for officiating need to be included on the employee's W-2's and should be reported on the District's payroll reports.

Response - The District will comply with this in the future.

Conclusion - Response accepted.

II-D-08 Grants - We noted during our audit, that when expenditures for specific projects were posted; it appeared that the expenses were not always properly posted to those projects.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting for Iowa LEAs and AEAs. The proper

coding also allows the district to maintain accountability of the grants by matching the revenues to the expenditures.

Response - Future grants and projects will be assigned a project code, either from the Uniform Financial Accounting manual or on a local basis, to properly designate receipts and expenditures.

Conclusion - Response accepted.

- II-E-08 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st. The District should research the outstanding checks to determine if they should be reissued, voided or submitted to the Treasurer of Iowa as unclaimed property.

Response - Checks outstanding more than a year old will be reviewed on a monthly basis from now on.

Conclusion - Response acknowledged.

- II-F-08 Purchase Orders - We noted during our audit that the district utilizes purchase orders, however, they are not pre-numbered.

Recommendation - This procedure should be reviewed and necessary changes made so that all disbursements have a pre-numbered purchase order that is approved by the appropriate administrator before the ordering of supplies takes place.

Response - The District control function includes numbering of purchase orders prior to issuance.

Conclusion - Response acknowledged.

- II-G-08 Student Activity Fund - Scholarships - We noted during our audit that the District wrote checks for scholarships from the Student Council account within the Student Activity fund.

Recommendation - Scholarships should be accounted for through the Trust Fund instead of the Student Activity Fund. The District should review the procedures in place, and make necessary adjustments to comply.

Response - We will comply.

Conclusion - Response accepted.

- II-H-08 Student Activity Fund - Gate Procedures - We reviewed a sample of the gate reconciliations and noted an instance of a DJ being paid from the gate proceeds and instances of gate proceeds not being timely deposited into the bank for sub-varsity and summer events.

Recommendations - The District's central office should receive a copy of the gate reconciliations for review purposes. Procedures should be developed to ensure that the gate proceeds from every event are deposited on the next business day. Procedures should also be developed to ensure that money isn't taken from the gate proceeds to pay for other services. There should be an invoice for these other services that would be run

through accounts payable.

Response - We will comply.

Conclusion - Response accepted.

II-I-08 Policies - We noted during our audit that the District had not implemented a travel reimbursement policy that states the board approved reimbursement rate for employee travel in personal vehicles. We also noted that the District had not implemented a cell phone policy for employee usage on District owned cell phones.

Recommendation - The District should review the policies in place and update or implement the necessary travel reimbursement and cell phone policies.

Response - We will comply.

Conclusion - Response accepted.

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.556 - Special Milk Program for Children
Federal Award Year: 2008
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.010: Title I Grants to Local Educational Agencies
Federal Award Year: 2008
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the duties of one individual include preparing checks and recording the transactions in the general ledger.

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

Response - As a part of an overall review of the District's financial structure, the review will be completed by the Business Office with recommendations on how to maximize internal control.

Conclusion - Response accepted.

NEVADA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 Certified Budget - District expenditures for the year ended June 30, 2008 exceeded the certified budget in the instructional and other expenditures functional area.

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

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

Conclusion - Response accepted.

IV-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-08 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-08 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kevin Cooper, Teacher Owner of Cooper Trucking	Purchased services	\$612

In accordance with Attorney's General Opinion dated July 2, 1990, the above transactions do not appear to represent a conflict of interest.

IV-E-08 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-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - At times, with the local newspaper being issued weekly, it is difficult to get minutes published within two weeks. The District will make every effort to comply with the recommendation.

Conclusion - Response accepted.

IV-G-08 Certified Enrollment - We noted that the District's certified enrollment count on line 1 was overstated by 1 student, and line 2 was understated by 1 student. This resulted in no change to line 7. However, line 10 was overstated by 0.6 students.

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

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

Conclusion - Response accepted.

IV-H-08 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-I-08 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.