

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the**

**NEVADA COMMUNITY SCHOOL DISTRICT**

**Nevada, Iowa**

**For the fiscal year ended June 30, 2009**

**OFFICIAL ISSUING REPORT**

**Brian Schaeffer**

**District Secretary/Treasurer**

**OFFICE ISSUING REPORT**

**Business Office**

NEVADA COMMUNITY SCHOOL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2-5
Certificate of Excellence from the Association of School Business Officials of the United States and Canada	6
Organizational Plan	7
Board of Education and School District Administration	8

FINANCIAL SECTION

Independent Auditor's Report	10-11
Management Discussion and Analysis (MD&A)	12-18
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets	20
Statement of Activities	21
Governmental Fund Financial Statements:	
Balance Sheet	22
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	25
Proprietary Fund Financial Statements:	
Statement of Net Assets	26
Statement of Revenues, Expenses and Changes in Net Assets	27
Statement of Cash Flows	28-29
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	30
Statement of Changes in Fiduciary Net Assets	31
Notes to Financial Statements	32-46
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	48
Notes to Required Supplementary Information - Budgetary Reporting	49
Schedule of Funding Progress for the Retiree Health Plan	50
<b>Other Supplementary Information:</b>	
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	55

NEVADA COMMUNITY SCHOOL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 CONTENTS

	<u>Page</u>
Other Supplementary Information(Continued):	
Capital Projects Funds:	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	57
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	58

STATISTICAL SECTION

Net Assets by Component, Last Seven Fiscal Years	62-63
Expenses, Program Revenues and Net (Expense) Revenue, Last Seven Fiscal Years	64-66
General Revenues and Total Change in Net Assets, Last Seven Fiscal Years	68-69
Fund Balances, Governmental Funds, Last Ten Fiscal Years	70-71
Governmental Funds Revenues, Last Ten Fiscal Years	72-73
Governmental Funds Expenditures and Debt Service Ratio, Last Ten Fiscal Years	74-75
Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds, Last Ten Fiscal Years	76-77
Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	78
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	79
Principal Property Taxpayers, Current Year and Ten Years Ago	80
Property Tax Levies and Collections, Last Ten Fiscal Years	81
Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years	83
Outstanding Debt by Type, Last Ten Fiscal Years	84
Direct and Overlapping Governmental Activities Debt, As of June 30, 2009	85
Legal Debt Margin Information, Last Ten Fiscal Years	86-87
Pledged-Revenue Coverage, Last Ten Fiscal Years	88
Demographic and Economic Statistics, Last Ten Calendar Years	89
Principal Employers, Current Year and Eleven Years Ago	91
Full-Time Equivalent District Employees By Type, Last Ten Fiscal Years	92-93
Operating Statistics, Last Ten Fiscal Years	94-95
School Building Information, Last Ten Fiscal Years	96-97

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	100
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	101-102
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	103-104
Schedule of Findings and Questioned Costs	105-110

# **Introductory Section**



# NEVADA COMMUNITY SCHOOLS

1035 15<sup>th</sup> Street Nevada, Iowa 50201-1952

[www.nevada.k12.ia.us](http://www.nevada.k12.ia.us)

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December 29, 2009

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, 2009, 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 1,496 students, the 65<sup>th</sup> 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, 2008 population was estimated at 86,754. This was an increase of 12,500 residents over the 1990 census figure. Story County's unemployment rate of 4.9% compares favorably to the state's average rate of 6.2% and the national rate of 9.5%. There has been some indication that overall employment in Nevada may decline with the slowdown in manufacturing activity in Ames and Des Moines due to the current economic downturn.

## **Major Initiatives**

The Board of Education continued with expansion and improvement of school facilities during the 2008-09 school year. A "Revenue Purpose Statement" was put on the September 9, 2008 school ballot to receive voter approval for the use of the statewide penny for school infrastructure, which was approved by the 2008 Iowa Legislature. This "Revenue Purpose Statement" received an 81.25% favorable vote.

With the "Revenue Purpose Statement" process complete, administration, under Board direction, continued work for the renovation of the High School facility. Initial cost estimates for the project were reviewed in August 2008 with a proposed phasing of the project presented in September 2008. Also, the Board voted to ask the City of Nevada to donate the property east of Gates Hall (the site of the old swimming pool) to the District for facility and parking expansion.

Proceeding on Stage I of a High School addition and remodel project was approved by Board in November 2008. This project would include adding a science and special education wing to the west side of the High School and a remodel of the High School curriculum areas. Also, the project would include the burying of the geothermal heating and cooling system for the High School complex and upgrades of lighting and bleachers in the gymnasium. Bonds were sold (\$11,100,000 face) on this project on June 16, 2009 at a bid of 4.964112%. Dean Snyder Construction of Ankeny had the low bid for the project with all bid alternates being approved.

A community auditorium committee began the process of interviewing fundraising consultants to help raise the funds needed for an auditorium to be attached to the High School. \$2 million has been awarded

to the auditorium from the local Josephine Tope Foundation provided that all fundraising be completed by January 2011.

The Board received an introduction to the Iowa Core Curriculum which is created in 2010 to be in place by July 1, 2012 at the High School level. The Iowa Core Curriculum is based on State standards for schools and is to insure the success of each and every student and helps each student learn essential skills. Administration had training on the Iowa Core Curriculum during the 2008-09 year and this information was shared with staff. To this end, a financial literacy requirement was added for the Class of 2010 to complete prior to graduation.

### **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 fell severely due to the Federal Reserve's actions to lower interest rates to stimulate lending. Interest on investments resulted in earnings of \$81,877, excluding interest from Capital Project funds of \$25,435, as of June 30, 2009.

### **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 ninth time in nine years for its comprehensive annual financial report for the fiscal year ending June 30, 2009. The certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

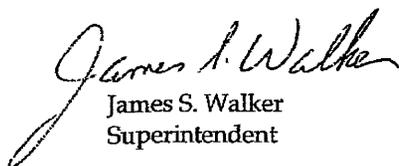
In order to be eligible to receive the certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable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



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, 2008

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

*Angela Peteman*

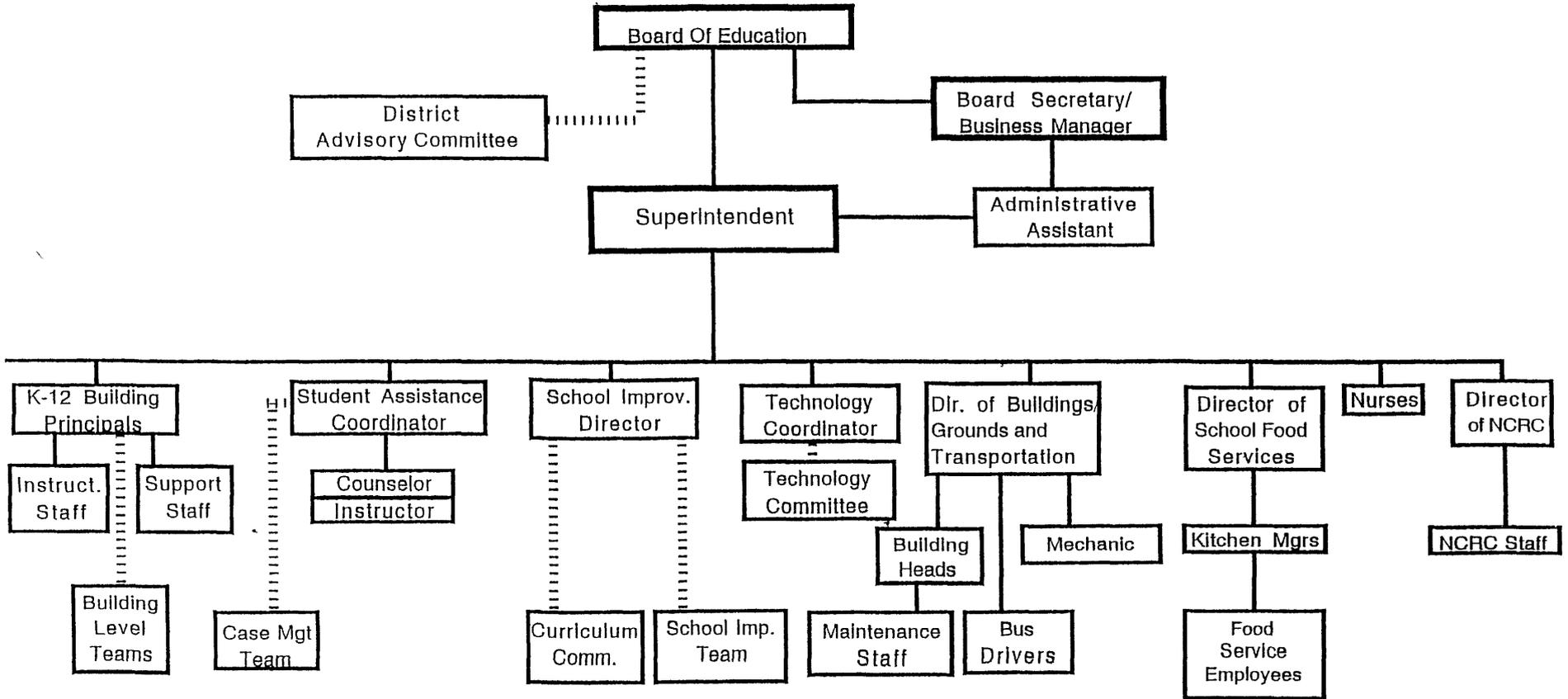
President

*John D. Musso*

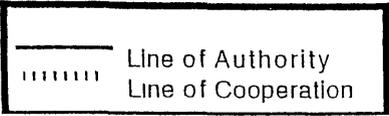
Executive Director

NEVADA COMMUNITY SCHOOL DISTRICT  
Nevada, Iowa

**ORGANIZATIONAL PLAN**



7



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 2008 Election)		
Jim Niblock	President(Resigned)	2009
Curt Hoff	Vice President	2010
Marcia Engler	Board Member	2008
David Laird	Board Member	2009
Marty Chitty	Board Member	2010
<u>Board of Education</u> (After September 2008 Election)		
Curt Hoff	President	2011*
Marty Chitty	Vice President	2011*
Marcia Engler	Board Member	2011
David Laird	Board Member	2009
Mike Bates	Board Member(Appointed)	2009
<u>School Officials</u>		
James Walker	Superintendent	2009
Raphael Murray	Principal, Nevada High School	2009
Christine Schmidt	Principal, Nevada Middle School	2009
Kathy Goecke	Principal, Central Elementary School	2009
David McCaulley	Assistant Principal and Activities Director, Nevada High School	2009
Nancy Port	School Improvement Director	2009
Brian Schaeffer	Board Secretary/Treasurer and Business Manager	2009
Margaret Ann Malvern	Director, Technology	2009
Richard Scott	Director, Maintenance & Transportation	2009
Diana Weber	Director, Food Service	2009
Ron Peeler	Attorney	Indefinite

\* Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

## **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, 2009, 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, 2009 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 29, 2009 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 and Schedule of Funding Progress for the Retiree Health Plan on pages 12 through 18 and 48 through 50 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 29, 2009

# 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, 2009 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 \$11,616,816 at June 30, 2009 compared to \$11,151,879 at June 30, 2008, an increase of 4.17%.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$534,479 or 3.94% of total general fund revenues compared to prior years unreserved fund balance of \$665,898 or 4.96% of total general fund revenues.
- Work was started on the High School remodel and renovation project 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 \$11,730,375 at June 30, 2009 compared to \$11,281,350 at June 30, 2008. (See Table 1).

Table 1  
Condensed Statement of Net Assets

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 11,314,479	10,722,605	108,723	135,702	11,423,202	10,858,307	5.20%
Capital assets	15,142,735	15,325,894	57,877	63,778	15,200,612	15,389,672	-1.23%
Total assets	26,457,214	26,048,499	166,600	199,480	26,623,814	26,247,979	1.43%
Long-term obligations	8,243,467	8,985,622	206	0	8,243,673	8,985,622	-8.26%
Other liabilities	6,596,931	5,910,998	52,835	70,009	6,649,766	5,981,007	11.18%
Total liabilities	14,840,398	14,896,620	53,041	70,009	14,893,439	14,966,629	-0.49%
Net assets:							
Invested in capital assets, net of related debt	7,115,034	6,355,513	57,877	63,778	7,172,911	6,419,291	11.74%
Restricted	3,899,173	3,059,113	0	0	3,899,173	3,059,113	27.46%
Unrestricted	602,609	1,737,253	55,682	65,693	658,291	1,802,946	-63.49%
Total net assets	\$ 11,616,816	11,151,879	113,559	129,471	11,730,375	11,281,350	3.98%

Invested in capital assets (e.g., land, buildings, machinery and equipment) less any outstanding debt used to acquire those assets is \$7,172,911. 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 \$3,899,173 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$658,291 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, 2009 compared to June 30, 2008.

Table 2  
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total		Total Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues:							
Program revenues:							
Charges for services	\$ 1,125,922	1,136,365	389,375	370,583	1,515,297	1,506,948	0.55%
Operating grants and contributions and restricted interest	1,910,991	1,972,974	256,107	253,139	2,167,098	2,226,113	-2.65%
Capital grants and contributions and restricted interest	0	62,196	0	0	0	62,196	-100.00%
General revenues:							
Property tax	4,367,815	4,500,809	0	0	4,367,815	4,500,809	-2.95%
Income surtax	367,425	327,752	0	0	367,425	327,752	12.10%
Local option sales and services tax	1,549,800	1,504,206	0	0	1,549,800	1,504,206	3.03%
Unrestricted state grants	6,806,429	6,733,643	0	0	6,806,429	6,733,643	1.08%
Other	267,675	436,627	976	3,189	268,651	439,816	-38.92%
Total revenues	16,396,057	16,674,572	646,458	626,911	17,042,515	17,301,483	-1.50%
Program expenses:							
Governmental activities:							
Instructional	9,597,385	9,465,919	0	0	9,597,385	9,465,919	1.39%
Support services	4,717,494	4,570,462	13,560	19,766	4,731,054	4,590,228	3.07%
Non-instructional programs	14,535	26,332	648,810	615,942	663,345	642,274	3.28%
Other expenses	1,564,424	1,197,558	0	0	1,564,424	1,197,558	30.63%
Total expenses	15,893,838	15,260,271	662,370	635,708	16,556,208	15,895,979	4.15%
Changes in net assets before extraordinary item	502,219	1,414,301	(15,912)	(8,797)	486,307	1,405,504	-65.40%
Extraordinary item	(37,282)	0	0	0	(37,282)	0	-100.00%
Changes in net assets	464,937	1,414,301	(15,912)	(8,797)	449,025	1,405,504	-68.05%
Beginning net assets	11,151,879	9,737,578	129,471	138,268	11,281,350	9,875,846	14.23%
Ending net assets	\$ 11,616,816	11,151,879	113,559	129,471	11,730,375	11,281,350	3.98%

Property tax, income surtax, local option sales and services tax and unrestricted state grants account for 76.82% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 86.54% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$16,396,057 and expenses were \$15,893,838.

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		
			Change			Change
	2009	2008	2008-09	2009	2008	2008-09
Instruction	\$ 9,597,385	9,465,919	1.39%	\$ 7,112,130	6,855,196	3.75%
Support services	4,717,494	4,570,462	3.22%	4,671,934	4,503,068	3.75%
Non-instructional programs	14,535	26,332	-44.80%	14,535	26,332	-44.80%
Other expenses	1,564,424	1,197,558	30.63%	1,058,326	704,140	50.30%
Totals	<u>\$ 15,893,838</u>	<u>15,260,271</u>	<u>4.15%</u>	<u>\$ 12,856,925</u>	<u>12,088,736</u>	<u>6.35%</u>

- The cost financed by users of the District's programs was \$1,125,922.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,910,991.
- The net cost of governmental activities was financed with \$4,367,815 in property tax, \$367,425 in income surtax, \$1,549,800 in local option sales and services tax, \$6,806,429 in unrestricted state grants and \$267,675 in other income.

### Business Type Activities

Revenues of the District's business type activities were \$646,458 and expenses were \$662,370. 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, 2009, the District's net assets decreased in the business type activities by \$15,912.

### Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2009, the District's governmental funds reported combined ending fund balances of \$4,482,516, a decrease of \$99,125 in comparison with the prior year. Of this amount, \$2,264,986 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 \$727,507 at June 30, 2009 from \$790,425 at June 30, 2008, representing a 7.96% 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 increased \$54,605 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 other sources.

The Debt Service fund balance decreased \$5,786 to an ending balance of \$1,424,502 at June 30, 2009. The primary reason for the decrease is due to the District paying more in principal and interest for the revenue bonds then was transferred 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 48.

The District's total actual receipts were \$420,517 more than the total budgeted receipts, a variance of 2.53%. 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 instruction, non-instructional programs 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, 2009, amounts to \$15,200,612 (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 6 of the notes to the basic financial statements.

During the year ended June 30, 2009, the District started construction work on the High School remodel and renovation project with increased the construction in progress. The decrease in buildings was due to annual depreciation and the deletion of the 1918 Nevada Elementary School. The decrease in land improvements was to due to annual depreciation was greater than capitalized land improvement of a fence at the track. The decrease in machinery and equipment was to due to annual depreciation was greater than new 2010 Blue Bird bus purchase made during the year.

Table 4  
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 231,244	231,244	0	0	231,244	231,244	0.00%
Construction in progress	611,506	0	0	0	611,506	0	100.00%
Buildings	13,500,945	14,212,200	0	0	13,500,945	14,212,200	-5.00%
Land improvements	318,419	338,353	0	0	318,419	338,353	-5.89%
Machinery and equipment	480,621	544,097	57,877	63,778	538,498	607,875	-11.41%
Total	\$ 15,142,735	15,325,894	57,877	63,778	15,200,612	15,389,672	-1.23%

## Long-Term Debt

At the end of June 30, 2009, the District had total long-term debt of \$8,243,673, a decrease of \$741,949 from the prior fiscal year. Of this amount, \$1,198,096 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 7 of the notes to the basic financial statements.

Table 5  
Outstanding Long-Term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2009	2008	2008-09
General obligation bonds	\$ 3,865,000	4,100,000	-5.73%
Revenue bonds	3,940,000	4,650,000	-15.27%
Capital lease obligations	222,701	220,381	1.05%
Early retirement	114,641	15,241	652.19%
Compensated Absences	66,978	0	100.00%
Net OPEB liability	34,353	0	100.00%
Totals	\$ 8,243,673	8,985,622	-8.26%

## **Economic Factors and Next Year's Budgets and Rates**

- District enrollment decreased in fiscal year 2009 by 24 students, 1.6% of the enrollment of 1,520 in fiscal year 2008. 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 program 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 2009. Whether the District can continue to raise the local tax levy for any education program will be a future concern.
- The recession that has impacted the State of Iowa's budget resulted in a 1.5% across-the-board cut in December 2008 for state aid funding. Future increases in state aid to schools will be based upon the condition of the state and national economy. Further, the 2009 Legislature approved federal stimulus funds (from the American Recovery and Reinvestment Act of 2009) which showed as a replacement of state aid moneys for fiscal years 2009 and 2010. What happens when the stimulus funds expire will have an adverse impact on the District's General Fund budget.
- The District has a one-year contract with the Nevada Community Education Association (NCEA) which included an overall increase in salary and benefits for certified teaching staff of 4.61% for fiscal year 2009. Staff represented by NCEA make up \$7.2 million in wages and benefits or 53% of all General Fund expenditures. Settlements with employee groups that exceed the rate of growth in state funding will have an adverse impact upon the District's General Fund budget.

## **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, 2009

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 4,426,736	67,010	4,493,746
U S Treasury Securities on deposit with escrow agent	1,404,217	0	1,404,217
Receivables			
Property tax			
Delinquent	61,518	0	61,518
Succeeding year	4,631,954	0	4,631,954
Income surtax	327,010	0	327,010
Accounts	3,073	1,922	4,995
Accrued interest	44,757	0	44,757
Due from other governments	415,214	0	415,214
Inventories	0	39,791	39,791
Capital assets not being depreciated			
Land	231,244	0	231,244
Construction in progress	611,506	0	611,506
Capital assets being depreciated, net of accumulated depreciation			
Buildings	13,500,945	0	13,500,945
Land improvements	318,419	0	318,419
Machinery and equipment	480,621	57,877	538,498
<b>TOTAL ASSETS</b>	<b>26,457,214</b>	<b>166,600</b>	<b>26,623,814</b>
<b>LIABILITIES</b>			
Accounts payable	350,477	1,010	351,487
Salaries and benefits payable	1,277,599	39,595	1,317,194
Deposits payable	111,000	0	111,000
Interest payable	91,978	0	91,978
Deferred revenue			
Succeeding year property tax	4,631,954	0	4,631,954
Other	133,923	0	133,923
Unearned revenue	0	12,230	12,230
Long-term liabilities			
Portion due within one year			
Bonds payable	245,000	0	245,000
Revenue bonds payable	730,000	0	730,000
Capital lease payable	48,797	0	48,797
Compensated absences payable	66,978	0	66,978
Early retirement payable	107,321	0	107,321
Portion due after one year			
Bonds payable	3,620,000	0	3,620,000
Revenue bonds payable	3,210,000	0	3,210,000
Capital lease payable	173,904	0	173,904
Early retirement payable	7,320	0	7,320
Net OPEB liability	34,147	206	34,353
<b>TOTAL LIABILITIES</b>	<b>14,840,398</b>	<b>53,041</b>	<b>14,893,439</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,115,034	57,877	7,172,911
Restricted for			
Debt service	2,024,502	0	2,024,502
Categorical funding	139,028	0	139,028
Capital projects	1,507,892	0	1,507,892
Physical plant and equipment levy	81,394	0	81,394
Other special revenue purposes	146,357	0	146,357
Unrestricted	602,609	55,682	658,291
<b>TOTAL NET ASSETS</b>	<b>\$ 11,616,816</b>	<b>113,559</b>	<b>11,730,375</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
<b>Functions/Programs:</b>						
Governmental activities						
Instruction						
Regular instruction	\$ 6,110,614	611,918	1,089,745	(4,408,951)	0	(4,408,951)
Special instruction	1,919,432	122,647	182,553	(1,614,232)	0	(1,614,232)
Other instruction	1,567,339	347,884	130,508	(1,088,947)	0	(1,088,947)
	<u>9,597,385</u>	<u>1,082,449</u>	<u>1,402,806</u>	<u>(7,112,130)</u>	<u>0</u>	<u>(7,112,130)</u>
Support services						
Student services	726,992	0	0	(726,992)	0	(726,992)
Instructional staff services	530,941	0	0	(530,941)	0	(530,941)
Administration services	1,274,126	0	0	(1,274,126)	0	(1,274,126)
Operation and maintenance of plant services	1,565,012	0	0	(1,565,012)	0	(1,565,012)
Transportation services	620,423	43,473	2,087	(574,863)	0	(574,863)
	<u>4,717,494</u>	<u>43,473</u>	<u>2,087</u>	<u>(4,671,934)</u>	<u>0</u>	<u>(4,671,934)</u>
Non-instructional programs	14,535	0	0	(14,535)	0	(14,535)
Other expenditures						
Long-term debt interest	321,037	0	0	(321,037)	0	(321,037)
AEA flowthrough	506,098	0	506,098	0	0	0
Depreciation(unallocated)*	737,289	0	0	(737,289)	0	(737,289)
	<u>1,564,424</u>	<u>0</u>	<u>506,098</u>	<u>(1,058,326)</u>	<u>0</u>	<u>(1,058,326)</u>
Total governmental activities	15,893,838	1,125,922	1,910,991	(12,856,925)	0	(12,856,925)
Business Type activities						
Support services						
Administration services	202	0	0	0	(202)	(202)
Operation and maintenance of plant services	13,358	0	0	0	(13,358)	(13,358)
Non-instructional programs						
Nutrition services	648,810	389,375	256,107	0	(3,328)	(3,328)
	<u>662,370</u>	<u>389,375</u>	<u>256,107</u>	<u>0</u>	<u>(16,888)</u>	<u>(16,888)</u>
Total	\$ 16,556,208	1,515,297	2,167,098	(12,856,925)	(16,888)	(12,873,813)
<b>General Revenues:</b>						
Property tax levied for						
General purposes			\$ 3,648,552	0		3,648,552
Debt service			408,359	0		408,359
Capital outlay			310,904	0		310,904
Income surtax			367,425	0		367,425
Local option sales and services tax			1,549,800	0		1,549,800
Unrestricted state grants			6,806,429	0		6,806,429
Unrestricted investment earnings			105,977	976		106,953
Gain on sale of capital assets			3,123	0		3,123
Miscellaneous			158,575	0		158,575
Total general revenues			<u>13,359,144</u>	<u>976</u>		<u>13,360,120</u>
Changes in net assets before extraordinary item			502,219	(15,912)		486,307
Extraordinary item						
Lawsuit settlement claims			(37,282)	0		(37,282)
Changes in net assets			464,937	(15,912)		449,025
Net assets beginning of year			<u>11,151,879</u>	<u>129,471</u>		<u>11,281,350</u>
Net assets end of year			<u>\$ 11,616,816</u>	<u>113,559</u>		<u>11,730,375</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, 2009

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 2,148,340	\$ 2,036,119	\$ 13,601	\$ 228,676	\$ 4,426,736
U.S. Treasury Securities on deposit with escrow agent	0	0	1,404,217	0	1,404,217
Receivables:					
Property tax					
Delinquent	48,509	0	6,884	6,125	61,518
Succeeding year	3,594,514	0	405,435	632,005	4,631,954
Income surtax	327,010	0	0	0	327,010
Interfund	10,445	0	0	(10,445)	0
Accounts	2,041	0	0	1,032	3,073
Accrued interest	23,384	21,373	0	0	44,757
Due from other governments	191,252	223,962	0	0	415,214
<b>TOTAL ASSETS</b>	<b>\$ 6,345,495</b>	<b>\$ 2,281,454</b>	<b>\$ 1,830,137</b>	<b>\$ 857,393</b>	<b>\$ 11,314,479</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 284,942	\$ 62,562	\$ 200	\$ 2,773	\$ 350,477
Salaries and benefits payable	1,277,599	0	0	0	1,277,599
Deposits payable	0	111,000	0	0	111,000
Deferred revenue:					
Succeeding year property tax	3,594,514	0	405,435	632,005	4,631,954
Income surtax	327,010	0	0	0	327,010
Other	133,923	0	0	0	133,923
<b>Total liabilities</b>	<b>5,617,988</b>	<b>173,562</b>	<b>405,635</b>	<b>634,778</b>	<b>6,831,963</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Debt service	0	600,000	1,424,502	0	2,024,502
Categorical funding	139,028	0	0	0	139,028
<b>Unreserved:</b>					
<b>Designated for special purpose:</b>					
Wind turbine maintenance	54,000	0	0	0	54,000
<b>Undesignated:</b>					
General	534,479	0	0	0	534,479
Capital Projects Fund	0	1,507,892	0	0	1,507,892
Nonmajor Special Revenue Funds	0	0	0	222,615	222,615
<b>Total fund balances</b>	<b>727,507</b>	<b>2,107,892</b>	<b>1,424,502</b>	<b>222,615</b>	<b>4,482,516</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,345,495</b>	<b>\$ 2,281,454</b>	<b>\$ 1,830,137</b>	<b>\$ 857,393</b>	<b>\$ 11,314,479</b>

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, 2009

<b>Total fund balances of governmental funds(page 22)</b>	\$ 4,482,516
<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.	15,142,735
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.	(91,978)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	327,010
Long-term liabilities, including bonds payable, capital leases payable, early retirement payable, compensated absences payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(8,243,467)</u>
<b>Net assets of governmental activities(page 20)</b>	<u><u>\$ 11,616,816</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, 2009

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
<b>REVENUES</b>					
Local sources					
Local tax	\$ 3,955,991	\$ 1,549,800	\$ 408,359	\$ 375,356	\$ 6,289,506
Tuition	660,237	0	0	0	660,237
Other	270,928	108,061	10,327	372,020	761,336
Intermediate sources	11,793	0	0	0	11,793
State sources	8,305,989	0	224	210	8,306,423
Federal sources	368,105	0	0	0	368,105
Total revenues	<u>13,573,043</u>	<u>1,657,861</u>	<u>418,910</u>	<u>747,586</u>	<u>16,397,400</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular instruction	5,992,100	0	0	600	5,992,700
Special instruction	1,912,443	0	0	201	1,912,644
Other instruction	1,225,644	0	0	341,695	1,567,339
	<u>9,130,187</u>	<u>0</u>	<u>0</u>	<u>342,496</u>	<u>9,472,683</u>
Support services					
Student services	720,495	0	0	1,486	721,981
Instructional staff services	491,255	0	0	39,069	530,324
Administration services	1,136,086	0	4,878	4,988	1,145,952
Operation and maintenance of plant services	1,103,337	0	0	150,888	1,254,225
Transportation services	496,880	0	0	119,177	616,057
	<u>3,948,053</u>	<u>0</u>	<u>4,878</u>	<u>315,608</u>	<u>4,268,539</u>
Non-instructional programs	<u>14,535</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,535</u>
Other expenditures					
Facilities acquisitions	0	752,019	0	175,243	927,262
Long-term debt					
Principal	0	0	1,023,434	0	1,023,434
Interest and fiscal charges	0	0	330,569	0	330,569
AEA flowthrough	506,098	0	0	0	506,098
	<u>506,098</u>	<u>752,019</u>	<u>1,354,003</u>	<u>175,243</u>	<u>2,787,363</u>
Total expenditures	<u>13,598,873</u>	<u>752,019</u>	<u>1,358,881</u>	<u>833,347</u>	<u>16,543,120</u>
Excess(deficiency) of revenues over(under) expenditures	(25,830)	905,842	(939,971)	(85,761)	(145,720)
Other financing sources(uses)					
Sale of equipment	3,123	0	0	0	3,123
Proceeds from lease purchases	0	0	0	80,754	80,754
Transfers in	5,547	0	934,185	0	939,732
Transfers out	(45,758)	(851,237)	0	(42,737)	(939,732)
Total other financing sources(uses)	<u>(37,088)</u>	<u>(851,237)</u>	<u>934,185</u>	<u>38,017</u>	<u>83,877</u>
Net change in fund balances before extraordinary item	(62,918)	54,605	(5,786)	(47,744)	(61,843)
Extraordinary item					
Lawsuit settlement claims	0	0	0	(37,282)	(37,282)
Net change in fund balances	(62,918)	54,605	(5,786)	(85,026)	(99,125)
Fund balances beginning 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>
Fund balances end of year	<u>\$ 727,507</u>	<u>\$ 2,107,892</u>	<u>\$ 1,424,502</u>	<u>\$ 222,615</u>	<u>\$ 4,482,516</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, 2009

**Net change in fund balances - total governmental funds(page 24)** \$ (99,125)

*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 and depreciation expense in the year are as follows:

Capital outlays	\$ 734,056	
Depreciation expense	(917,215)	(183,159)

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	(80,754)	
Repaid	1,023,434	942,680

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.

9,532

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

(4,466)

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	(99,400)	
Compensated absences	(66,978)	
Other postemployment benefits	(34,147)	(200,525)

**Changes in net assets of governmental activities(page 21)** \$ 464,937

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
 PROPRIETARY FUND

JUNE 30, 2009

	<u>School Nutrition</u>
<u>ASSETS</u>	
Current assets:	
Cash and pooled investments	\$ 67,010
Accounts receivable	1,922
Inventories	<u>39,791</u>
Total current assets	<u>108,723</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	<u>57,877</u>
Total non-current assets	<u>57,877</u>
<b>TOTAL ASSETS</b>	<u><b>166,600</b></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	1,010
Salaries and benefits payable	39,595
Unearned revenue	<u>12,230</u>
Total current liabilities	<u>52,835</u>
Long-term liabilities:	
Net OPEB liability	<u>206</u>
Total long-term liabilities	<u>206</u>
<b>TOTAL LIABILITIES</b>	<u><b>53,041</b></u>
<u>NET ASSETS</u>	
Invested in capital assets	57,877
Unrestricted	<u>55,682</u>
Total net assets	<u><u>\$ 113,559</u></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, 2009

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for service	<u>\$ 389,375</u>
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	<u>202</u>
Operation and maintenance of plant services:	
Supplies	<u>13,358</u>
Total support services	<u>13,560</u>
Non-instructional programs:	
Food service operations:	
Salaries	284,882
Benefits	45,001
Services	9,935
Supplies	290,729
Depreciation	<u>18,263</u>
Total non-instructional programs	<u>648,810</u>
TOTAL OPERATING EXPENSES	<u>662,370</u>
OPERATING LOSS	<u>(272,995)</u>
NON-OPERATING REVENUES:	
State sources	6,787
Federal sources	249,320
Interest on investments	976
TOTAL NON-OPERATING REVENUES	<u>257,083</u>
Change in net assets	(15,912)
Net assets beginning of year	<u>129,471</u>
Net assets end of year	<u>\$ 113,559</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2009

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 378,215
Cash received from miscellaneous sources	9,790
Cash payments to employees for services	(326,650)
Cash payments to suppliers for goods or services	(293,003)
Net cash used in operating activities	<u>(231,648)</u>
Cash flows from non-capital financing activities:	
State grants received	6,787
Federal grants received	209,118
Net cash provided by non-capital financing activities	<u>215,905</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(12,362)
Net cash used in capital and related financing activities	<u>(12,362)</u>
Cash flows from investing activities:	
Interest on investments	976
Net cash provided by investing activities	<u>976</u>
Net decrease in cash and cash equivalents	(27,129)
Cash and cash equivalents at beginning of year	<u>94,139</u>
Cash and cash equivalents at end of year	<u>\$ 67,010</u>

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2009

	<u>School</u> <u>Nutrition</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (272,995)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	40,202
Depreciation	18,263
Decrease in inventories	431
Increase in accounts receivable	(581)
Decrease in accounts payable	(19,412)
Increase in salaries and benefits payable	3,027
Decrease in unearned revenue	(789)
Increase in other postemployment benefits	206
Net cash used in operating activities	<u>\$ (231,648)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR  
 END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE  
 SHEET:

Current assets:	
Cash and investments	<u>\$ 67,010</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received Federal  
 commodities valued at \$40,202.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

JUNE 30, 2009

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and pooled investments	\$ 37,491	\$ 12,497
Due from other groups	0	30
<b>TOTAL ASSETS</b>	<u>37,491</u>	<u>12,527</u>
<b>LIABILITIES</b>		
Accounts payable	0	35
Due to other groups	0	12,492
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>12,527</u>
<b>NET ASSETS</b>		
Reserved for scholarships	<u>\$ 37,491</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, 2009

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 3,650
Interest	358
Total additions	4,008
Deductions:	
Instructional:	
Scholarships awarded	2,250
Student services:	
Supplies	171
	2,421
Change in net assets	1,587
Net assets beginning of year	35,904
Net assets end of year	\$ 37,491

SEE NOTES TO BASIC FINANCIAL STATEMENTS

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

**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 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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

Capital assets 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 2009, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2009.

#### I. Deposits Payable

On July 1, 2009, the District issued revenue bonds of \$11.1 million in revenue bonds to finance capital facility construction as part of the High School Remodel Project. As part of the issuance of the debt, the District received a good faith deposit of \$111,000 prior to June 30, 2009.

#### J. 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.

#### K. 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.

#### L. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the statement of net assets and will be paid in the future out of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The full balance is shown as due within a year using first-in, first-out basis.

#### M. 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.

#### N. 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.

#### O. 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.

#### P. 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.

Net assets restricted through enabling legislation consists of \$2,024,502 for debt service, \$139,028 for categorical funding, \$1,507,892 for capital projects, \$81,394 for physical plant and equipment levy and \$146,357 for other special revenue purposes.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## **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, 2009, the non-instructional programs and other expenditures areas were amended for an increase of 20.48% and 42.29%, 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, 2009 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, 2009, the carrying amount of the District's bank deposits and pooled investments totaled \$5,935,454 with bank balances of \$2,328,010. These amounts are included in the cash and pooled investments on the combined balance sheet. Of the bank balance, \$500,000 was covered by federal depository insurance and \$1,828,010 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, 2009, the District had investments in the Iowa Schools Joint Investment Trust and U.S. Treasury Securities as follows:

<u>Type</u>	<u>Amortized Cost</u>
U.S. Treasury Securities	\$ 1,404,217
Diversified Portfolio	<u>2,203,227</u>
Total	<u>\$ 3,607,444</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. Interfund Receivable and Payable**

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	<u>\$ 10,445</u>

The Nonmajor Governmental Fund, Management Levy Fund is repaying the General Fund for salaries and benefits as part of the lawsuit settlement claims during the year. The balance will be repaid by June 30, 2010.

**Note 5. Transfers**

The detail of transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Nonmajor Governmental Funds	\$ 37,190
Debt Service	General	45,758
Debt Service	Capital Projects	851,237
General	Nonmajor Governmental Funds	<u>5,547</u>
Total		<u>\$ 939,732</u>

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

The Nonmajor Governmental Fund, Physical Plant and Equipment Levy Fund is transferring money to finance bus lease payments made from the Debt Service Fund.

The General Fund is transferring money to finance the Apple lease payments made from the Debt Service Fund.

The Capital Projects is transferring money to finance the revenue bonds payments made from the Debt Service Fund.

The Nonmajor Governmental Fund, Physical Plant and Equipment Levy Fund is transferring money to General Fund for money that was donated for musical instruments which were purchased from General Fund.

**Note 6. Capital Assets**

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Business type activities:				
Machinery and equipment	\$ 227,388	12,362	0	239,750
Less accumulated depreciation	163,610	18,263	0	181,873
Business type activities capital assets, net	<u>\$ 63,778</u>	<u>(5,901)</u>	<u>0</u>	<u>57,877</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 231,244	0	0	231,244
Construction in progress	0	611,506	0	611,506
Total capital assets not being depreciated	231,244	611,506	0	842,750
Capital assets being depreciated:				
Buildings	19,109,040	0	198,000	18,911,040
Land improvements	727,491	6,100	0	733,591
Machinery and equipment	1,803,625	116,450	0	1,920,075
Total capital assets being depreciated	21,640,156	122,550	198,000	21,564,706
Less accumulated depreciation for:				
Buildings	4,896,840	711,255	198,000	5,410,095
Land improvements	389,138	26,034	0	415,172
Machinery and equipment	1,259,528	179,926	0	1,439,454
Total accumulated depreciation	6,545,506	917,215	198,000	7,264,721
Total capital assets being depreciated, net	15,094,650	(794,665)	0	14,299,985
Governmental activities capital assets, net	\$ 15,325,894	(183,159)	0	15,142,735

Depreciation expense was charged by the District as follows:

Governmental activities:		
Support services:		
Administration		\$ 101,839
Transportation		78,087
		<u>179,926</u>
Unallocated depreciation		<u>737,289</u>
Total governmental activities depreciation expense		<u>\$ 917,215</u>
Business type activities:		
Food services		<u>\$ 18,263</u>

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

A summary of changes in long-term debt for business type activities and governmental activities for the year ended June 30, 2009 are as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Business Type Activities:					
Net OPEB Liability	\$ -	\$ 206	\$ -	\$ 206	\$ -

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 4,100,000	\$ -	\$ 235,000	\$ 3,865,000	\$ 245,000
Revenue Bonds	4,650,000	-	710,000	3,940,000	730,000
Capital Lease Obligations	220,381	80,754	78,434	222,701	48,797
Early Retirement	15,241	100,000	600	114,641	107,321
Compensated Absences	-	66,978	-	66,978	66,978
Net OPEB Liability	-	34,147	-	34,147	-
Total	<u>\$ 8,985,622</u>	<u>\$ 281,879</u>	<u>\$ 1,024,034</u>	<u>\$ 8,243,467</u>	<u>\$ 1,198,096</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, 2009 general obligation bonded indebtedness are as follows:

Year Ending June 30,	<u>Bond Issue of June 27, 2006</u>				
	Rate	Principal	Interest	Total	
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	4.25	295,000	114,122	409,122	
2015-2019	4.00-4.25	1,710,000	374,625	2,084,625	
2020-2021	4.00-4.10	800,000	49,219	849,219	
Total		<u>\$ 3,865,000</u>	<u>\$ 1,111,758</u>	<u>\$ 4,976,758</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, 2009 local option sales and service tax revenue bonded indebtedness are as follows:

Year Ending June 30,	<u>Bond Issue of May 1, 2005</u>				
	Rate	Principal	Interest	Total	
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>\$ 3,940,000</u>	<u>\$ 367,132</u>	<u>\$ 4,307,132</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 423E 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 \$4,307,132. For the current year \$710,000 in principal and

\$155,045 in interest was paid on the bonds and total local option sales and services tax revenues were \$1,549,800.

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, 2008 and June 30, 2009, 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, 2008 and June 30, 2009, 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, 2009 are as follows:

Year Ending June 30,	Rate	2008 Apple Lease		
		Principal	Interest	Total
2010	2.75 %	\$ 19,668	\$ 2,299	\$ 21,967
2011	2.75	20,785	1,181	21,966
		<u>\$ 40,453</u>	<u>\$ 3,480</u>	<u>\$ 43,933</u>

Year Ending June 30,	Rate	2007 Bus Lease		
		Principal	Interest	Total
2010	4.73 %	\$ 10,328	\$ 2,598	\$ 12,926
2011	4.73	44,590	2,109	46,699
		<u>\$ 54,918</u>	<u>\$ 4,707</u>	<u>\$ 59,625</u>

Year Ending June 30,	Rate	2008 Bus Lease		
		Principal	Interest	Total
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>\$ 59,730</u>	<u>\$ 6,475</u>	<u>\$ 66,205</u>

Year Ending June 30,	Rate	2009 Bus Lease		
		Principal	Interest	Total
2010	4.26 %	\$ 10,218	\$ 2,936	\$ 13,154
2011	4.26	10,662	2,492	13,154
2012	4.26	46,720	2,030	48,750
		<u>\$ 67,600</u>	<u>\$ 7,458</u>	<u>\$ 75,058</u>
Total		<u>\$ 222,701</u>	<u>\$ 22,120</u>	<u>\$ 244,821</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, 2009, totaled \$600. The cost of early retirement payments expected to be liquated 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 8. Other Postemployment Benefits(OPEB)**

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 167 active and 14 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 87,174
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	87,174
Contributions made	(52,821)
Increase in net OPEB obligation	34,343
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 34,343</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the District contributed \$52,821 to the medical plan. Plan members eligible for benefits contributed \$52,821, or 100% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 87,174	60.6%	\$ 34,343

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$910,443, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$910,443. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,959,254, and the ratio of the UAAL to covered payroll was 13.1%. As of June 30, 2009, there were no trust fund assets.

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

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

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5.5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate in six years.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and

employee type. Termination (Turnover) probabilities were based upon rates based on Scale T-10 of the Actuary's Pension Handbook for Certified Employees and Scale T-5 of the Actuary's Pension Handbook.

Projected claim costs of the medical plan are as follows: \$500 deductible plan for \$593 per month for retirees and \$622 per month for spouse; \$750 deductible plan for \$681 per month for retirees and \$713 per month for spouse; and \$1,000 deductible plan for \$528 per month for retirees and \$553 per month for spouse. Post age 65 expected claims cost are assumed to equal retiree contributions. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **Note 9. Pension and Retirement Benefits**

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

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered payroll for the years ended June 30, 2009, 2008 and 2007. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$581,927, \$518,056 and \$450,822 respectively, equal to the required contributions for each year.

#### **Note 10. 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 11. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$506,098 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

#### **Note 12. 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, 2009, expenditures in the instruction, non-instructional programs and other expenditures functional area exceeded the certified budget.

#### **Note 13. Construction Commitments**

The District has active construction projects as of June 30, 2009. The projects include the High School remodel and renovation project. The District entered into contracts totaling \$7,914,506. As of June 30, 2009, costs of \$611,506 had been incurred against the contracts. The balance of \$7,303,000 remaining at June 30, 2009 will be paid as work on the projects progress.

#### **Note 14. Due From Other Governments**

Amount due from other governments by Fund as of June 30, 2009 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>
Local appropriation		
Tuition	\$ 92,929	\$ 0
Transportation fees	8,773	0
Local option sales and services tax	0	223,962
Mobile home tax	632	0
	<u>102,334</u>	<u>223,962</u>
Total local appropriation		
Intermediate appropriation		
Decategorization grant	2,639	0
	<u>2,639</u>	<u>0</u>
Total intermediate appropriation		
State appropriation		
Foster care claim	10,324	0
Vocational aid	6,065	0
Juvenile court liaison	2,933	0
	<u>19,322</u>	<u>0</u>
Total state appropriation		
Federal appropriation		
Title I	25,528	0
Title IIA	36,424	0
Medicaid	2,705	0
Drug Free	2,300	0
	<u>66,957</u>	<u>0</u>
Total federal appropriation		
Total due from other governments	<u>\$ 191,252</u>	<u>\$ 223,962</u>

**Note 15. Categorical Funding**

The District's ending reserved balances for categorical funding as of June 30, 2009 are broken out by the following projects:

<u>Project</u>	<u>Amount</u>
Salary improvement program	\$ 958
Educator quality, professional development	34,552
Beginning teacher mentoring and induction program	724
Additional day	4,782
Professional development	13,666
Market factor	39
Educator quality, market factor	3,222
Educator quality, model core curriculum	27,014
Four-year-old preschool	52,205
Juvenile court liaison	1,866
	<u>1,866</u>
Total reserved for cateforical funding	<u>\$ 139,028</u>

**Note 16. Extraordinary Item**

During the year ended June 30, 2009, the District had a lawsuit that resulted in settlement claims. The lawsuit settlement claims paid during the year were \$37,282 and are reported as an extraordinary item due to the fact that this not a normal occurrence for the District.

## **Required Supplementary Information**

NEVADA COMMUNITY SCHOOL DISTRICT

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

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 7,711,079	\$ 390,351	\$ 8,101,430	\$ 7,762,013	\$ 7,762,013	\$ 339,417
Intermediate sources	11,793	0	11,793	0	0	11,793
State appropriations	8,306,423	6,787	8,313,210	8,381,657	8,381,657	(68,447)
Federal appropriations	368,105	249,320	617,425	479,671	479,671	137,754
Total revenues	16,397,400	646,458	17,043,858	16,623,341	16,623,341	420,517
Expenditures/Expenses:						
Instruction	9,472,683	0	9,472,683	9,471,183	9,471,183	(1,500)
Support services	4,268,539	13,560	4,282,099	4,724,597	4,724,597	442,498
Non-instructional programs	14,535	648,810	663,345	519,584	626,000	(37,345)
Other expenditures	2,787,363	0	2,787,363	1,932,609	2,750,000	(37,363)
Total expenditures/expenses	16,543,120	662,370	17,205,490	16,647,973	17,571,780	366,290
Deficiency of revenues under expenditures/expenses	(145,720)	(15,912)	(161,632)	(24,632)	(948,439)	786,807
Other financing sources, net	46,595	0	46,595	0	0	46,595
Deficiency of revenues and other financing sources under expenditures/expenses	(99,125)	(15,912)	(115,037)	(24,632)	(948,439)	833,402
Balance beginning of year	4,581,641	129,471	4,711,112	3,750,113	3,750,113	960,999
Balance end of year	\$ 4,482,516	\$ 113,559	\$ 4,596,075	\$ 3,725,481	\$ 2,801,674	\$ 1,794,401

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2009

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 \$923,807.

During the year ended June 30, 2009, the expenditures in the instruction, non-instructional programs and other expenditures functional areas exceeded the certified budget.

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-c)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	\$ 910,443	\$ 910,443	0.0%	\$ 6,959,254	13.1%

See Note 8 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## **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, 2009

	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 4,626	\$ 147,897	\$ 76,153	\$ 228,676
Receivables:				
Property tax:				
Current year delinquent	884	0	5,241	6,125
Succeeding year	309,842	0	322,163	632,005
Accounts	<u>0</u>	<u>1,032</u>	<u>0</u>	<u>1,032</u>
<b>TOTAL ASSETS</b>	<u>\$ 315,352</u>	<u>\$ 148,929</u>	<u>\$ 403,557</u>	<u>\$ 867,838</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund payable	\$ 10,445	\$ 0	\$ 0	\$ 10,445
Accounts payable	201	2,572	0	2,773
Deferred revenue:				
Succeeding year property tax	<u>309,842</u>	<u>0</u>	<u>322,163</u>	<u>632,005</u>
Total liabilities	<u>320,488</u>	<u>2,572</u>	<u>322,163</u>	<u>645,223</u>
Unreserved fund balances	<u>(5,136)</u>	<u>146,357</u>	<u>81,394</u>	<u>222,615</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 315,352</u>	<u>\$ 148,929</u>	<u>\$ 403,557</u>	<u>\$ 867,838</u>

NEVADA COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2009

	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 64,452	\$ 0	\$ 310,904	\$ 375,356
Other	18,310	348,163	5,547	372,020
State sources	39	0	171	210
<b>TOTAL REVENUES</b>	<b>82,801</b>	<b>348,163</b>	<b>316,622</b>	<b>747,586</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction				
Regular instruction	600	0	0	600
Special instruction	201	0	0	201
Other instruction	0	341,695	0	341,695
Support services:				
Student services	0	1,486	0	1,486
Instructional staff services	0	0	39,069	39,069
Administration services	0	4,988	0	4,988
Operation and maintenance of plant services	147,604	3,284	0	150,888
Student transportation	1,534	0	117,643	119,177
Other expenditures:				
Facilities acquisition	0	0	175,243	175,243
<b>TOTAL EXPENDITURES</b>	<b>149,939</b>	<b>351,453</b>	<b>331,955</b>	<b>833,347</b>
Deficiency of revenues under expenditures	(67,138)	(3,290)	(15,333)	(85,761)
<b>OTHER FINANCING SOURCES(USES):</b>				
Proceeds from lease purchases	0	0	80,754	80,754
Transfer out	0	0	(42,737)	(42,737)
<b>Total other financing sources(uses)</b>	<b>0</b>	<b>0</b>	<b>38,017</b>	<b>38,017</b>
Net change in fund balances before extraordinary item	(67,138)	(3,290)	22,684	(47,744)
<b>EXTRAORDINARY ITEM:</b>				
Lawsuit settlement claims	(37,282)	0	0	(37,282)
Net change in fund balances	(104,420)	(3,290)	22,684	(85,026)
<b>FUND BALANCES BEGINNING OF YEAR</b>	<b>99,284</b>	<b>149,647</b>	<b>58,710</b>	<b>307,641</b>
<b>FUND BALANCES END OF YEAR</b>	<b>\$ (5,136)</b>	<b>\$ 146,357</b>	<b>\$ 81,394</b>	<b>\$ 222,615</b>

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS

JUNE 30, 2009

	<u>Capital Projects Funds</u>		
	<u>Statewide Sales and Services Tax</u>	<u>Building Project</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and pooled investments	\$ 1,966,498	\$ 69,621	\$ 2,036,119
Receivables:			
Accrued interest	21,373	0	21,373
Due from other governments	223,962	0	223,962
<b>TOTAL ASSETS</b>	<u>\$ 2,211,833</u>	<u>\$ 69,621</u>	<u>\$ 2,281,454</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 61,762	\$ 800	\$ 62,562
Deposits payable	111,000	0	111,000
Total liabilities	<u>172,762</u>	<u>800</u>	<u>173,562</u>
Fund balances:			
Reserved for debt service	600,000	0	600,000
Unreserved fund balances	1,439,071	68,821	1,507,892
	<u>2,039,071</u>	<u>68,821</u>	<u>2,107,892</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,211,833</u>	<u>\$ 69,621</u>	<u>\$ 2,281,454</u>

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUNDS

YEAR ENDED JUNE 30, 2009

	Capital Project Funds		
	Statewide Sales and Services Tax	Building Project	Total
REVENUES:			
Local sources:			
Local tax	\$ 1,549,800	\$ 0	\$ 1,549,800
Other	25,435	82,626	108,061
TOTAL REVENUES	<u>1,575,235</u>	<u>82,626</u>	<u>1,657,861</u>
EXPENDITURES:			
Other expenditures:			
Facilities acquisition	612,261	139,758	752,019
TOTAL EXPENDITURES	<u>612,261</u>	<u>139,758</u>	<u>752,019</u>
Excess of revenues over expenditures	962,974	(57,132)	905,842
OTHER FINANCING USES:			
Transfer out	(851,237)	0	(851,237)
Total other financing uses	<u>(851,237)</u>	<u>0</u>	<u>(851,237)</u>
Net change in fund balances	111,737	(57,132)	54,605
FUND BALANCES BEGINNING OF YEAR	<u>1,927,334</u>	<u>125,953</u>	<u>2,053,287</u>
FUND BALANCES END OF YEAR	<u>\$ 2,039,071</u>	<u>\$ 68,821</u>	<u>\$ 2,107,892</u>

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUND

YEAR ENDED JUNE 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>ASSETS</b>				
Cash and pooled investments	\$ 11,220	4,593	3,316	12,497
Due from other groups	0	30	0	30
	<u>\$ 11,220</u>	<u>4,623</u>	<u>3,316</u>	<u>12,527</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 119	35	119	35
Due to other groups	11,101	4,588	3,197	12,492
	<u>\$ 11,220</u>	<u>4,623</u>	<u>3,316</u>	<u>12,527</u>

## **Statistical Section**

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# Nevada Community School District

## Statistical Section

### (Unaudited)

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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.	62-77
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	78-81
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	83-88
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	89-91
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.	92-97

**Schedule 1**  
**Nevada Community School District**

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

	Fiscal Year				
	2003	2004	2005	2006	2007
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
Restricted	412,412	1,118,228	1,185,554	266,512	2,988,643
Unrestricted	1,220,065	1,120,263	677,416	736,244	1,062,085
<b>Total governmental activities</b>					
<b>net assets</b>	<b>\$ 4,609,061</b>	<b>\$ 5,919,031</b>	<b>\$ 7,094,745</b>	<b>\$ 7,679,343</b>	<b>\$ 9,737,578</b>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 44,983	\$ 48,433	\$ 60,063	\$ 57,531	\$ 66,718
Restricted	-	-	-	-	-
Unrestricted	75,836	60,154	26,114	31,074	71,550
<b>Total business-type activities</b>					
<b>net assets</b>	<b>\$ 120,819</b>	<b>\$ 108,587</b>	<b>\$ 86,177</b>	<b>\$ 88,605</b>	<b>\$ 138,268</b>
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
Restricted	412,412	1,118,228	1,185,554	266,512	2,988,643
Unrestricted	1,295,901	1,180,417	703,530	767,318	1,133,635
<b>Total primary government</b>					
<b>net assets</b>	<b>\$ 4,729,880</b>	<b>\$ 6,027,618</b>	<b>\$ 7,180,922</b>	<b>\$ 7,767,948</b>	<b>\$ 9,875,846</b>

**Source:** School District financial records.

**Note:**

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

Fiscal Year	
2008	2009
\$ 6,355,513	\$ 7,115,034
3,059,113	3,899,173
1,737,253	602,609
<u>\$ 11,151,879</u>	<u>\$ 11,616,816</u>
\$ 63,778	\$ 57,877
-	-
65,693	55,682
<u>\$ 129,471</u>	<u>\$ 113,559</u>
\$ 6,419,291	\$ 7,172,911
3,059,113	3,899,173
1,802,946	658,291
<u>\$ 11,281,350</u>	<u>\$ 11,730,375</u>

**Schedule 2**  
**Nevada Community School District**

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

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

(Continued on the following page.)

		Fiscal Year	
		2008	2009
\$	9,465,919	\$	9,597,385
	704,624		726,992
	608,542		530,941
	1,073,190		1,274,126
	1,757,438		1,565,012
	426,668		620,423
	-		-
	26,332		14,535
	-		-
	307,300		321,037
	493,418		506,098
	396,840		737,289
	<u>15,260,271</u>		<u>15,893,838</u>
	349		202
	19,417		13,358
	<u>615,942</u>		<u>648,810</u>
	<u>635,708</u>		<u>662,370</u>
\$	<u>15,895,979</u>	\$	<u>16,556,208</u>

\$	1,134,381	\$	1,082,449
	1,984		43,473
	1,972,974		1,910,991
	62,196		-
	<u>3,171,535</u>		<u>3,036,913</u>

**Schedule 2**  
**Nevada Community School District**

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

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

**Source:** School District financial records.

**Note:**

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

Fiscal Year	
2008	2009
370,583	389,375
253,139	256,107
-	-
623,722	645,482
<u>\$ 3,795,257</u>	<u>\$ 3,682,395</u>
\$ (12,088,736)	\$ (12,856,925)
(11,986)	(16,888)
<u>\$ (12,100,722)</u>	<u>\$ (12,873,813)</u>

**Schedule 3**  
**Nevada Community School District**

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (expense) revenue:					
Governmental activities	\$ (9,849,302)	\$ (9,995,629)	\$ (10,709,133)	\$ (11,927,011)	\$ (11,927,011)
Business-type activities	(12,897)	(13,447)	(24,185)	13,785	13,785
<b>Total primary government net expense</b>	<b>(9,862,199)</b>	<b>(10,009,076)</b>	<b>(10,733,318)</b>	<b>(11,913,226)</b>	<b>(11,913,226)</b>
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
Property taxes levied for debt service	501,424	440,351	444,929	438,498	439,108
Property taxes levied for capital outlay	237,413	299,342	274,973	279,787	285,331
Income surtax	-	-	-	-	405,401
Sales tax	-	1,055,437	1,514,873	1,362,867	1,545,767
Unrestricted grants and contributions	5,669,116	5,514,650	5,794,091	6,020,105	6,419,498
Miscellaneous	126,203	79,695	42,720	46,514	85,161
Investment earnings	57,239	34,998	73,848	242,954	375,139
Transfers	-	-	-	13,948	-
Extraordinary items	-	-	-	-	-
<b>Total governmental activities</b>	<b>10,105,092</b>	<b>11,305,599</b>	<b>11,884,847</b>	<b>12,511,609</b>	<b>13,333,653</b>
Business-type activities:					
Miscellaneous	-	-	-	-	26,404
Investment earnings	2,487	1,215	1,775	2,591	3,867
Transfers	-	-	-	(13,948)	-
<b>Total business-type activities</b>	<b>2,487</b>	<b>1,215</b>	<b>1,775</b>	<b>(11,357)</b>	<b>30,271</b>
<b>Total primary government</b>	<b>10,107,579</b>	<b>11,306,814</b>	<b>11,886,622</b>	<b>12,500,252</b>	<b>13,363,924</b>
Change in net assets:					
Governmental activities	255,790	1,309,970	1,175,714	584,598	1,406,642
Business-type activities	(10,410)	(12,232)	(22,410)	2,428	44,056
<b>Total primary government</b>	<b>\$ 245,380</b>	<b>\$ 1,297,738</b>	<b>\$ 1,153,304</b>	<b>\$ 587,026</b>	<b>\$ 1,450,698</b>

Source: School District financial records.

**Note:**

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

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Fiscal Year	
2008	2009
\$ (12,088,736)	\$ (12,856,925)
(11,986)	(16,888)
(12,100,722)	(12,873,813)

3,756,206	3,648,552
447,359	408,359
297,244	310,904
327,752	367,425
1,504,206	1,549,800
6,733,643	6,806,429
229,554	161,698
207,223	105,977
(150)	-
-	(37,282)
13,503,037	13,321,862

-	-
3,039	976
150	-
3,189	976
13,506,226	13,322,838

1,414,301	464,937
(8,797)	(15,912)
\$ 1,405,504	\$ 449,025

**Schedule 4**  
**Nevada Community School District**

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

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund:					
Reserved	\$ 91,965	\$ 118,874	\$ 107,699	\$ 74,910	\$ 66,718
Unreserved	1,149,776	1,290,808	1,156,607	1,083,068	1,002,208
<b>Total General Fund</b>	<b>\$ 1,241,741</b>	<b>\$ 1,409,682</b>	<b>\$ 1,264,306</b>	<b>\$ 1,157,978</b>	<b>\$ 1,068,926</b>
All other governmental funds:					
Reserved					
Debt service funds	\$ 83,281	\$ 91,247	\$ 93,219	\$ 99,238	\$ 97,823
Other reserved	-	-	-	-	-
Unreserved, reported in:					
Capital projects funds	69,299	1,176	1,176	586	761,202
Special revenue funds	184,125	166,223	173,908	172,359	96,669
<b>Total all other governmental funds</b>	<b>\$ 336,705</b>	<b>\$ 258,646</b>	<b>\$ 268,303</b>	<b>\$ 272,183</b>	<b>\$ 955,694</b>

**Source:** School District financial records.

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Fiscal Year				
2005	2006	2007	2008	2009
\$ 51,872	\$ 42,953	\$ 63,394	\$ 70,527	\$ 139,028
555,314	580,670	806,162	719,898	588,479
<u>\$ 607,186</u>	<u>\$ 623,623</u>	<u>\$ 869,556</u>	<u>\$ 790,425</u>	<u>\$ 727,507</u>
\$ 99,190	\$ 1,661,818	\$ 2,161,963	\$ 2,030,288	\$ 2,024,502
-	-	-	-	-
6,861,916	5,088,600	1,502,874	1,453,287	1,507,892
53,780	223,223	243,431	307,641	222,615
<u>\$ 7,014,886</u>	<u>\$ 6,973,641</u>	<u>\$ 3,908,268</u>	<u>\$ 3,791,216</u>	<u>\$ 3,755,009</u>

**Schedule 5**  
**Nevada Community School District**

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Federal sources:					
Federal sources	\$ 141,566	\$ 183,978	\$ 689,300	\$ 1,010,719	\$ 924,937
<b>Total federal sources</b>	<b>141,566</b>	<b>183,978</b>	<b>689,300</b>	<b>1,010,719</b>	<b>924,937</b>
State sources:					
State sources	\$ 6,439,547	\$ 6,559,309	\$ 6,497,689	\$ 6,550,557	\$ 6,323,721
<b>Total state sources</b>	<b>6,439,547</b>	<b>6,559,309</b>	<b>6,497,689</b>	<b>6,550,557</b>	<b>6,323,721</b>
Intermediate sources:					
Intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total intermediate sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Local sources:					
Local taxes	\$ 3,869,478	\$ 4,054,447	\$ 4,361,540	\$ 4,248,066	\$ 5,663,327
Tuition	352,130	469,397	426,447	441,690	521,868
Other revenues	653,766	734,803	650,279	743,809	706,802
<b>Total local sources</b>	<b>4,875,374</b>	<b>5,258,647</b>	<b>5,438,266</b>	<b>5,433,565</b>	<b>6,891,997</b>
<b>Total revenues</b>	<b>\$ 11,456,487</b>	<b>\$ 12,001,934</b>	<b>\$ 12,625,255</b>	<b>\$ 12,994,841</b>	<b>\$ 14,140,655</b>

**Source:** School District financial records.

					Fiscal Year				
2005		2006		2007		2008		2009	
\$	286,117	\$	261,805	\$	275,655	\$	302,886	\$	368,105
	286,117		261,805		275,655		302,886		368,105
\$	6,599,717	\$	6,923,097	\$	7,464,747	\$	8,230,951	\$	8,306,423
	6,599,717		6,923,097		7,464,747		8,230,951		8,306,423
\$	-	\$	2,000	\$	35,252	\$	10,378	\$	11,793
	-		2,000		35,252		10,378		11,793
\$	5,946,502	\$	6,188,088	\$	6,380,883	\$	6,371,211	\$	6,289,506
	605,500		561,729		570,688		612,406		660,237
	799,971		839,014		1,060,102		1,169,612		761,336
	7,351,973		7,588,831		8,011,673		8,153,229		7,711,079
\$	14,237,807	\$	14,775,733	\$	15,787,327	\$	16,697,444	\$	16,397,400

**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				
	2000	2001	2002	2003	2004
Instruction	\$ 7,033,271	\$ 7,272,683	\$ 7,765,406	\$ 7,942,483	\$ 8,214,156
Student services	751,557	773,932	1,278,670	1,239,799	1,181,547
Instructional staff services	260,932	274,505	293,692	352,329	211,985
Administration services	973,002	1,054,418	1,051,651	861,525	918,783
Operation and maintenance of plant services	763,613	1,080,669	933,265	1,039,942	1,108,813
Pupil transportation services	579,606	338,645	359,352	372,395	500,143
Other support services	-	-	-	132,551	-
Non-instructional programs	31,911	34,020	35,454	20,497	20,782
AEA flowthrough	435,531	458,537	450,277	448,043	417,513
Capital outlay:					
Facilities acquisition/construction	488,935	250,571	-	94,965	411,634
Debt service:					
Principal	373,842	389,347	435,974	443,662	500,452
Interest and fiscal charges	134,553	167,923	157,333	159,098	72,297
<b>Total expenditures</b>	<b>\$ 11,826,753</b>	<b>\$ 12,095,250</b>	<b>\$ 12,761,074</b>	<b>\$ 13,107,289</b>	<b>\$ 13,558,105</b>
Debt service as a percentage of noncapital expenditures	4.49%	4.83%	4.88%	4.82%	4.41%

**Source:** School District financial records.

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		Fiscal Year				
		2005	2006	2007	2008	2009
\$	8,662,269	\$ 8,338,486	\$ 8,833,840	\$ 9,473,916	\$ 9,472,683	
	629,174	553,116	562,967	704,624	721,981	
	427,449	485,660	561,912	608,542	530,324	
	850,800	920,449	968,569	1,068,481	1,145,952	
	945,924	1,114,473	1,171,874	1,213,458	1,254,225	
	456,739	440,249	578,190	742,370	616,057	
	-	-	-	-	-	
	29,210	19,210	28,606	26,332	14,535	
	412,669	427,831	462,464	493,418	506,098	
	1,827,335	5,867,298	4,016,239	1,277,204	927,262	
	522,337	583,833	1,240,977	1,121,526	1,023,434	
	48,668	214,048	382,445	318,246	330,569	
\$	14,812,574	\$ 18,964,653	\$ 18,808,083	\$ 17,048,117	\$ 16,543,120	
		4.01%	4.39%	9.45%	9.22%	8.91%

**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				
	2000	2001	2002	2003	2004
Excess of revenues over (under) expenditures	\$ (370,266)	\$ (93,316)	\$ (135,819)	\$ (112,448)	\$ 582,550
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	-	11,909
Transfers in	79,141	-	142,585	108,136	130,983
Transfers out	(79,141)	-	(142,585)	(108,136)	(130,983)
Extraordinary items	-	-	-	-	-
<b>Total other financing sources</b>					
<b>(uses)</b>	540,025	183,198	100	10,000	11,909
<b>Net change in fund balances</b>	\$ 169,759	\$ 89,882	\$ (135,719)	\$ (102,448)	\$ 594,459

**Source:** School District financial records.

Fiscal Year				
2005	2006	2007	2008	2009
\$ (574,767)	\$ (4,188,920)	\$ (3,020,756)	\$ (350,673)	\$ (145,720)
-	4,100,000	-	-	-
6,000,000	-	-	-	-
140,999	-	198,477	87,918	80,754
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
31,220	46,514	-	-	-
-	3,650	2,839	66,722	3,123
127,443	1,879,742	1,118,837	947,206	939,732
(127,443)	(1,865,794)	(1,118,837)	(947,356)	(939,732)
-	-	-	-	(37,282)
6,172,219	4,164,112	201,316	154,490	46,595
\$ 5,597,452	\$ (24,808)	\$ (2,819,440)	\$ (196,183)	\$ (99,125)

**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			
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
2009	338,485,981	46,399,192	64,625,968	200,558,626	248,952,515	16.43213

**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
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
2009	14.11868	2.31345	16.43213	6.67593	15.12870	0.56386

**Source:** Story County Auditor

**Notes:** Assessed value equals estimated actual value.

**Schedule 10**  
**Nevada Community School District**

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

Taxpayer	2009			2000		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Union Pacific Corporation	\$ 9,737,346	1	3.26%	\$ 1,874,943	7	0.62%
Lincolnway Energy LLC	9,231,300	2	3.09%	-	-	-
Heart of Iowa Coop	4,585,900	3	1.53%	4,059,300	2	1.33%
Burke Marketing Corporation	3,928,800	4	1.31%	2,502,600	4	0.82%
Flexi-Coil Inc-Ctr	2,483,200	5	0.83%	2,398,000	5	0.79%
PR Investments LLC	1,942,100	6	0.65%	-	-	-
Interstate Power & Light Co	1,806,129	7	0.60%	4,169,163	1	1.37%
General Financial Supply Inc	1,637,900	8	0.55%	-	-	-
Fareway Stores Inc.	1,479,800	9	0.49%	1,459,500	8	0.48%
Hubert Family Trust	1,474,400	10	0.49%	-	-	-
Nevada Economic Development	-	-	-	2,963,200	3	0.97%
Stetham, James H Trustee & Thomas, Howard G Trustee	-	-	-	1,943,200	6	0.64%
Iowa Falls Nursing Corp.	-	-	-	1,400,397	9	0.46%
Meadows Apartment Ltd.	-	-	-	1,347,200	10	0.44%
<b>Total</b>	<b>\$ 38,306,875</b>		<b>12.81%</b>	<b>\$ 24,117,503</b>		<b>7.92%</b>

Source: Story County Auditor

**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
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%
2009	4,338,131	4,370,394	100.74%	7,768	4,378,162	100.92%

**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)
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%	\$107
2009	3,865,000	3,940,000	222,701	-	8,027,701	3.22%	\$95

**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							Business Type	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bonds	Capital Leases	Capital Loan Notes	Early Retirement	Compensated Absences	Net OPEB Liability	Net OPEB Liability			
2000	\$ 2,950,000	-	-	\$ 536,082	\$ 37,689	-	-	-	\$ 3,523,771	0 19%	\$ 45
2001	2,640,000	-	-	641,748	31,848	-	-	-	3,313,596	0 17%	42
2002	2,315,000	-	-	530,774	41,978	-	-	-	2,887,752	0 14%	36
2003	1,985,000	-	-	427,112	43,223	-	-	-	2,455,335	0 12%	31
2004	1,595,000	-	-	316,660	54,043	-	-	-	1,965,703	0 09%	24
2005	1,185,000	6,000,000	140,999	204,323	35,499	-	-	-	7,565,821	0 26%	94
2006	4,870,000	6,000,000	91,489	85,000	43,864	-	-	-	11,090,353	0 46%	138
2007	4,450,000	5,335,000	218,989	-	16,181	-	-	-	10,020,170	0 39%	126
2008	4,100,000	4,650,000	220,381	-	15,241	-	-	-	8,985,622	0 33%	107
2009	3,865,000	3,940,000	222,701	-	114,641	66,978	34,147	206	8,243,673	0 28%	97

**Source** School District financial records

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

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

**Schedule 14**  
**Nevada Community School District**

**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2009**

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Story County	\$ 7,270,000	9.89%	\$ 685,439
City of Nevada	17,473,000	100.00%	17,473,000
Area XI Community College	82,500,000	0.65%	537,992
			<b>Subtotal, overlapping debt</b> 18,696,431
District direct debt			8,243,673
			<b>Total direct and overlapping debt</b> \$ 26,940,104

**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)**

	2000	2001	2002	2003	2004
Debt limit	\$ 15,712,864	\$ 19,121,477	\$ 19,765,998	\$ 20,873,890	\$ 21,656,722
Total net debt applicable to limit	3,486,082	3,281,748	2,845,774	2,412,112	1,911,660
Legal debt margin	\$ 12,226,782	\$ 15,839,729	\$ 16,920,224	\$ 18,461,778	\$ 19,745,062
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	22.19%	17.16%	14.40%	11.56%	8.83%

**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 2008**

Actual assessed value (a)	<u>\$ 520,405,854</u>
Debt limit (5% of assessed value) (b)	\$ 26,020,293
Debt applicable to limit	<u>8,027,701</u>
Legal debt margin	<u>\$ 17,992,592</u>

	2005	2006	2007	2008	2009
\$	21,109,701	\$ 21,761,450	\$ 23,021,473	\$ 24,064,336	\$ 26,020,293
	7,530,322	11,046,489	10,003,989	8,970,381	8,027,701
\$	13,579,379	\$ 10,714,961	\$ 13,017,484	\$ 15,093,955	\$ 17,992,592
	35.67%	50.76%	43.46%	37.28%	30.85%

**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		
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	
2009	1,549,800	710,000	155,045	1 79	

**Source:** School District financial records

**Notes:** Details regarding the District's outstanding debt can be found in Note 7 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)
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%
2007	84,752	2,895,000	33,942	3.70%

**Notes:**

(a) Bureau of Economic Analysis Web Site

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**Schedule 18**  
**Nevada Community School District**

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

Employer	2009			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	<u>1,603</u>		<u>16.20%</u>	<u>1,566</u>		<u>11.52%</u>

**Source:** Nevada Economic Development Council web site

**Note:** \*Information from 1999-2001 is unavailable.

**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				
	2000	2001	2002	2003	2004
<b>Supervisory:</b>					
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	4.5	4.5	4.5	4.5	3.5
<b>Total supervisory</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>9.0</b>
<b>Instruction:</b>					
Teachers	113.7	115.1	116.7	119.2	110.0
Teachers' Aides	17.5	20.0	25.2	29.0	21.0
Other	4.5	6.0	6.0	1.5	1.5
<b>Total instruction</b>	<b>135.7</b>	<b>141.1</b>	<b>147.9</b>	<b>149.7</b>	<b>132.5</b>
<b>Student services:</b>					
Counselors	4.5	4.0	4.0	4.0	4.0
Nurses	2.0	3.0	3.0	3.0	3.0
Librarians	3.0	3.0	3.0	3.0	2.5
<b>Total student services</b>	<b>9.5</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>9.5</b>
<b>Support and administration:</b>					
Office/Clerical	8.5	11.0	9.5	5.5	7.5
Operative	11.0	15.0	6.0	16.5	19.0
Service	9.5	30.0	12.0	8.5	7.5
Other support	6.5	6.0	-	12.0	14.5
<b>Total support and administration</b>	<b>35.5</b>	<b>62.0</b>	<b>27.5</b>	<b>42.5</b>	<b>48.5</b>
<b>Total</b>	<b>190.7</b>	<b>223.1</b>	<b>195.4</b>	<b>212.2</b>	<b>199.5</b>

**Source:** District records

Full-Time Equivalent Employees as of June 30					Percentage Change 2000-2009
2005	2006	2007	2008	2009	
1.0	1.0	1.0	1.0	1.0	0.0%
3.0	3.0	3.0	3.0	3.0	0.0%
0.5	0.5	0.3	0.3	0.7	-53.3%
4.5	4.5	4.8	4.8	4.8	5.6%
9.0	9.0	9.0	9.0	9.5	-5.5%
106.3	110.7	101.9	111.4	105.6	-7.1%
20.5	25.0	24.0	26.0	39.0	122.9%
1.5	1.5	1.5	0.5	0.0	-100.0%
128.3	137.2	127.4	137.9	144.6	6.6%
3.3	3.3	3.3	3.3	5.3	17.8%
2.0	2.0	2.0	2.1	2.1	5.0%
2.5	2.5	2.0	2.0	2.0	-33.3%
7.8	7.8	7.3	7.4	9.4	-1.1%
7.0	6.5	10.5	9.7	9.7	14.1%
10.0	12.0	12.0	15.0	11.0	0.0%
34.5	35.0	19.2	25.0	16.0	68.4%
7.5	2.0	9.5	12.0	6.0	-7.7%
59.0	55.5	51.2	61.7	42.7	20.3%
204.1	209.5	194.8	216.0	206.2	8.1%

**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
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%
2009	1,485	14,261,855	9,604	0.86%

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

**Notes:** N/A = not available.

(1) Average daily membership

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

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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	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%
14,386,046	10,246	(1.96)%	101.90	13.78	26.0%
15,895,979	10,562	3.08%	113.45	13.27	27.0%
16,556,208	11,149	5.56%	112.90	13.15	24.0%

**Schedule 21  
Nevada Community School District**

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

School	Fiscal Year				
	2000	2001	2002	2003	2004
<b>Elementary:</b>					
Central (2006)					
Square feet	91,000	91,000	91,000	91,000	91,000
Capacity	700	700	700	700	700
Enrollment	613	599	555	546	524
North Central (2006)					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
<b>Middle:</b>					
Nevada Middle School (1991)					
Square feet	73,000	73,000	73,000	73,000	73,000
Capacity	600	600	600	600	600
Enrollment	498	509	509	484	471
<b>High:</b>					
Nevada High School (1962)					
Square feet	115,000	115,000	115,000	115,000	115,000
Capacity	750	750	750	750	750
Enrollment	709	689	650	670	669

**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.

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Fiscal Year				
2005	2006	2007	2008	2009
91,000	53,000	103,000	103,000	103,000
700	400	800	800	800
548	298	595	595	595
-	12,000	12,000	12,000	12,000
-	200	200	200	200
-	131	15	15	15
73,000	73,000	73,000	73,000	73,000
600	600	600	600	600
446	546	546	546	546
115,000	115,000	115,000	115,000	115,000
750	750	750	750	750
641	676	676	676	676

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## **Single Audit Section**

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2009

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 09	\$ 215,578
SCHOOL BREAKFAST PROGRAM	10.553	FY 09	30,545
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	FY 09	<u>3,197</u>
			<u>249,320</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES			
	84.010	4617-G	102,111
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES			
	84.010	4617-GC	<u>15,846</u>
			<u>117,957</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATES GRANTS	84.186	FY 09	<u>3,850</u>
ADVANCED PLACEMENT PROGRAM	84.330	FY 09	<u>3,323</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 09	<u>44,369</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 09	<u>8,224</u>
AMES COMMUNITY SCHOOL DISTRICT:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES			
	84.048	FY 09	<u>9,005</u>
HEARTLAND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION (IDEA) CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 09	79,305
ARRA - SPECIAL EDUCATION - GRANTS TO STATES - RECOVERY ACT	84.391	FY 09	<u>41,901</u>
			<u>121,206</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
CENTER FOR DISEASE CONTROL AND PREVENTION - INVESTIGATIONS AND TECHNICAL ASSISTANCE (TOBACCO SURVEY)			
	93.283	FY 09	<u>700</u>
TOTAL			<u>\$ 557,954</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)

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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, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 29, 2009. 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.

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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-09 is a material weakness.

#### Compliance and Other Matters

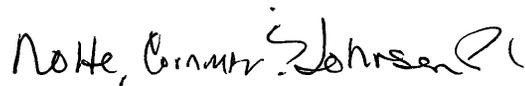
As part of obtaining reasonable assurance about whether Nevada Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a 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, 2009 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 29, 2009

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### 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, 2009. 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, 2009.

#### 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.

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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 29, 2009

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009

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:
  - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
    - Clustered Programs:
    - CFDA Number 10.555 - National School Lunch Program
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.556 - Special Milk Program for Children
- (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.

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-09 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-09 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-C-09 Student Activity Fund - Scholarships - We noted during our audit that the District wrote checks for scholarships from the FFA 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 do this.

Conclusion - Response accepted.

II-D-09 Gate Admissions - It was noted that the District does not utilize pre-numbered tickets for all event admissions.

Recommendation - The District should have internal control procedures established for handling cash for all activity events, including athletic events and communicate the policies and procedures to individuals involved. The Board would approve any policies and the District's business office should be involved in developing the detailed procedures. At a minimum these procedures should include:

- a. Cash or change boxes should be established with a specified amount.
- b. The District should use pre-numbered tickets.
- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.
- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.
- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.

- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the “accounting” function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District’s vault or other secure location at the District’s office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.
- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response - We will extend the procedure currently done with athletic tickets to all events.

Conclusion - Response accepted.

II-E-09 Student Activity Fund - Fundraisers - We noted during our audit that the District maintains fundraisers in the Student Activity Fund. All fundraisers are not being approved by the board and do not always have a specific purpose.

Recommendation - The District should review the procedures in place. The board should approve fundraisers and all fundraisers should have a specific purpose. The District should cease the practice of fundraising without specific purposes.

Response - We will start a process for having all fundraisers reviewed by the Board.

Conclusion - Response accepted.

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: 2009  
 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: 2009  
 U.S. Department of Education  
 Passed through the Iowa Department of Education

III-A-09 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.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - District expenditures for the year ended June 30, 2009 exceeded the certified budget in the instructional, non-instructional programs 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-09 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-09 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-09 Business Transactions - Business transactions between the District and District officials are noted as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kevin Cooper, Teacher Owner of Cooper Trucking	Purchased services	\$1,084

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-09 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-09 Board Minutes - We noted transactions requiring Board approval which have not been approved by the Board.

Recommendation - The Board should approve monthly listing of electronic fund transfers that were paid during the month.

Response - We will include electronic fund transfers on the list of bills for Board approval.

Conclusion - Response accepted.

IV-G-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-09 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. However, we did note that the District was not receiving the proper interest rate, set by the State Rate Setting Committee, on their Certificate of Deposit.

Recommendation - The District should contact the appropriate bank and rectify the situation.

Response - The bank has been contacted about the issue of the proper interest rate on the certificate of deposit.

Conclusion - Response accepted.

IV-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

IV-J-09 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	-
Statewide sales and services tax revenue			1,549,800
Expenditures/transfers out:			
School infrastructure:			
Buildings	\$	611,506	
Other improvements		87,057	
Debt service for school infrastructure:			
Revenue debt		<u>851,237</u>	<u>1,549,800</u>
Ending balance		\$	<u><u>-</u></u>

IV-L-09 Student Activity Fund - In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. The District receipted target donations and box tops for education moneys in the Student Activity Fund, which appear to be more appropriately handled in the General Fund.

Recommendation - The District should review the propriety of these receipts and in the future recorded them in the General Fund. It would appear that these moneys are administratively maintained in nature, rather than maintained by a club or organization.

Therefore, they need to be corrected or transferred to the proper fund where these monies can be received and expended.

Response - The Elementary School will be contacted about this issue.

Conclusion - Response accepted.

IV-M-09 Supporting Documents for Payments to Officials - We noted during the audit that payments were made to athletic officials from the Student Activity Fund; however, there were not always copies of the contracts with the paid bills.

Recommendation - Pursuant to a valid contractual agreement between the school board and the officials, which includes terms and conditions for payment and compliance with Chapters 279.29 and 279.30 of the Code of Iowa, officials could be paid after the service has been rendered. For non-contract officials or substitute officials, payment should be made after services have been rendered and audited and allowed similar to other vendor payments. The district should have a policy and (athletic) officials should be informed that payment will be made in this manner unless a valid contract exists. Copies of the signed contracts should be supplied to the accounting staff before checks are issued. The signed contract should then be kept with the paid bills.

Response - We will review procedures in anticipation of correcting this item.

Conclusion - Response accepted.

IV-N-09 Officiating Contracts - We noted during our audit that the Athletic Director was signing Activity Fund officiating contracts. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District.

Response - We believe, with most contracts less than \$150, that this is an unnecessary procedure. However, we will investigate how this item can be resolved.

Conclusion - Response acknowledged. The Board President is required to sign all contracts according to 291.1 of the Code of Iowa.

IV-O-09 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 1<sup>st</sup>. 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 - Outstanding checks are reviewed monthly for those which are outstanding over one year.

Conclusion - Response acknowledged.