

Nashua-Plainfield Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2010

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Independent Auditor's Report

To the Board of Education of
Nashua-Plainfield Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District, Nashua, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

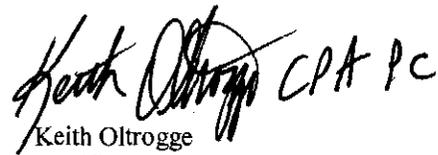
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated February 4, 2011 on my consideration of Nashua-Plainfield Community School District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 31 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nashua-Plainfield Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Keith Oltrogge
Certified Public Accountant

February 4, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nashua-Plainfield Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,242,954 in fiscal 2009 to \$6,347,052 in fiscal 2010, while General Fund expenditures decreased from \$6,247,233 in fiscal 2009 to \$6,198,366 in fiscal 2010. The District's General Fund balance increased from \$528,855 in fiscal 2009 to \$677,541 in fiscal 2010, a 22% increase.
- The increase in General Fund revenues was attributable to an increase in local taxes sources and federal sources in fiscal 2010. The decrease in expenditures was due primarily to a decrease in overall expenditures.
- The District's solvency ratio has increased from 7.9% at June 30, 2009 to 9.1% at June 30, 2010. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Nashua-Plainfield Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Nashua-Plainfield Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Nashua-Plainfield Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Nashua-Plainfield Community School District Annual Financial Report

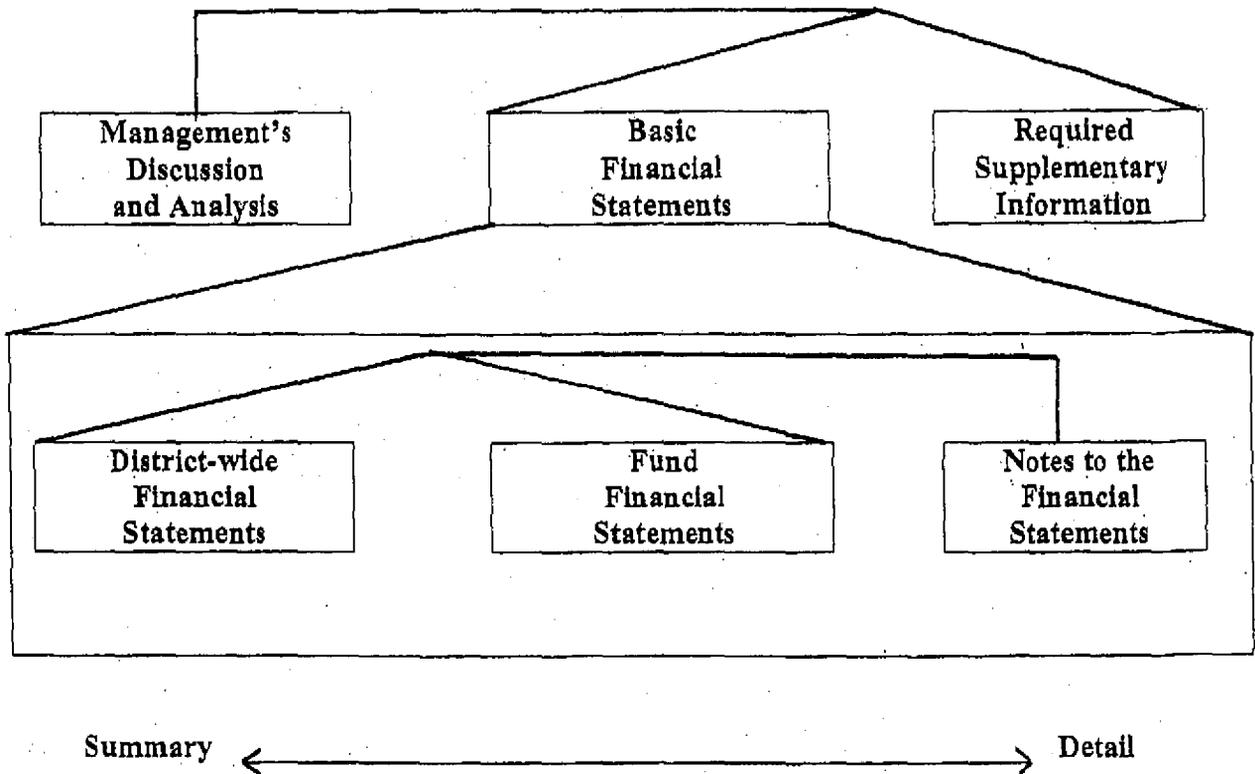


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in fund net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using 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 received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund 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 future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2010 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Current and other assets	\$5,111,732	\$5,140,371	\$59,493	\$53,218	\$5,171,225	\$5,193,589	-\$22,364
Capital assets	3,294,111	3,258,324	39,412	39,308	3,333,523	3,297,632	35,891
Total assets	\$8,405,843	\$8,398,695	\$98,905	\$92,526	\$8,504,748	\$8,491,221	\$13,527
Long-term liabilities	\$3,353	\$18,736	\$-	\$-	\$3,353	\$18,736	-\$15,383
Other liabilities	3,569,865	3,879,559	24,582	33,364	3,594,447	3,912,923	-318,476
Total liabilities	\$3,573,218	\$3,898,295	\$24,582	\$33,364	\$3,597,800	\$3,931,659	-\$333,859
Net assets:							
Invested in capital assets, net of related debt	\$3,294,111	\$3,258,324	\$39,412	\$39,308	\$3,333,523	\$3,297,632	\$35,891
Restricted	563,587	438,988	-	-	563,587	438,988	124,599
Unrestricted	974,927	803,088	34,911	19,854	1,009,838	822,942	186,896
Total net assets	\$4,832,625	\$4,500,400	\$74,323	\$59,162	\$4,906,948	\$4,559,562	\$347,386

The District's combined net assets increased by nearly 7.6%, or \$347,386, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., buildings and equipment), less the related debt".

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$124,599, or 22.2%, over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased by \$186,896, or 18.6%.

Figure A-4 shows the change in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2009.

**Figure A-4
Changes in Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change 2009-10
	2010	2009	2010	2009	2010	2009	
Revenues:							
Program revenues:							
Charges for service	\$448,680	\$509,360	\$173,657	\$186,338	\$622,337	\$695,698	-10.6%
Operating grants, contributions and restricted interest	1,502,681	902,136	168,422	148,140	1,671,103	1,050,276	59.1%
Capital grants, contributions and restricted interest	31,883	-	-	-	31,883	-	100%
General revenues:							
Property tax	2,566,464	2,492,904	-	-	2,566,464	2,492,904	2.9%
Statewide sales, service and use tax	459,450	460,114	-	-	459,450	460,114	-0.2%
Unrestricted state grants	2,304,095	2,788,694	-	-	2,304,095	2,788,694	-17.4%
Unrestricted investment earnings	22,431	40,000	414	408	22,845	40,408	-43.5%
Other	19,109	42,016	-	-	19,109	42,016	-54.6%
Total revenues	\$7,354,793	\$7,235,224	\$342,493	\$334,886	\$7,697,286	\$7,570,110	1.6%
Program expenses:							
Governmental activities:							
Instruction	\$4,828,836	\$4,666,991	\$-	\$-	\$4,828,836	\$4,666,991	3.4%
Support services	1,794,815	1,865,162	-	-	1,794,815	1,865,162	-3.8%
Non-instructional programs	5,018	3,725	327,332	330,644	332,350	334,369	-0.7%
Other expenses	393,899	322,541	-	-	393,899	322,541	22.1%
Total expenses	\$7,022,568	\$6,858,419	\$327,332	\$330,644	\$7,349,900	\$7,189,063	2.2%
Change in net assets	\$332,225	\$376,805	\$15,161	\$4,242	\$347,386	\$381,047	-8.9%

In fiscal year 2010, property tax and unrestricted state grants accounted for 66.2% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.8% of business type activities revenue.

The District's total revenues were approximately \$7.7 million, of which approximately \$7.4 million was for governmental activities and less than \$0.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.6% increase in revenues and a 2.2% increase in expenses. Property tax increased approximately \$73,600 to fund the increase in expenses. The increase in expenses is related to increases in the negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$7,354,793 and expenses were \$7,022,568 for the year ended June 30, 2010. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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 for the year ended June 30, 2010 compared to the year ended June 30, 2009.

**Figure A-5
Total and Net Cost of Governmental Activities**

	Total Cost of Services		Change 2009-10	Net Cost of Services		Change 2009-10
	2010	2009		2010	2009	
Instruction	\$4,828,836	\$4,666,991	3.4%	\$2,883,795	\$3,265,518	-11.7%
Support services	1,794,815	1,865,162	-3.8%	1,788,495	1,855,139	-3.6%
Non-instructional programs	5,018	3,725	34.7%	5,018	3,725	34.7%
Other expenses	393,899	322,541	22.1%	362,016	322,541	12.2%
Totals	\$7,022,568	\$6,858,419	2.3%	\$5,039,324	\$5,446,923	-7.5%

- The cost financed by users of the District's programs was \$622,337.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,671,103.
- The net cost of governmental activities was financed with \$3,025,914 in property and other taxes and \$2,304,095 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$342,493 and expenses were \$327,332. 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.

INDIVIDUAL FUND ANALYSIS

As previously noted, Nashua-Plainfield Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,541,867, well above last year's ending fund balances of \$1,260,812.

Governmental Fund Highlights

- The General Fund balance increased from \$528,855 to \$677,541 due to the increase in federal sources.
- The Capital Projects Fund balance increased from \$305,388 to \$410,782 due to the decrease in expenditures.

Proprietary Fund Highlights

- School Nutrition Fund net assets increased from \$59,162 at June 30, 2009 to \$74,323 at June 30, 2010, representing an increase of approximately 25.6%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$10,440 less than budgeted receipts, a variance of 0.2%. The most significant variance resulted from the District receiving less from state sources than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$3,333,523, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 1.0% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$383,914.

The original cost of the District's capital assets was \$11,546,421. Governmental funds account for \$11,481,980, with the remainder of \$64,441 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Land	\$266,196	\$266,196	\$-	\$-	\$266,196	\$266,196	0%
Buildings	2,119,423	2,145,024	-	-	2,119,423	2,145,024	-1.2%
Improvements other than buildings	213,876	230,906	-	-	213,876	230,906	-7.4%
Furniture and equipment	694,616	616,198	39,412	39,308	734,028	655,506	11.9%
Totals	\$3,294,111	\$3,258,324	\$39,412	\$39,308	\$3,333,523	\$3,297,632	1.0%

Long-term Debt

At June 30, 2010, the District had no outstanding debt.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was unaware of any existing circumstances that could significantly affect its financial health in the future except for the following:

- Certified enrollment has decreased in each of the past 3 years from 716 students in the 2007-2008 school years to 687 students in the 2009-2010 school years. Decreases in enrollment lead to reduced state funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's 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 questions about this report or need additional financial information, contact Michael Kalvig, District Secretary and Business Manager, Nashua-Plainfield Community School District, 612 Greeley Street, Nashua IA 50658.

Basic Financial Statements

Nashua-Plainfield Community School District

Statement of Net Assets

June 30, 2010

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 2,045,294	\$ 50,491	\$ 2,095,785
Receivables:			
Property tax:			
Delinquent	32,383	-	32,383
Succeeding year	2,462,831	-	2,462,831
Accounts	169,849	788	170,637
Accrued interest:			
ISCAP	21	-	21
Due from other governments	379,332	-	379,332
Prepaid expenses	22,022	63	22,085
Inventories	-	8,151	8,151
Capital assets, net of accumulated depreciation	3,294,111	39,412	3,333,523
Total Assets	\$ 8,405,843	\$ 98,905	\$ 8,504,748
Liabilities			
Accounts payable	\$ 123,622	\$ 212	\$ 123,834
Salaries and benefits payable	638,904	18,239	657,143
Deferred revenue-succeeding year property tax	2,462,831	-	2,462,831
Deferred revenue-other	344,508	6,131	350,639
Long-term liabilities:			
Portion due within one year:			
Early retirement	830	-	830
Portion due after one year:			
Net OPEB liability	2,523	-	2,523
Total Liabilities	\$ 3,573,218	\$ 24,582	\$ 3,597,800
Net Assets			
Invested in capital assets, net of related debt	\$ 3,294,111	\$ 39,412	\$ 3,333,523
Restricted:			
Categorical funding	113,396	-	113,396
Management levy	173,346	-	173,346
Physical plant and equipment levy	143,038	-	143,038
Other special revenue purposes	133,807	-	133,807
Unrestricted	974,927	34,911	1,009,838
Total Net Assets	\$ 4,832,625	\$ 74,323	\$ 4,906,948

Nashua-Plainfield Community School District

Statement of Activities

Year Ended June 30, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 3,434,995	\$ 113,531	\$ 1,288,831	\$ -
Special instruction	591,372	84,293	195,287	-
Other instruction	802,469	250,806	12,293	-
	<u>\$ 4,828,836</u>	<u>\$ 448,630</u>	<u>\$ 1,496,411</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 230,768	\$ -	\$ 4,583	\$ -
Instructional staff services	133,536	-	-	-
Administration services	588,988	-	1,500	-
Operation and maintenance of plant services	468,228	50	-	-
Transportation services	373,295	-	187	-
	<u>\$ 1,794,815</u>	<u>\$ 50</u>	<u>\$ 6,270</u>	<u>\$ -</u>
Non-instructional programs	\$ 5,018	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ 102,840	\$ -	\$ -	\$ 31,883
AEA flow-through	291,059	-	-	-
	<u>\$ 393,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,883</u>
Total Governmental Activities	<u>\$ 7,022,568</u>	<u>\$ 448,680</u>	<u>\$ 1,502,681</u>	<u>\$ 31,883</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 327,332	\$ 173,657	\$ 168,422	\$ -
Total	<u>\$ 7,349,900</u>	<u>\$ 622,337</u>	<u>\$ 1,671,103</u>	<u>\$ 31,883</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -2,032,633	\$ -	\$ -2,032,633
-311,792	-	-311,792
-539,370	-	-539,370
<u>\$ -2,883,795</u>	<u>\$ -</u>	<u>\$ -2,883,795</u>
\$ -226,185	\$ -	\$ -226,185
-133,536	-	-133,536
-587,488	-	-587,488
-468,178	-	-468,178
-373,108	-	-373,108
<u>\$ -1,788,495</u>	<u>\$ -</u>	<u>\$ -1,788,495</u>
\$ -5,018	\$ -	\$ -5,018
\$ -70,957	\$ -	\$ -70,957
-291,059	-	-291,059
<u>\$ -362,016</u>	<u>\$ -</u>	<u>\$ -362,016</u>
\$ -5,039,324	\$ -	\$ -5,039,324
\$ -	\$ 14,747	\$ 14,747
<u>\$ -5,039,324</u>	<u>\$ 14,747</u>	<u>\$ -5,024,577</u>

Nashua-Plainfield Community School District

Statement of Activities

Year Ended June 30, 2010

	<u>Program Revenues</u>		
		Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Expenses</u>	<u>Charges for Services</u>		
General Revenues:			
Property Tax Levied For:			
General purposes			
Capital outlay			
Statewide sales, service and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total General Revenues			
Change in net assets			
Net assets beginning of year			
Net Assets End of Year			

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

	Governmental Activities	Business Type Activities		Total
\$	2,446,525	\$ -	\$	2,446,525
	119,939	-		119,939
	459,450	-		459,450
	2,304,095	-		2,304,095
	22,431	414		22,845
	19,109	-		19,109
<hr/>				
\$	5,371,549	\$ 414	\$	5,371,963
<hr/>				
\$	332,225	\$ 15,161	\$	347,386
	4,500,400	59,162		4,559,562
<hr/>				
\$	4,832,625	\$ 74,323	\$	4,906,948

Nashua-Plainfield Community School District

Balance Sheet
Governmental Funds

June 30, 2010

	General	Capital Projects	Non-major	Total
Assets				
Cash and Pooled Investments	\$ 1,261,486	\$ 344,653	\$ 439,155	\$ 2,045,294
Receivables:				
Property Tax:				
Delinquent	28,549	-	3,834	32,383
Succeeding year	2,245,273	-	217,558	2,462,831
Accounts	53,430	107,105	9,314	169,849
Accrued Interest:				
ISCAP	21	-	-	21
Due from other governments	379,332	-	-	379,332
Prepaid expenses	18,543	-	3,479	22,022
Total Assets	\$ 3,986,634	\$ 451,758	\$ 673,340	\$ 5,111,732
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 80,408	\$ 40,976	\$ 2,238	\$ 123,622
Salaries and benefits payable	638,904	-	-	638,904
Deferred Revenue:				
Succeeding year property tax	2,245,273	-	217,558	2,462,831
Others	344,508	-	-	344,508
Total Liabilities	\$ 3,309,093	\$ 40,976	\$ 219,796	\$ 3,569,865
Fund Balances:				
Reserved for:				
Categorical funding	\$ 113,396	\$ -	\$ -	\$ 113,396
Unreserved	564,145	410,782	453,544	1,428,471
Total Fund Balances	\$ 677,541	\$ 410,782	\$ 453,544	\$ 1,541,867
Total Liabilities and Fund Balances	\$ 3,986,634	\$ 451,758	\$ 673,340	\$ 5,111,732

Nashua-Plainfield Community School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2010

Total fund balances of governmental funds (page 15)	\$ 1,541,867
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	3,294,111
Long-term liabilities, including early retirement, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>-3,353</u>
Net assets of governmental activities (page 12)	<u>\$ 4,832,625</u>

Nashua-Plainfield Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2010

	General	Capital Projects	Non-Major	Total
Revenues:				
Local Sources:				
Local tax	\$ 2,296,878	\$ 459,450	\$ 269,586	\$ 3,025,914
Tuition	184,687	-	-	184,687
Other	58,930	1,574	245,029	305,533
Intermediate sources	-	-	-	-
State sources	3,156,684	-	219	3,156,903
Federal sources	649,873	-	31,883	681,756
Total Revenues	\$ 6,347,052	\$ 461,024	\$ 546,717	\$ 7,354,793
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,122,422	\$ 9,919	\$ 113,524	\$ 3,245,865
Special instruction	604,452	-	-	604,452
Other instruction	569,353	-	213,191	782,544
	\$ 4,296,227	\$ 9,919	\$ 326,715	\$ 4,632,861
Support Services:				
Student services	\$ 230,093	\$ -	\$ 675	\$ 230,768
Instructional staff services	120,994	98,029	174	219,197
Administration services	579,377	6,544	1,758	587,679
Operation and maintenance of plant services	413,507	7,827	50,639	471,973
Transportation services	267,109	-	96,899	364,008
	\$ 1,611,080	\$ 112,400	\$ 150,145	\$ 1,873,625
Non-instructional programs	\$ -	\$ 630	\$ 4,388	\$ 5,018
Other Expenditures:				
Facilities acquisition	\$ -	\$ 232,681	\$ 38,494	\$ 271,175
AEA flow-through	291,059	-	-	291,059
	\$ 291,059	\$ 232,681	\$ 38,494	\$ 562,234
Total Expenditures	\$ 6,198,366	\$ 355,630	\$ 519,742	\$ 7,073,738
Excess (deficiency) of revenue over (under) expenditures	\$ 148,686	\$ 105,394	\$ 26,975	\$ 281,055
Fund balances beginning of year	528,855	305,388	426,569	1,260,812
Fund Balances End of Year	\$ 677,541	\$ 410,782	\$ 453,544	\$ 1,541,867

Nashua-Plainfield 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, 2010

Net change in fund balances – total governmental funds (page 17) \$ 281,055

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, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 414,331	
Depreciation expense	<u>-378,544</u>	35,787

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

Early retirement	\$ 17,906	
Other postemployment benefits	<u>-2,523</u>	15,383

Change in Net Assets of Governmental Activities (page 14) \$ 332,225

Nashua-Plainfield Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2010

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 50,491
Accounts receivable	788
Prepaid expenses	63
Inventories	8,151
Capital assets, net of accumulated depreciation	39,412
Total Assets	\$ 98,905
Liabilities	
Accounts payable	\$ 212
Salaries and benefits payable	18,239
Deferred revenue	6,131
	\$ 24,582
Net Assets	
Invested in capital assets, net of related debt	\$ 39,412
Unrestricted	34,911
Total Net Assets	\$ 74,323

See notes to financial statements.

Nashua-Plainfield Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year Ended June 30, 2010

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 173,657
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 119,200
Benefits	17,452
Purchased services	5,431
Supplies	179,879
Depreciation	5,370
Total operating expenses	<u>\$ 327,332</u>
Operating loss	<u>\$ -153,675</u>
Non-operating revenues:	
State sources	\$ 3,525
Federal sources	164,897
Interest income	414
Total non-operating revenues	<u>\$ 168,836</u>
Change in net assets	\$ 15,161
Net assets beginning of year	<u>59,162</u>
Net Assets End of Year	<u>\$ 74,323</u>

Nashua-Plainfield Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2010

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 173,815
Cash paid to employees for services	-138,724
Cash paid to suppliers for goods or services	-158,003
Net cash used by operating activities	<u>\$ -122,912</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 3,525
Federal grants received	132,996
Net cash provided by non-capital financing activities	<u>\$ 136,521</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 414</u>
Cash flows from capital and financing activities:	
Acquisition of capital assets	<u>\$ -5,474</u>
Net increase in cash and cash equivalents	\$ 8,549
Cash and cash equivalents beginning of year	<u>41,942</u>
Cash and Cash Equivalents End of Year	<u>\$ 50,491</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -153,675
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	31,901
Depreciation	5,370
Decrease in inventories	1,491
Decrease in accounts receivable	660
(Decrease) in accounts payable	-6,012
(Decrease) in salaries and benefits payable	-2,130
Decrease in prepaid expenses	58
(Decrease) in deferred revenue	-639
Decrease in petty cash	64
Net Cash Used by Operating Activities	<u>\$ -122,912</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$31,901 of federal commodities.

Nashua-Plainfield Community School District

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

Nashua-Plainfield Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. 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 Cities of Nashua and Plainfield, Iowa and portions of the predominately agricultural territories in Chickasaw, Butler, Bremer and Floyd Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis. The Plainfield attendance center houses classes for Grades 5-8. Grades K-4 and 9-12 attend the Nashua attendance centers.

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

A. Reporting Entity

For financial reporting purposes, Nashua-Plainfield 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. Nashua-Plainfield Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization -- The District participates in a jointly governed organization that provides services to the District but does 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 County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements -- The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary 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 attributable to the acquisition, construction or improvement of those assets.

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

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

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

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

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

The District reports the following major 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.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

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

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

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, 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 repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, 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.

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.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$45,790 pursuant to Rule 2A-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

(3) **Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10A warrants was 2.50%, The interest rate on the Series 2009 - 10B warrants is a variable rate, calculated daily based upon the Bankers Trust Co NA prime rate plus 50 basis points with a minimum interest rate of 4.50%. A summary of the District's ISCAP activity for the year ended June 30, 2010 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of year	Advances Received	Advances Repaid	Balance End of Year	Interest Payable
2009-10A	6/25/09	6/23/10	\$ -	\$ -	\$ -	\$ -	\$ -
2009-10B	2/1/10	1/21/11	-	-	-	-	-
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

During the year ended June 30, 2010, the District paid \$1,780 of interest on the ISCAP warrants.

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 266,196	\$ -	\$ -	\$ 266,196
Total capital assets not being depreciated	\$ 266,196	\$ -	\$ -	\$ 266,196
Capital assets being depreciated:				
Buildings	\$ 5,974,518	\$ 95,201	\$ -	\$ 6,069,719
Improvements other than buildings	424,485	-	-	424,485
Furniture and equipment	4,402,450	319,130	-	4,721,580
Total capital assets being depreciated	\$ 10,801,453	\$ 414,331	\$ -	\$ 11,215,784
Less accumulated depreciation for:				
Buildings	\$ 3,829,494	\$ 120,802	\$ -	\$ 3,950,296
Improvements other than buildings	193,579	17,030	-	210,609
Furniture and equipment	3,786,252	240,712	-	4,026,964
Total accumulated depreciation	\$ 7,809,325	\$ 378,544	\$ -	\$ 8,187,869
Total capital assets being depreciated, net	\$ 2,992,128	\$ 35,787	\$ -	\$ 3,027,915
Governmental Activities Capital Assets, Net	\$ 3,258,324	\$ 35,787	\$ -	\$ 3,294,111

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 58,967	\$ 5,474	\$ -	\$ 64,441
Less accumulated depreciation	19,659	-	5,370	25,029
Business Type Activities Capital Assets, Net	\$ 39,308	\$ 5,474	\$ 5,370	\$ 39,412

Depreciation expense was charged to the following functions:

Governmental Activities:	
Instruction:	
Regular	\$ 221,784
Other	22,125
Special	20,556
Support services:	
Administration	6,672
Operation and maintenance of plant	18,191
Transportation	89,216
Total Depreciation Expense – Governmental Activities	\$ 378,544
Business Type Activities:	
Food service operations	\$ 5,370

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Early retirement	\$ 18,736	\$ 83,189	\$ 101,095	\$ 830	\$ 830
Net OPEB liability	-	2,523	-	2,523	-
	<u>\$ 18,736</u>	<u>\$ 85,712</u>	<u>\$ 101,095</u>	<u>\$ 3,353</u>	<u>\$ 830</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be age fifty-five or older and must have completed fifteen years of service to the District, or be age of fifty-five or older and the sum of whose age combined with years of service as defined by IPERS equals or exceeds 88. 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 100% of the difference between the current year hiring base (BA Step 1) and the participating employee's current salary excluding extra-curricular, extended contract days, teacher quality, teacher compensation, and extra class payments. The participating employee will also receive \$300 for each year of service in the Nashua-Plainfield District, the Plainfield District, and/or the Nashua District. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. A liability has been recorded in the Governmental Activities long-term debt section which represents the District's commitment to fund non-current early retirement.

(6) 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 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010, 2009 and 2008. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$289,955, \$279,050 and \$253,811, respectively, equal to the required contributions for each year.

(7) 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, 2010.

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 115 active, 97 waived coverage for a total of 18 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2010; the amount actually contributed to the plan and changes in the District’s net OPEB obligations:

Annual required contribution	\$	9,444
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost	\$	9,444
Contributions made		6,921
Increase in net OPEB obligation	\$	2,523
Net OPEB obligation beginning of year		-
Net OPEB obligation end of year	\$	2,523

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$27,904 to the medical plan. Plan members eligible for benefits contributed \$28,921, or 51% 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, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$9,444	73.3%	\$2,523

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010 the actuarial accrued liability was \$118,315, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$118,315. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$824,400 and the ratio of the UAAL to covered payroll was 14.4%. As of June 30, 2010, there were no trust fund assets.

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

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$218.30 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

Nashua-Plainfield 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$291,059 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2010 is comprised of the following programs:

Program	Amount
Limited English Proficiency	\$ 2,587
Preschool Grant	54,568
Teacher Salary Supplement	28,932
Market Factor	2,502
Core Curriculum	17,679
Professional Development	7,128
Total	<u>\$ 113,396</u>

(11) Subsequent Events

The District has evaluated subsequent events through December 31, 2010 which is the date that the financial statements were available to be issued.

Required Supplementary Information

Nashua-Plainfield Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2010

	<u>Governmental Funds Actual</u>	<u>Proprietary Fund Actual</u>
Receipts:		
Local sources	\$ 3,516,134	\$ 174,071
Intermediate sources	-	-
State sources	3,156,903	3,525
Federal sources	681,756	164,897
Total Receipts	<u>\$ 7,354,793</u>	<u>\$ 342,493</u>
Disbursements:		
Instruction	\$ 4,632,861	\$ -
Support services	1,873,625	-
Non-instructional programs	5,018	327,332
Other expenditures	562,234	-
Total Disbursements	<u>\$ 7,073,738</u>	<u>\$ 327,332</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ 281,055	\$ 15,161
Balance beginning of year	<u>1,260,812</u>	<u>59,162</u>
Balance End of Year	<u>\$ 1,541,867</u>	<u>\$ 74,323</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts Original	Final to Actual Variance
\$	3,690,205	\$ 3,661,793	\$ 28,412
	-	-	-
	3,160,428	3,745,933	-585,505
	846,653	300,000	546,653
\$	<u>7,697,286</u>	\$ <u>7,707,726</u>	\$ <u>-10,440</u>
\$	4,632,861	\$ 4,634,000	\$ 1,139
	1,873,625	1,954,600	80,975
	332,350	362,700	30,350
	562,234	759,092	196,858
\$	<u>7,401,070</u>	\$ <u>7,710,392</u>	\$ <u>309,322</u>
\$	296,216	\$ -2,666	\$ 298,882
	1,319,974	1,530,602	-210,628
\$	<u>1,616,190</u>	\$ <u>1,527,936</u>	\$ <u>88,254</u>

Nashua-Plainfield Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental 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 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 a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

Nashua-Plainfield Community School District

**Schedule of Funding Progress for the
Retiree Health Plan**

Required Supplementary Information

June 30, 2010

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$118,315	\$118,315	0.0%	\$824,409	14.4%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Other Supplementary Information

Nashua-Plainfield Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2010

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ 168,653	\$ 134,978	\$ 135,524	\$ 439,155
Receivables:				
Property Tax:				
Delinquent	2,136	-	1,698	3,834
Succeeding year	90,000	-	127,558	217,558
Accounts	2,431	-	6,883	9,314
Prepaid expenses	3,479	-	-	3,479
Total Assets	\$ 266,699	\$ 134,978	\$ 271,663	\$ 673,340
Liabilities & Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ 1,171	\$ 1,067	\$ 2,238
Deferred Revenue:				
Succeeding year property tax	90,000	-	127,558	217,558
Total Liabilities	\$ 90,000	\$ 1,171	\$ 128,625	\$ 219,796
Fund Equity:				
Unreserved fund balances	\$ 176,699	\$ 133,807	\$ 143,038	\$ 453,544
Total Liabilities and Fund Equity	\$ 266,699	\$ 134,978	\$ 271,663	\$ 673,340

Nashua-Plainfield Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Funds

Year Ended June 30, 2010

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenues:				
Local Sources:				
Local tax	\$ 149,647	\$ -	\$ 119,939	\$ 269,586
Other	6,746	237,495	788	245,029
State sources	121	-	98	219
Federal sources	-	-	31,883	31,883
Total Revenues	<u>\$ 156,514</u>	<u>\$ 237,495</u>	<u>\$ 152,708</u>	<u>\$ 546,717</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 113,524	\$ -	\$ -	\$ 113,524
Other instruction	-	213,191	-	213,191
Support Services:				
Student support services	675	-	-	675
Instructional staff service	174	-	-	174
Administration services	1,758	-	-	1,758
Operation & maintenance of plant services	33,139	-	17,500	50,639
Transportation services	16,855	-	80,044	96,899
Non-instructional programs	4,388	-	-	4,388
Other Expenditures:				
Facilities acquisition	-	-	38,494	38,494
Total Expenditures	<u>\$ 170,513</u>	<u>\$ 213,191</u>	<u>\$ 136,038</u>	<u>\$ 519,742</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -13,999	\$ 24,304	\$ 16,670	\$ 26,975
Fund balances beginning of year	<u>190,698</u>	<u>109,503</u>	<u>126,368</u>	<u>426,569</u>
Fund balances end of year	<u>\$ 176,699</u>	<u>\$ 133,807</u>	<u>\$ 143,038</u>	<u>\$ 453,544</u>

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2010

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
Drama & speech	\$ 1,378	\$ 5,842	\$ 3,309	\$ -	\$ 3,911
Vocal music	2,096	-	502	-	1,594
Instrumental music	632	2,311	3,015	80	8
Golf	45	215	890	900	270
Basketball	4,780	7,973	7,133	-600	5,020
Football	8,923	14,359	5,664	-6,400	11,218
Baseball	73	569	3,739	3,600	503
Track	1,631	5,447	2,826	-	4,252
Wrestling	80	4,085	6,700	2,600	65
Volleyball	1,798	3,760	2,780	-	2,778
Softball	-	1,585	4,401	2,800	-16
Annual fund	3,416	3,315	2,910	-	3,821
FFA	3,166	27,404	26,192	-	4,378
Student Council	2,113	1,954	1,007	-	3,060
FHA	541	2,965	2,873	-	633
FSC-STW	1,212	122	423	-	911
Cheerleaders	1,518	6,453	4,741	-	3,230
Honor Society	307	120	-	-	427
National FFA Conference	2,161	29,016	23,830	-	7,347
TAG	367	2,080	2,070	-	377
French Club	16	-	-	-	16
Future Teachers	346	-	-	-	346
Secondary Teachers	46	2,700	1,679	-	1,067
S.A.D.D./Stay-Safe/S.H.A.R.E.	1,046	243	21	-	1,268
Elementary Teachers	1,012	1,781	2,220	-	573
Technology	53	-	-	-	53
Industrial Tech Resale	16	1,981	1,354	-	643
Student pictures	787	205	583	-	409
Adult education	135	-	-	-	135
Interest received	6,855	1,509	-	-3,580	4,784
Class of 2009	2,686	-	2,000	-	686
Class of 2010	2,796	1,468	1,290	-	2,974
Class of 2011	193	9,685	7,356	-	2,522
Class of 2012	289	-	61	-	228
Class of 2013	327	-	-	-	327
Class of 2014	87	273	-	-	360
Class of 2015	-	67	-	-	67
Elementary Technology	9,359	13,981	12,552	-	10,788
High School Activities	1,742	7,260	7,260	-	1,742
Cross Country	4	1,207	1,776	600	35
Football Discretionary	1,903	5,271	5,846	-	1,328
Girls Basketball Discretionary	1,663	2,893	2,252	-	2,304
Golf Discretionary	-57	318	-	-	261
Boys Basketball Discretionary	-26	3,645	3,674	-	-55
Baseball Discretionary	416	2,788	3,047	-	157

Nashua-Plainfield Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2010

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
Cross Country Discretionary	\$ -	\$ 250	\$ -	\$ -	\$ 250
Boys Track Discretionary	-	250	118	-	132
Volleyball Discretionary	-	250	-	-	250
Softball Discretionary	-	408	408	-	-
Girls Track Discretionary	-	458	208	-	250
Track maintenance	12,510	416	-	1,000	13,926
Weight room/Fitness center	3,401	5,454	3,216	-	5,639
Petty cash	381	3,856	2,845	-	1,392
General athletics	285	15,432	14,209	-1,000	508
Nashua Elementary activities	2,468	2,081	1,747	-	2,802
Athletic store	1,992	9,284	9,509	-	1,767
Elementary student store	1,351	1,765	2,269	-	847
High School student store	595	212	-	-	807
Nashua Elementary playground equipment	3,816	-	-	-	3,816
Middle School music	142	390	507	-	25
Middle School Student Council	5,906	1,955	1,471	-	6,390
Middle School technology	3,746	786	2,336	-	2,196
Middle School activities	4,496	17,398	16,372	-	5,522
Character Counts	483	-	-	-	483
Total	\$ 109,503	\$ 237,495	\$ 213,191	\$ -	\$ 133,807

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

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

For the Last Seven Years

	Modified Accrual Basis			
	2010	2009	2008	2007
Revenues:				
Local Sources:				
Local tax	\$ 3,025,914	\$ 2,953,018	\$ 2,833,495	\$ 2,765,485
Tuition	184,687	224,523	188,543	160,222
Other	305,533	368,198	352,614	344,622
Intermediate sources	-	-	2,530	3,231
State sources	3,156,903	3,500,756	3,530,961	3,441,149
Federal sources	681,756	188,729	185,279	163,886
Total	\$ 7,354,793	\$ 7,235,224	\$ 7,093,422	\$ 6,878,595
Expenditures:				
Instruction:				
Regular instruction	\$ 3,245,865	\$ 3,129,623	\$ 3,086,852	\$ 2,915,064
Special instruction	604,452	687,910	589,413	566,118
Other instruction	782,544	763,154	706,383	698,995
Support services:				
Student services	230,768	216,388	195,898	174,235
Instructional staff services	219,197	210,615	175,930	134,243
Administrative services	587,679	636,667	611,651	616,741
Operation and maintenance of plant services	471,973	468,198	465,465	487,242
Transportation services	364,008	401,494	346,171	436,742
Community services	-	-	-	-
Non-instructional programs	5,018	16,828	5,301	6,261
Other expenditures:				
Facilities acquisition	271,175	517,318	260,544	188,616
AEA flow-through	291,059	246,919	240,053	235,999
Total	\$ 7,073,738	\$ 7,295,114	\$ 6,683,661	\$ 6,460,256

See accompanying independent auditor's report.

Modified Accrual Basis		
2006	2005	2004
\$ 2,582,090	\$ 2,015,222	\$ 1,999,609
132,310	133,773	144,401
413,969	785,052	654,053
-	-	-
3,311,229	3,264,558	3,073,520
230,468	190,960	274,898
<u>\$ 6,670,066</u>	<u>\$ 6,389,565</u>	<u>\$ 6,146,481</u>

\$ 2,838,904	\$ 2,670,232	\$ 2,743,482
642,830	660,328	779,077
730,935	762,130	598,937
202,616	212,293	208,976
160,517	110,228	54,679
612,256	631,253	565,325
474,268	463,538	456,516
402,133	328,963	310,144
-	893	7,540
2,777	2,220	1,910
477,084	196,480	153,307
223,304	222,440	225,176
<u>\$ 6,767,624</u>	<u>\$ 6,260,998</u>	<u>\$ 6,105,069</u>

Nashua-Plainfield Community School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

Grantor/Program	CFDA Number	Grant Number	Expendi tures
Indirect:			
US Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	\$ 19,190
National School Lunch Program	10.555	FY10	145,707 *
			<u>\$ 164,897</u>
US Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	\$ 60,759
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY10	40,325
			<u>\$ 101,084</u>
Career and Technical Education – Basic Grants to States	84.048	FY10	\$ 5,101
Safe and Drug-Free Schools and Communities – State Grants	84.186	FY10	\$ 1,767
Iowa Demonstration Construction Grants	84.215	FY10	\$ 31,883
Title II Tech Prep	84.243	FY10	\$ 20
Improving Teacher Quality State Grants	84.367	FY10	\$ 29,652
Grants for State Assessments	84.369	FY10	\$ 4,583
ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act	84.394	FY10	<u>\$ 368,051</u>
Area Education Agency 267:			
Special Education – Grants to States	84.027	FY10	\$ 35,883 **
ARRA – Special Education Grants to States, Recovery Act	84.391	FY10	<u>\$ 58,320 **</u>
Total			<u>\$ 801,241</u>

*- Includes \$31,901 of non-cash awards.

** - Total for CFDA Number 84.391 is \$58,320 and total for Special Education Cluster (IDEA) is \$94,203.

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Nashua-Plainfield Community School District and is presented on 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 basic financial statements.

**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**

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
Nashua-Plainfield Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated February 4, 2011. I conducted my 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 my audit, I considered the Nashua-Plainfield Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Nashua-Plainfield Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Nashua-Plainfield Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-10 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nashua-Plainfield Community School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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.

Nashua-Plainfield Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Nashua-Plainfield Community School District's responses and, accordingly, I 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 Nashua-Plainfield Community School District and other parties to whom Nashua-Plainfield Community School District may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Nashua-Plainfield Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.


Keith Oltrogge
Certified Public Accountant

February 4, 2011

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

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

To the Board of Education of
Nashua-Plainfield Community School District:

Compliance

I have audited the compliance of Nashua-Plainfield Community School District with the types of compliance requirements described in the 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, 2010. Nashua-Plainfield Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Nashua-Plainfield Community School District's management. My responsibility is to express an opinion on Nashua-Plainfield Community School District's compliance based on my audit.

I conducted my 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 I 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 Nashua-Plainfield Community School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Nashua-Plainfield Community School District's compliance with those requirements.

In my opinion, Nashua-Plainfield 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, 2010.

Internal Control Over Compliance

The management of Nashua-Plainfield 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 my audit, I considered Nashua-Plainfield 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 my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Nashua-Plainfield Community School District's internal control over compliance.

My consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item III-A-10 to be a material weakness.

Nashua-Plainfield Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Nashua-Plainfield Community School District's responses and, accordingly, I 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 Nashua-Plainfield Community School District and other parties to whom Nashua-Plainfield 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.



Keith Oltrogge
CPTA PC
Keith Oltrogge
Certified Public Accountant

February 4, 2011

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2010

Part I – Summary of the Independent Auditor’s Results:

- a) Unqualified opinions were issued on the financial statements.
- b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over the major programs was 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 disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act.
 - Clustered Programs:
 - CFDA Number 84.391 – ARRA – Special Education Grants to States, Recovery Act
 - CFDA Number 84.027 Special Education Grants to States
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Nashua-Plainfield Community School District did not qualify as a low-risk auditee.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2010

Part II – Findings Related to the General Purpose Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

MATERIAL WEAKNESSES:

- II-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the cash receipts listing, bank deposits, and the posting of the cash receipts to the cash receipts journal were all done by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded and checks are prepared by the same person.

Recommendation – With the limited number of personnel involved in accounting for District activity, an ideal system of segregation of accounting duties and functions cannot be achieved to assure adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. This is not unusual in an organization of your size. Under these circumstance, the most effective controls lie in (1) the administration's and the board's knowledge of the District's financial operations and (2) striving to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transactions. I believe these controls are being effectively utilized in the District and recommend that diligent efforts be made to maintain their effectiveness.

Response – We will work on segregating duties whenever possible.

Conclusion – Response accepted.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2010

Part III – Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 84.027: Special Education Grants to States
CFDA Number 84.391: ARRA – Special Education Grants to States, Recovery Act
Federal Award Year: 2010
US Department of Education
Passed through the Area Education Agency 267

CFDA Number 84.394: ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
Federal Award Year: 2010
US Department of Education
Passed through the Iowa Department of Education

III-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare in initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded and checks are prepared by the same person.

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

Response and Corrective Action Planned – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2010

Part IV - Other Findings Related to Statutory Reporting:

IV-A-10 Certified Budget – Expenditures for the year ended June 30, 2010 did not exceed the certified budget amounts.

IV-B-10 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-10 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-10 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title & Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Hannemann-Haberman, Owned by Spouses of Kristi Hannemann, Teacher and Joyce Haberman, Teacher	Repairs	\$6,858
Hannemann Construction, Owned by Spouse of Kristi Hannemann, Teacher	Construction – Dug Out	\$10,600
S & T Auto, Owned by spouse of Tami Sudol, Cook	Repairs	\$242
Nashua Welding, Owned by Gail Zwanziger, Board Member	Repairs	\$672

In accordance with Chapter 362.5 of the Code of Iowa, the transaction with Hannemann Construction may represent a conflict of interest for the construction of the dug out since the total purchase exceeded the total of \$1,500 for the year. The dug out project should have been entered into through competitive bidding in accordance with Chapter 362.5(4).

Recommendation – The District should use a competitive bidding process for amounts over \$1,500.

Response – We will use competitive bidding in the future.

Conclusion – Response accepted.

IV-E-10 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 the coverage is adequate for current operations.

IV-F-10 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted. Not all minutes with all disbursements were published as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting, and include all disbursements from all funds.

Response – Procedures have been revised to ensure the minutes are published as required.

Conclusion – Response accepted.

Part IV - Other Findings Related to Statutory Reporting (continued):

IV-G-10 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-10 Deposits and Investments – 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 were noted.

IV-J-10 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.

IV-K-10 Financial Condition – The Student Activity Account had two deficit accounts at June 30, 2010.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate the deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.

IV-L-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

Finding – According to proposed administrative rules, "Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting." We noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation – All categorical funding expenditures should be posted to the correct expenditure accounts as the expenditures are incurred.

Response – We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion – Response accepted.

IV-M-10 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The District will obtain and retain images of both the front and back of cancelled checks as required. The District can go on line at any time and see/print the back side of any check.

Conclusion – Response accepted.

Part IV - Other Findings Related to Statutory Reporting (continued):

IV-N-10 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 service tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	-158,057
Statewide sales and services tax revenue			459,450
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$	256,178	
Other improvements		99,452	355,630
			<hr/>
Ending balance		\$	<u>-54,237</u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 0.0	\$ 459,450
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-

IV-O-10 Student Activity Fund – In accordance with IAR 281-98.70 upon dissolution of a student activity, such as a graduated class, the surplus must be used to support other student activities in the Student Activity Fund. The District has not closed the student account for the Class of 2009.

Recommendation – The balance in the 2009 graduated class should be transferred to other student activity accounts.

Response – We will transfer the account.

Conclusion – Response accepted.