

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the**

NEVADA COMMUNITY SCHOOL DISTRICT

Nevada, Iowa

For the fiscal year ended June 30, 2011

OFFICIAL ISSUING REPORT

Brian Schaeffer

District Secretary/Treasurer

OFFICE ISSUING REPORT

Business Office

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Introductory Section



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December 5, 2011

Members of the Board of Education and Residents
Nevada Community School District
Nevada, Iowa

The comprehensive annual financial report (CAFR) of the Nevada Community School District (the "District") for the fiscal year ended June 30, 2011, is hereby submitted. The District is an independent entity governed by a five-member board. Responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the management of the District. We believe the data presented is accurate in all material respects; the data is presented to fairly set forth the financial position and results of operation of the entire District as measured by the financial activity of the various funds; and all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs. The District is not included in any other reporting entity, nor are any other entities included within this reports.

This report is prepared in conformance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). This report is consistent with the legal reporting requirements of the State of Iowa. In addition to meeting legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, intergovernmental agencies, creditors, and the Board of Education.

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

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

The Reporting Entity

This report includes all funds and account groups of the Nevada Community School District. The District is supported financially by state aid, property taxes, state, and federal grants for special projects, and local revenue received for tuition and other services.

The District was established in 1867 and is governed by a five-member elected Board of Education who serve four-year terms. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The enrollment of the District is approximately 1,482 students, the 65th largest school district in Iowa. The District operates a high school, a middle school, and an elementary school. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, special education for children with special needs, vocational education, and individualized programs such as specialized instruction for students at-risk.

Economic Condition and Outlook

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

Story County's 2010 population is 89,542. This was an increase of 15,288 residents over the 1990 census figure. Story County's unemployment rate of 5.3% compares favorably to the state's average rate of 6.0% and the national rate of 9.5%. There has been some indication that overall employment in Nevada may be stabilizing after a decline in manufacturing activity in Ames and Des Moines due to the current economic downturn.

Major Initiatives for the Year

The Board of Education continued with expansion and improvement of school facilities during the 2010-11 school year. Phased construction of the remodel of the High School continued at this time with the new science and special education wing opening in August to classes and remodel work continuing in the center of the facility.

Work began on the tornado safe room attached to the High School. This facility, which will include a new central entrance for the High School and administrative offices, is partially funded by Federal and State Hazard Mitigation Funds from FEMA.

A community committee continued the process of fundraising to construct an auditorium to be attached to the High School. Bids on the facility were received in May and came in higher than estimated. The community auditorium committee made a final push for fundraising. The local Josephine Tope Foundation, which had previously awarded the community two million dollars for the auditorium awarded another \$135,000 to the project. In addition, the District Board of Education committed a maximum of \$500,000 of local option tax funds to the project. With these additional funds, the contract for construction of the facility was signed on June 13, 2011.

During the year, the Board of Education reviewed parental surveys and information from administration on having two late-start Mondays per month during the 2011-12 school year to allow for staff development time. School would begin two hours late on those Mondays. The Board of Education approved this calendar on November 22, 2010.

The Board of Education also reviewed information from the Center for Advanced Study of Technology Leadership in Education (CASTLE) at Iowa State University on the possibility of providing High School

students with one-to-one laptop computers. Board members and High School staff visited school districts in the state who have one-to-one laptop computers to see how they were being used. Staff also attended the annual One-to-One Institute in Des Moines on April 20. High School administration set a target date of Fall 2012 for a one-to-one laptop roll out.

During the year, the School Improvement Advisory Committee reviewed the vision and mission for the District, which had not been updated recently. On April 25, the Board approved the new vision ("The Nevada Community School District is a learning community where all teachers, staff, students, and parents collaborate in the learning process to ensure success for all students") and the new mission statement ("Preparing learners today for tomorrow").

Financial Information

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. To monitor the adequacy of internal controls, independent auditors review internal control procedures as a part of their examination of financial records at year-end.

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

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

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

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

Cash Management: Cash, while temporarily idle during the year, was invested in certificates of deposit or allowed to earn the competitive rate of interest by being held in interest-bearing checking accounts. The overall interest rates during the year remained low due to the Federal Reserve's actions to lower interest rates to stimulate lending. Interest on investments resulted in earnings of \$70,209, excluding interest from Capital Project funds of \$32,914, as of June 30, 2011.

Risk Management: The District currently covers property, liability, and workers' compensation losses with traditional insurance coverage through the Iowa Association of School Boards' group plan carried

by EMC Insurance Companies. Wellmark Blue Cross Blue Shield of Iowa carries the group health plan and Assurant Employee Benefits carries the long-term disability plan.

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

Certificate of Excellence in Financial Reporting

The Association of School Business Officials (ASBO) awards the Certificate of Excellence in Financial Reporting. The Nevada Community School District received this certificate for the eleventh time in eleven years for its comprehensive annual financial report for the fiscal year ending June 30, 2010. The certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

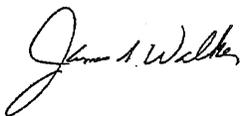
In order to be eligible to receive the certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable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

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

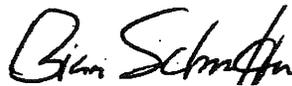
Acknowledgement

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

Respectfully submitted,



James S. Walker
Superintendent



Brian Schaeffer
Board Secretary/Treasurer/Business Manager

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

NEVADA COMMUNITY SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2010**

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

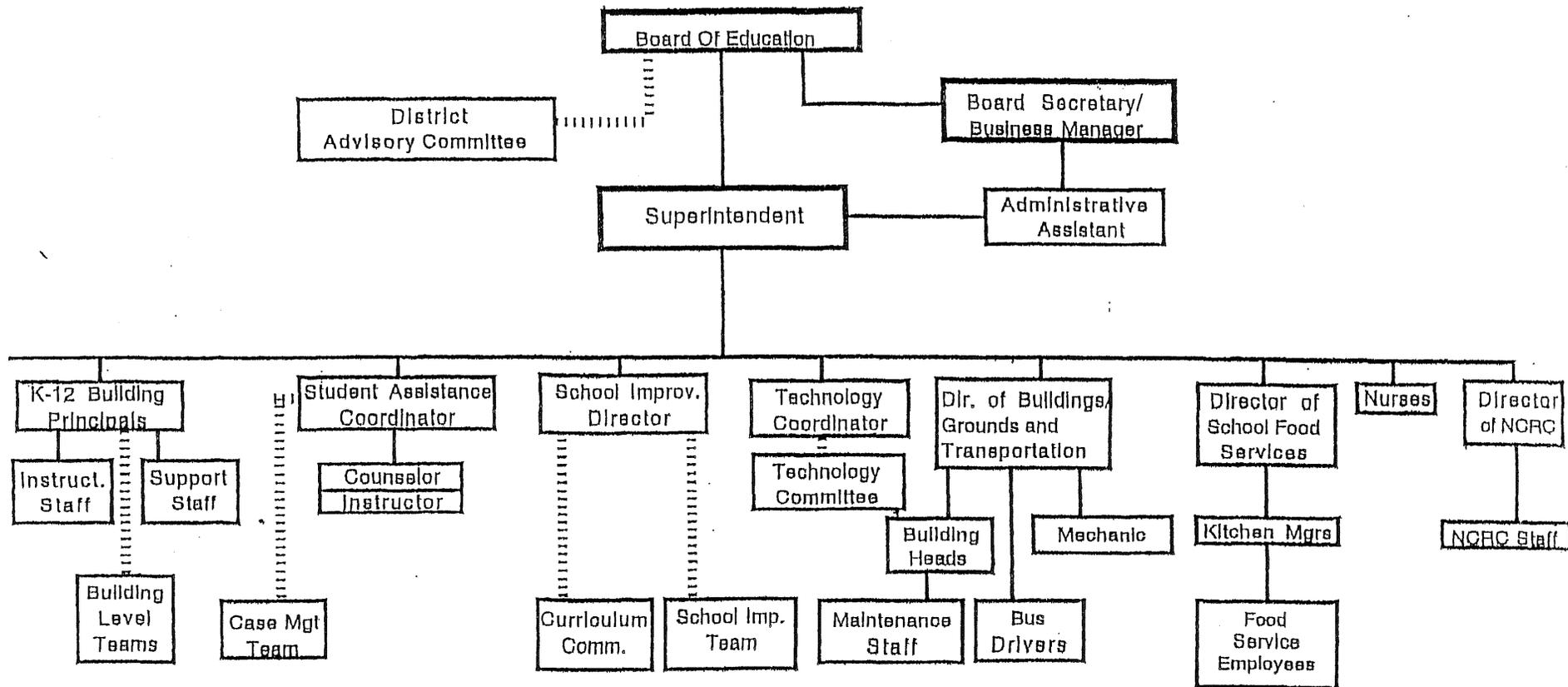
President

Executive Director

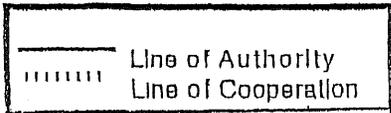
NEVADA COMMUNITY SCHOOL DISTRICT

Nevada, Iowa

ORGANIZATIONAL PLAN



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Nevada Community School District

Board of Education and School District Administration

<u>Name</u>	<u>Title</u>	<u>Term/Contract Expires</u>
<u>Board of Education</u> (Before February 28, 2011)		
Curt Hoff	President	2011*
Marty Chitty	Vice-President	2011*
Marcia Engler	Board Member	2011
David Sutherland	Board Member	2013
Mike Bates	Board Member	2013
<u>Board of Education</u> (After February 28, 2011)		
Marty Chitty	President	2011*
Mike Bates	Vice-President	2013
Marcia Engler	Board Member	2011
David Sutherland	Board Member	2013
Laura West	Board Member (appointed to fill unexpired term)	2011*
<u>School Officials</u>		
James S. Walker	Superintendent of Schools	2011
Justin Gross	Principal, Nevada High School	2011
Christine Schmidt	Principal, Nevada Middle School	2011
Kathy Goecke	Principal, Central Elementary School	2011
David McCaulley	Assistant Principal & Activities Director, Nevada High School	2011
Nancy Port	School Improvement Director	2011
Brian Schaeffer	Board Secretary/Treasurer & District Business Manager	2011
Margaret Ann Malven	Director, Technology	2011
David Kroese	Director, Maintenance & Transportation	2011
Candice Anderson	Director, Food Service	2011
Andrew Bracken	Attorney	Indefinite

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

Financial Section

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Nevada Community School District, Nevada, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Nevada Community School District at June 30, 2011 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, we have also issued our report dated December 5, 2011 on our consideration of the Nevada Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 12 through 18 and 48 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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

Members American Institute & Iowa Society of Certified Public Accountants

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

December 5, 2011

NEVADA COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management has prepared the following discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2011 in order to enhance the readers' understanding of the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net assets for governmental activities were \$15,116,169 at June 30, 2011 compared to \$12,704,857 at June 30, 2010, an increase of 18.98%.
- At the end of the current fiscal year, the unassigned fund balance in the general fund was \$1,274,047 or 8.75% of total general fund revenues compared to prior years unassigned fund balance of \$516,918 or 3.85% of total general fund revenues.
- In addition to work continuing on the High School remodel and renovation project during the school year, the District began work on a safe room located at the High School.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide statements

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

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

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

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

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

Fund Financial Statements

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

The District has three types of funds:

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

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

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

Notes to the financial statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets are an indicator of the fiscal health of the District. The District's net assets were \$15,309,989 at June 30, 2011 compared to \$12,868,694 at June 30, 2010. (See Table 1).

Table 1
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 15,579,545	17,998,801	197,879	169,490	15,777,424	18,168,291	-13.16%
Capital assets	23,933,430	20,608,018	53,203	58,047	23,986,633	20,666,065	16.07%
Total assets	39,512,975	38,606,819	251,082	227,537	39,764,057	38,834,356	2.39%
Long-term obligations	17,265,005	18,212,634	362	305	17,265,367	18,212,939	-5.20%
Other liabilities	7,131,801	7,689,328	56,900	63,395	7,188,701	7,752,723	-7.28%
Total liabilities	24,396,806	25,901,962	57,262	63,700	24,454,068	25,965,662	-5.82%
Net assets:							
Invested in capital assets, net of related debt	6,882,710	2,504,113	53,203	58,047	6,935,913	2,562,160	170.71%
Restricted	6,945,794	9,680,807	-	-	6,945,794	9,680,807	-28.25%
Unrestricted	1,287,665	519,937	140,617	105,790	1,428,282	625,727	128.26%
Total net assets	\$ 15,116,169	12,704,857	193,820	163,837	15,309,989	12,868,694	18.97%

Invested in capital assets (e.g., land, buildings, machinery and equipment) less any outstanding debt used to acquire those assets is \$6,935,913. These assets are not available for future spending since they represent capital assets used to provide services to students. The resources needed to pay the debt related to these capital assets must be provided from other resources. Approximately \$6,945,794 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$1,428,282 represents unrestricted net assets which may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The following table shows changes in net assets for the year ended June 30, 2011 compared to June 30, 2010.

Table 2
Changes of Net Assets

	Governmental		Business-type		Total		Total Change 2010-11
	Activities	Activities	Activities	Activities	2011	2010	
Revenues:							
Program revenues:							
Charges for services	\$ 1,066,893	1,051,115	363,456	394,698	1,430,349	1,445,813	-1.07%
Operating grants and contributions and restricted interest	2,082,308	2,897,484	329,311	312,259	2,411,619	3,209,743	-24.87%
Capital grants and contributions and restricted interest	759,124	-	-	-	759,124	-	100.00%
General revenues:							
Property tax	5,222,688	4,704,187	-	-	5,222,688	4,704,187	11.02%
Income surtax	403,325	381,785	-	-	403,325	381,785	5.64%
Statewide sales, services and use tax	1,470,798	1,467,841	-	-	1,470,798	1,467,841	0.20%
Unrestricted state grants	6,642,372	5,777,496	-	-	6,642,372	5,777,496	14.97%
Nonspecific program federal grants	340,684	-	-	-	340,684	0	100.00%
Other	221,713	215,565	4,543	282	226,256	215,847	4.82%
Total revenues	18,209,905	16,495,473	697,310	707,239	18,907,215	17,202,712	9.91%
Program expenses:							
Governmental activities:							
Instructional	9,443,658	9,345,206	-	-	9,443,658	9,345,206	1.05%
Support services	4,570,970	4,142,285	13,899	13,700	4,584,869	4,155,985	10.32%
Non-instructional programs	1,897	4,622	653,428	643,261	655,325	647,883	1.15%
Other expenses	1,782,068	1,915,319	-	-	1,782,068	1,915,319	-6.96%
Total expenses	15,798,593	15,407,432	667,327	656,961	16,465,920	16,064,393	2.50%
Changes in net assets	2,411,312	1,088,041	29,983	50,278	2,441,295	1,138,319	114.46%
Beginning net assets	12,704,857	11,616,816	163,837	113,559	12,868,694	11,730,375	9.70%
Ending net assets	\$ 15,116,169	12,704,857	193,820	163,837	15,309,989	12,868,694	18.97%

Property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 75.45% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 88.71% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$18,209,905 and expenses were \$15,798,593.

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

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 9,443,658	9,345,206	1.05%	\$ 6,903,835	6,055,596	14.01%
Support services	4,570,970	4,142,285	10.35%	3,762,817	4,115,337	-8.57%
Non-instructional programs	1,897	4,622	-58.96%	1,897	4,622	-58.96%
Other expenses	1,782,068	1,915,319	-6.96%	1,221,719	1,283,278	-4.80%
Totals	<u>\$ 15,798,593</u>	<u>15,407,432</u>	<u>2.54%</u>	<u>\$ 11,890,268</u>	<u>11,458,833</u>	<u>3.77%</u>

- The cost financed by users of the District's programs was \$1,066,893.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,082,308.
- The net cost of governmental activities was financed with \$5,222,688 in property tax, \$403,325 in income surtax, \$1,470,798 in statewide sales, services and use tax, \$6,642,372 in unrestricted state grants, \$340,684 in nonspecific program federal grants and \$221,713 in other income.

Business Type Activities

Revenues of the District's business type activities were \$697,310 and expenses were \$667,327. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2011, the District's net assets increased in the business type activities by \$29,983 or 18.30%.

Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2011, the District's governmental funds reported combined ending fund balances of \$8,383,911, a decrease of \$1,832,455 in comparison with the prior year. This decrease was primarily the result of the ongoing construction costs associated with the High School remodel and renovation project.

Governmental Fund Highlights

The District's General Fund financial position increased to \$1,755,658 at June 30, 2011 from \$855,674 at June 30, 2010, representing a 105.18% increase. This increase was primarily a result of an increase in property tax and state sources revenues.

The Capital Projects fund balance decreased \$1,950,356 during the year. Compared to prior year, the total expenditures decreased, however construction continued with the High School remodeling project. In addition the District began construction on a Safe Room located at the High School. A majority of this project will be funded by State and Federal funding.

The Debt Service fund balance decreased from \$4,689,477 to an ending balance of \$3,857,286 at June 30, 2011. The primary reason for the decrease is due to the District making principal and interest payments in excess of taxes levied and transfers in.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 49.

The District's total actual receipts were \$853,889 more than the total budgeted receipts, a variance of 4.73%. The most significant change resulted in the District receiving more in federal 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 the actual expenditures during the year.

In spite of the District's practice, expenditures in the non-instructional programs functional area exceeded the certified budget.

Capital Asset and Debt Administration

Capital Assets

The District's invested in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$23,933,430 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles and equipment. Detailed information regarding the District's capital assets can be found in Note 6 of the notes to the basic financial statements.

During the year ended June 30, 2011, the District continued construction work on the High School remodel and renovation project and began work on the safe room located at the High School. Both of these projects are scheduled to be completed by June 30, 2012. The decrease in buildings, land improvements, and machinery and equipment was due to annual depreciation.

Table 4
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 231,244	231,244	0	0	231,244	231,244	0.00%
Construction in progress	10,087,921	6,320,961	0	0	10,087,921	6,320,961	59.59%
Buildings	12,930,218	13,308,369	0	0	12,930,218	13,308,369	-2.84%
Land improvements	283,279	303,732	0	0	283,279	303,732	-6.73%
Machinery and equipment	400,768	443,712	53,203	58,047	453,971	501,759	-9.52%
Total	\$ 23,933,430	20,608,018	53,203	58,047	23,986,633	20,666,065	16.07%

Long-Term Debt

At the end of June 30, 2011, the District had total long-term debt of \$17,265,367, a decrease of \$947,572 from the prior fiscal year. Of this amount, \$1,299,045 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 7 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	Change
General obligation bonds \$	3,360,000	3,620,000	0	0	3,360,000	3,620,000	-7.18%
Revenue bonds	13,550,000	14,310,000	0	0	13,550,000	14,310,000	-5.31%
Capital lease obligations	140,720	173,905	0	0	140,720	173,905	-19.08%
Early retirement	98,643	7,320	0	0	98,643	7,320	1247.58%
Compensated absences	30,581	49,932	0	0	30,581	49,932	-38.75%
Net OPEB obligation	85,061	51,477	362	305	85,423	51,782	64.97%
Total	\$ 17,265,005	18,212,634	362	305	17,265,367	18,212,939	-5.20%

Economic Factors and Next Year's Budgets and Rates

- The recession that has impacted the State of Iowa's budget has resulted in cuts in funding for all programs. Future increases in state aid to schools will be based upon the condition of the state and national economy. What happens in the future with state aid will have an impact on the District's General Fund budget.
- District enrollment increased in fiscal year 2011 by 12 students, 0.8% of the enrollment of 1,470 in fiscal year 2010. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation. The Board of Education and administration of the District believe that the commitment to improving facilities will be an attraction to future enrollment growth.
- The District continues to see increases in the cost of special education program both in the District and outside of the District. Many students are tuitioned out of the District for special education programs. The current state funding mechanism in place for special education programs recovers a program deficit by placing the burden on local property taxes. The District had the fourth highest tax levy in Story County during Fiscal Year 2011. Whether the District can continue to raise the local tax levy for any education program will be a future concern.

Requests for Information

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

Basic Financial Statements

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 5,541,555	167,615	5,709,170
U.S. Treasury Securities on deposit with escrow agent	3,847,186	-	3,847,186
Receivables:			
Property tax:			
Delinquent	50,783	-	50,783
Succeeding year	4,957,431	-	4,957,431
Income surtax	381,713	-	381,713
Accounts	826	7,571	8,397
Due from other governments	800,051	-	800,051
Inventories	-	22,693	22,693
Capital assets not being depreciated:			
Land	231,244	-	231,244
Construction in progress	10,087,921	-	10,087,921
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	12,930,218	-	12,930,218
Land improvements	283,279	-	283,279
Machinery and equipment	400,768	53,203	453,971
TOTAL ASSETS	39,512,975	251,082	39,764,057
LIABILITIES			
Accounts payable	355,036	10,166	365,202
Salaries and benefits payable	1,132,708	36,157	1,168,865
Due to other governments	150,384	-	150,384
Interest payable	317,880	-	317,880
Deferred revenue:			
Succeeding year property tax	4,957,431	-	4,957,431
Other	218,362	-	218,362
Unearned revenue	-	10,577	10,577
Long-term liabilities:			
Portion due within one year:			
Bonds payable	270,000	-	270,000
Revenue bonds payable	785,000	-	785,000
Capital lease payable	114,820	-	114,820
Compensated absences payable	30,581	-	30,581
Early retirement payable	98,643	-	98,643
Portion due after one year:			
Bonds payable	3,090,000	-	3,090,000
Revenue bonds payable	12,765,000	-	12,765,000
Capital lease payable	25,900	-	25,900
Net OPEB liability	85,061	362	85,423
TOTAL LIABILITIES	24,396,806	57,262	24,454,068
NET ASSETS			
Invested in capital assets, net of related debt	6,882,710	53,203	6,935,913
Restricted for:			
Categorical funding	328,749	-	328,749
Debt service	4,953,232	-	4,953,232
School infrastructure	1,219,992	-	1,219,992
Physical plant and equipment	283,287	-	283,287
Student activities	160,534	-	160,534
Unrestricted	1,287,665	140,617	1,428,282
TOTAL NET ASSETS	\$ 15,116,169	193,820	15,309,989

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities		Business-Type Activities
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular instruction	\$ 6,109,698	627,639	1,081,836	-	(4,400,223)	-	(4,400,223)
Special instruction	1,586,299	72,379	271,853	-	(1,242,067)	-	(1,242,067)
Other instruction	1,747,661	320,907	165,209	-	(1,261,545)	-	(1,261,545)
	<u>9,443,658</u>	<u>1,020,925</u>	<u>1,518,898</u>	<u>-</u>	<u>(6,903,835)</u>	<u>-</u>	<u>(6,903,835)</u>
Support services:							
Student	756,836	-	-	-	(756,836)	-	(756,836)
Instructional staff	752,446	-	-	-	(752,446)	-	(752,446)
Administration	1,215,724	-	-	-	(1,215,724)	-	(1,215,724)
Operation and maintenance of plant	1,363,732	-	-	759,124	(604,608)	-	(604,608)
Transportation	482,232	45,968	3,061	-	(433,203)	-	(433,203)
	<u>4,570,970</u>	<u>45,968</u>	<u>3,061</u>	<u>759,124</u>	<u>(3,762,817)</u>	<u>-</u>	<u>(3,762,817)</u>
Non-instructional programs	1,897	-	-	-	(1,897)	-	(1,897)
Other expenses:							
Long-term debt interest	823,115	-	-	-	(823,115)	-	(823,115)
AEA flowthrough	560,349	-	560,349	-	-	-	-
Depreciation(unallocated)*	398,604	-	-	-	(398,604)	-	(398,604)
	<u>1,782,068</u>	<u>-</u>	<u>560,349</u>	<u>-</u>	<u>(1,221,719)</u>	<u>-</u>	<u>(1,221,719)</u>
Total governmental activities	15,798,593	1,066,893	2,082,308	759,124	(11,890,268)	-	(11,890,268)
Business Type activities:							
Support services:							
Operation and maintenance of plant	13,899	-	-	-	-	(13,899)	(13,899)
Non-instructional programs:							
Nutrition services	653,428	363,456	329,311	-	-	39,339	39,339
	<u>667,327</u>	<u>363,456</u>	<u>329,311</u>	<u>-</u>	<u>-</u>	<u>25,440</u>	<u>25,440</u>
Total	\$ 16,465,920	1,430,349	2,411,619	759,124	(11,890,268)	25,440	(11,864,828)
General Revenues:							
Property tax levied for:							
General purposes				\$ 4,468,324	-		4,468,324
Debt service				411,979	-		411,979
Capital outlay				342,385	-		342,385
Income surtax				403,325	-		403,325
Statewide sales, services and use tax				1,470,798	-		1,470,798
Unrestricted state grants				6,642,372	-		6,642,372
Nonspecific program federal grants				340,684	-		340,684
Unrestricted investment earnings				102,267	730		102,997
Gain on sale of capital assets				900	-		900
Miscellaneous				118,546	3,813		122,359
Total general revenues				<u>14,301,580</u>	<u>4,543</u>		<u>14,306,123</u>
Changes in net assets				2,411,312	29,983		2,441,295
Net assets beginning of year				12,704,857	163,837		12,868,694
Net assets end of year				<u>\$ 15,116,169</u>	<u>193,820</u>		<u>15,309,989</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2011

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
ASSETS					
Cash and pooled investments	\$ 2,833,808	\$ 2,513,663	\$ 13,154	\$ 180,930	\$ 5,541,555
U.S. Treasury Securities on deposit with escrow agent	-	-	3,847,186	-	3,847,186
Receivables:					
Property tax					
Delinquent	41,202	3,377	4,063	2,141	50,783
Succeeding year	3,796,676	354,616	407,709	398,430	4,957,431
Income surtax	381,713	-	-	-	381,713
Interfund	439,013	112,388	-	-	551,401
Accounts	143	-	-	683	826
Due from other governments	146,322	653,729	-	-	800,051
TOTAL ASSETS	<u>\$ 7,638,877</u>	<u>\$ 3,637,773</u>	<u>\$ 4,272,112</u>	<u>\$ 582,184</u>	<u>\$ 16,130,946</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	\$ -	\$ 545,284	\$ 6,117	\$ -	\$ 551,401
Accounts payable	203,376	138,648	1,000	12,012	355,036
Salaries and benefits payable	1,132,708	-	-	-	1,132,708
Due to other governments	150,384	-	-	-	150,384
Deferred revenue:					
Succeeding year property tax	3,796,676	354,616	407,709	398,430	4,957,431
Income surtax	381,713	-	-	-	381,713
Other	218,362	-	-	-	218,362
Total liabilities	<u>5,883,219</u>	<u>1,038,548</u>	<u>414,826</u>	<u>410,442</u>	<u>7,747,035</u>
Fund balances:					
Restricted for:					
Categorical funding	328,749	-	-	-	328,749
Debt service	-	1,095,946	3,857,286	-	4,953,232
School infrastructure	-	1,219,992	-	-	1,219,992
Physical plant and equipment	-	283,287	-	-	283,287
Management levy purposes	-	-	-	11,208	11,208
Student activities	-	-	-	160,534	160,534
Committed for Wind turbine maintenance	54,000	-	-	-	54,000
Assigned for activity based accounts	98,862	-	-	-	98,862
Unassigned	1,274,047	-	-	-	1,274,047
Total fund balances	<u>1,755,658</u>	<u>2,599,225</u>	<u>3,857,286</u>	<u>171,742</u>	<u>8,383,911</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,638,877</u>	<u>\$ 3,637,773</u>	<u>\$ 4,272,112</u>	<u>\$ 582,184</u>	<u>\$ 16,130,946</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

Total fund balances of governmental funds(page 22)	\$ 8,383,911
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	23,933,430
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds:	(317,880)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	381,713
Long-term liabilities, including bonds payable, capital leases payable, early retirement payable, compensated absences payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(17,265,005)</u>
Net assets of governmental activities(page 20)	<u><u>\$ 15,116,169</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
REVENUES:					
Local sources:					
Local tax	\$ 4,640,531	\$ 1,813,183	\$ 411,979	\$ 220,663	\$ 7,086,356
Tuition	627,440	-	-	-	627,440
Other	287,240	78,577	52,011	321,144	738,972
Intermediate sources	10,491	-	-	-	10,491
State sources	8,144,467	-	-	-	8,144,467
Federal sources	853,688	737,136	-	-	1,590,824
Total revenues	<u>14,563,857</u>	<u>2,628,896</u>	<u>463,990</u>	<u>541,807</u>	<u>18,198,550</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	5,968,676	-	-	26,366	5,995,042
Special	1,586,299	-	-	-	1,586,299
Other	1,442,715	3,682	-	301,264	1,747,661
	<u>8,997,690</u>	<u>3,682</u>	<u>-</u>	<u>327,630</u>	<u>9,329,002</u>
Support services:					
Student	755,275	-	-	77	755,352
Instructional staff	583,992	168,161	-	-	752,153
Administration	1,170,781	-	-	17,456	1,188,237
Operation and maintenance of plant	1,105,344	-	-	132,651	1,237,995
Transportation	467,510	17,330	-	13,854	498,694
	<u>4,082,902</u>	<u>185,491</u>	<u>-</u>	<u>164,038</u>	<u>4,432,431</u>
Non-instructional programs	1,866	-	-	31	1,897
Other expenditures:					
Facilities acquisitions	-	3,871,655	-	-	3,871,655
Long-term debt:					
Principal	-	-	1,130,884	-	1,130,884
Interest and fiscal charges	-	-	783,386	-	783,386
AEA flowthrough	560,349	-	-	-	560,349
	<u>560,349</u>	<u>3,871,655</u>	<u>1,914,270</u>	<u>-</u>	<u>6,346,274</u>
Total expenditures	<u>13,642,807</u>	<u>4,060,828</u>	<u>1,914,270</u>	<u>491,699</u>	<u>20,109,604</u>
Excess(deficiency) of revenues over(under) expenditures	921,050	(1,431,932)	(1,450,280)	50,108	(1,911,054)
Other financing sources(uses):					
Sale of equipment	900	-	-	-	900
Proceeds from capital leases	-	77,699	-	-	77,699
Transfers in	-	112,388	618,089	-	730,477
Transfers out	(21,966)	(708,511)	-	-	(730,477)
Total other financing sources(uses)	<u>(21,066)</u>	<u>(518,424)</u>	<u>618,089</u>	<u>-</u>	<u>78,599</u>
Net change in fund balances	899,984	(1,950,356)	(832,191)	50,108	(1,832,455)
Fund balances beginning of year, as restated	855,674	4,549,581	4,689,477	121,634	10,216,366
Fund balances end of year	<u>\$ 1,755,658</u>	<u>\$ 2,599,225</u>	<u>\$ 3,857,286</u>	<u>\$ 171,742</u>	<u>\$ 8,383,911</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds(page 24) \$ (1,832,455)

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

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

Capital outlays	\$ 3,766,960	
Depreciation expense	(441,548)	3,325,412

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

Issued	(77,699)	
Repaid	1,130,884	1,053,185

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (39,729)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 10,455

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

Early retirement	(91,323)	
Compensated absences	19,351	
Other postemployment benefits	(33,584)	(105,556)

Changes in net assets of governmental activities(page 21) \$ 2,411,312

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
 PROPRIETARY FUND

JUNE 30, 2011

	<u>School Nutrition</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 167,615
Accounts receivable	7,571
Inventories	<u>22,693</u>
Total current assets	<u>197,879</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	<u>53,203</u>
 TOTAL ASSETS	 <u>\$ 251,082</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 10,166
Salaries and benefits payable	36,157
Unearned revenue	<u>10,577</u>
Total current liabilities	<u>56,900</u>
Long-term liabilities:	
Net OPEB liability	<u>362</u>
TOTAL LIABILITIES	<u>57,262</u>
<u>NET ASSETS</u>	
Invested in capital assets	53,203
Unrestricted	<u>140,617</u>
Total net assets	<u>\$ 193,820</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

	<u>School Nutrition</u>
OPERATING REVENUES:	
Local sources:	
Charges for service	\$ 363,456
Miscellaneous	3,813
TOTAL OPERATING REVENUES	<u>367,269</u>
OPERATING EXPENSES:	
Support services:	
Operation and maintenance of plant:	
Services	\$ 586
Supplies	13,313
Total support services	<u>13,899</u>
Non-instructional programs:	
Food service operations:	
Salaries	263,093
Benefits	41,951
Services	17,002
Supplies	322,341
Depreciation	8,414
Other	627
Total non-instructional programs	<u>653,428</u>
TOTAL OPERATING EXPENSES	<u>667,327</u>
OPERATING LOSS	<u>(300,058)</u>
NON-OPERATING REVENUES:	
State sources	5,557
Federal sources	323,754
Interest on investments	730
TOTAL NON-OPERATING REVENUES	<u>330,041</u>
Change in net assets	29,983
Net assets beginning of year	<u>163,837</u>
Net assets end of year	<u>\$ 193,820</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2011

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 354,615
Cash received from miscellaneous sources	3,813
Cash payments to employees for services	(309,014)
Cash payments to suppliers for goods or services	(275,663)
Net cash used in operating activities	<u>(226,249)</u>
Cash flows from non-capital financing activities:	
State grants received	5,557
Federal grants received	267,756
Net cash provided by non-capital financing activities	<u>273,313</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(3,570)</u>
Cash flows from investing activities:	
Interest on investments	<u>730</u>
Net increase in cash and cash equivalents	44,224
Cash and cash equivalents at beginning of year	<u>123,391</u>
Cash and cash equivalents at end of year	<u>\$ 167,615</u>
	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (300,058)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	55,998
Depreciation	8,414
Decrease in inventories	21,689
Increase in accounts receivable	(5,854)
Increase in accounts payable	519
Decrease in salaries and benefits payable	(4,027)
Decrease in unearned revenue	(2,987)
Increase in other postemployment benefits	57
Net cash used in operating activities	<u>\$ (226,249)</u>

During the year ended June 30, 2011, the District received Federal commodities valued at \$55,998.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2011

	<u>Private Purpose Trust</u>	<u>Agency</u>
	<u>Scholarship</u>	
ASSETS		
Cash and pooled investments	\$ 41,148	\$ 14,977
TOTAL ASSETS	<u>41,148</u>	<u>14,977</u>
LIABILITIES		
Accounts payable	-	37
Due to other groups	-	14,940
TOTAL LIABILITIES	<u>-</u>	<u>14,977</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 41,148</u>	<u>\$ -</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS

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

YEAR ENDED JUNE 30, 2011

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 10,200
Interest	126
Total additions	10,326
Deductions:	
Instructional:	
Scholarships awarded	4,060
Student services:	
Supplies	2,293
	6,353
Change in net assets	3,973
Net assets beginning of year	37,175
Net assets end of year	\$ 41,148

SEE NOTES TO BASIC FINANCIAL STATEMENTS

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are 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 that are imposed by management, but can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

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

The District also reports the following proprietary fund:

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

The District also reports the following fiduciary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

The District maintains its financial records on the accrual basis.

D. Cash, Pooled Investments and Cash Equivalents

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

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

E. Property Taxes

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

F. Inventories

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

G. Capital Assets

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

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	50,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-50 years
Land improvements	20 years
Intangibles	5-20 years
Machinery and equipment	5-20 years

H. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2011, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2011.

I. Deferred Revenue

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

J. Unearned Revenues

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

K. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the statement of net assets and will be paid in the future out of the General Fund. There are currently four members of the District's Management Team who are paid out for their unused vacation days at their daily pay rate. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The full balance is shown as due within a year using first-in, first-out basis.

L. Long-term Obligations

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

M. Fund Equity

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

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

N. Restricted Net Assets

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

Net assets restricted through enabling legislation consists of \$4,953,232 for debt service, \$328,749 for categorical funding, \$1,219,992 for capital projects, \$283,287 for physical plant and equipment levy and \$160,534 for other special revenue purposes.

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

Note 2. Budgets and Budgetary Accounting

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

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

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

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

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2011 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, 2011, the District had investments in the Iowa Schools Joint Investment Trust and U.S. Treasury Securities as follows:

Type	Amortized Cost
U.S. Treasury Securities	\$ 3,847,186
Diversified Portfolio	3,347
Total	\$ 3,850,533

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

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

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

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

Custodial credit risk(deposits) - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District does not have a policy for custodial credit risk of deposits. As of June 30, 2011, the carrying amount of the District's bank deposits totaled \$5,705,823. Of the bank balance \$500,000 was covered by federal depository insurance and \$5,205,823 was uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the District's name. These amounts are included in the cash and pooled investments on the combined balance sheet.

Custodial credit risk(investments) - For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's policy relating to custodial credit risk of investments is to allow the treasurer to invest funds in excess of current needs in depositories authorized by the board. The amount that can be held by counterparties is established annually by the board. As of June 30, 2011, the carrying amount of the District's investments totaled \$3,847,186. The entire amount is exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the District's investment firm which is also the counterparty for the securities held.

Note 4. Interfund Receivable and Payable

The detail of interfund receivables and payables at June 30, 2011 is as follows:

Due to	Due from	Amount
General	Capital Projects	\$ 432,896
Capital Projects: Statewide Sales, Services and Use Tax Equipment Levy	Capital Projects: Building Projects	112,388
General	Debt Service	6,117
		<u>\$ 551,401</u>

The Capital Projects Fund is repaying the General Fund for monies borrowed.

The Capital Projects: Statewide Sales, Services and Use Tax is transferring money to the Capital Projects: Building Projects for costs associated with the District's safe room project.

The Debt Service Fund is repaying the General Fund for borrowings for cash flow purposes.

These balances will be repaid by June 30, 2012.

Note 5. Transfers

The detail of transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Capital Projects: Building Projects	Capital Projects: Statewide Sales, Services and Use Tax Equipment Levy	\$ 112,388
Debt Service	Capital Projects: Physical Plant and Equipment Levy	96,864
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax Equipment Levy	499,259
Debt Service	General	21,966
Total		<u>\$ 730,477</u>

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

The Capital Projects: Statewide Sales, Services and Use Tax is transferring money to the Capital Projects: Building Projects for costs associated with the District's safe room project.

The Capital Projects: Physical Plant and Equipment Levy Fund is transferring money to finance bus and computer lease payments made from the Debt Service Fund.

The Capital Projects: Statewide Sales, Services and Use Tax transferred money to finance the revenue bonds payments made from the Debt Service Fund.

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

Note 6. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 248,037	3,570	0	251,607
Less accumulated depreciation	189,990	8,414	0	198,404
Business type activities capital assets, net	<u>\$ 58,047</u>	<u>(4,844)</u>	<u>0</u>	<u>53,203</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 231,244	0	0	231,244
Construction in progress	6,320,961	3,766,960	0	10,087,921
Total capital assets not being depreciated	<u>6,552,205</u>	<u>3,766,960</u>	<u>0</u>	<u>10,319,165</u>
Capital assets being depreciated:				
Buildings	18,911,040	0	0	18,911,040
Land improvements	733,591	0	0	733,591
Machinery and equipment	1,931,625	0	21,725	1,909,900
Total capital assets being depreciated	<u>21,576,256</u>	<u>0</u>	<u>21,725</u>	<u>21,554,531</u>
Less accumulated depreciation for:				
Buildings	5,602,671	378,151	0	5,980,822
Land improvements	429,859	20,453	0	450,312
Machinery and equipment	1,487,913	42,944	21,725	1,509,132
Total accumulated depreciation	<u>7,520,443</u>	<u>441,548</u>	<u>21,725</u>	<u>7,940,266</u>
Total capital assets being depreciated, net	<u>14,055,813</u>	<u>(441,548)</u>	<u>0</u>	<u>13,614,265</u>
Governmental activities capital assets, net	<u>\$ 20,608,018</u>	<u>3,325,412</u>	<u>0</u>	<u>23,933,430</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Support services:		
Administration		\$ 7,459
Transportation		35,485
		<u>42,944</u>
Unallocated depreciation		398,604
		<u>398,604</u>
Total governmental activities depreciation expense		<u>\$ 441,548</u>
Business type activities:		
Food services		<u>\$ 8,414</u>

Note 7. Long-Term Debt

A summary of changes in long-term debt for business type activities and governmental activities for the year ended June 30, 2011 are as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 3,620,000	\$ -	\$ 260,000	\$ 3,360,000	\$ 270,000
Revenue Bonds	14,310,000	-	760,000	13,550,000	785,000
Capital Lease Obligations	173,905	77,699	110,884	140,720	114,820
Early Retirement	7,320	98,643	7,320	98,643	98,643
Compensated Absences	49,932	30,581	49,932	30,581	30,581
Net OPEB Liability	51,477	33,584	-	85,061	-
Total	<u>\$ 18,212,634</u>	<u>\$ 240,507</u>	<u>\$ 1,188,136</u>	<u>\$ 17,265,005</u>	<u>\$ 1,299,044</u>
Business Type Activities:					
Net OPEB Liability	<u>\$ 305</u>	<u>\$ 57</u>	<u>\$ -</u>	<u>\$ 362</u>	<u>\$ -</u>

Bonded debt

On June 27, 2006 the District issued general obligation bonds of \$4,100,000 for capital facility construction. The General Obligation Bonds will be paid with property taxes collected in the Debt Service Fund. Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 27, 2006			
	Rate	Principal	Interest	Total
2012	4.50 %	\$ 270,000	137,710	407,710
2013	4.25	285,000	126,236	411,236
2014	4.25	295,000	114,122	409,122
2015	4.25	310,000	101,585	411,585
2016	4.25	325,000	88,410	413,410
2017-2021	4.00-4.25	1,875,000	233,850	2,108,850
Total		<u>\$ 3,360,000</u>	<u>\$ 801,913</u>	<u>\$ 4,161,913</u>

On May 1, 2005 and July 16, 2009, the District issued statewide sales, services and use tax revenue bonds of \$6,000,000 and \$11,100,000 respectively for school infrastructure. The Revenue Bonds will be paid with statewide sales, services and use taxes collected in the Capital Projects Fund. Details of the District's June 30, 2011 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2005			Bond Issue of July 16, 2009			Total		
	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest	Total
2012	3.60 %	\$ 785,000	\$ 74,495	4.00 %	\$ -	\$ 520,275	\$ 785,000	\$ 594,770	\$ 1,379,770
2013	3.60	815,000	45,695	4.00	635,000	507,575	1,450,000	553,270	2,003,270
2014	3.65	850,000	15,512	4.00	650,000	481,875	1,500,000	497,387	1,997,387
2015	-	-	-	4.00	470,000	459,475	470,000	459,475	929,475
2016	-	-	-	4.00	430,000	441,475	430,000	441,475	871,475
2017-2021	-	-	-	4.00-4.50	2,415,000	1,922,612	2,415,000	1,922,612	4,337,612
2022-2026	-	-	-	4.50-5.00	3,030,000	1,299,812	3,030,000	1,299,812	4,329,812
2027-2030	-	-	-	5.00-5.30	3,470,000	423,478	3,470,000	423,478	3,893,478
Total		<u>\$ 2,450,000</u>	<u>\$ 135,702</u>		<u>\$ 11,100,000</u>	<u>\$ 6,056,577</u>	<u>\$ 13,550,000</u>	<u>\$ 6,192,279</u>	<u>\$ 19,742,279</u>

The District has pledged future statewide sales, services and use tax revenues to repay the bonds. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District in accordance with Chapter 423E of the Code of Iowa and are payable through 2030. The bonds are not a general obligation of the District. The debt, however, is subject to the constitutional debt limitations of the District. Annual principal and interest payments on the bonds are expected to require nearly 95 percent of the local option sales and services tax revenues. The total principal and interest paid remaining to be paid is \$19,742,279. For the current year \$760,000 in principal and \$622,580 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,470,798.

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

- a) The bonds will only be redeemed from the future earnings of the statewide sales, services and tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made into a sinking account for the purpose of making the bond principal and interest payments when due.
- c) Separate bond reserve funds will be maintained in the amounts of \$600,000 and \$1,100,000 to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose.

Capital Lease Obligations

During the year ended June 30, 2008 and June 30, 2009, the District entered into capital lease purchase agreements of \$77,706 and \$70,840, respectively for the lease purchase of two school buses. The school bus leases are payable from the Capital Projects: Physical Plant and Equipment Levy Fund. During the year ended June 30, 2011, the District entered into a capital lease purchase agreement of \$77,669, for the lease purchase of computers, servers and networking equipment. The apple lease is payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's indebtedness under the agreements in effect at June 30, 2011 are as follows:

Year Ending June 30,	2008 Bus Lease			
	Rate	Principal	Interest	Total
2012	4.23 %	\$ 42,200	1,785	43,985

Year Ending June 30,	2009 Bus Lease			
	Rate	Principal	Interest	Total
2012	4.26 %	\$ 46,720	2,030	48,750

Year Ending June 30,	2011 Apple Lease			
	Rate	Principal	Interest	Total
2012	-	\$ 25,900	-	25,900
2013	-	25,900	-	25,900
		51,800	-	51,800
Total		\$ 140,720	\$ 3,815	\$ 144,535

Early Retirement

The District offers a voluntary early retirement plan to its certified and support staff employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 45% of the employee's base salary. The employee's base salary is calculated by using the current year regular salary schedule, less any other additional pay. Early retirement benefits paid during the year ended June 30, 2011, totaled \$7,320. The cost of early retirement payments expected to be liquated currently is recorded as a liability in the Special Revenue, Management Levy Fund in the fund financial statements and as a liability of the Governmental Activities in the Government-wide financial statements. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the Government-wide financial statements.

Note 8. Other Postemployment Benefits(OPEB)

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

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 87,174
Interest on net OPEB obligation	2,330
Adjustment to annual required contribution	(3,042)
Annual OPEB cost	<u>86,462</u>
Contributions made	(52,821)
Increase in net OPEB obligation	<u>33,641</u>
Net OPEB obligation beginning of year	<u>51,782</u>
Net OPEB obligation end of year	<u>\$ 85,423</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$52,821 to the medical plan. Plan members eligible for benefits contributed \$846,737, or 94% 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, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 87,174	60.60%	\$ 34,343
2010	86,560	79.86%	51,782
2011	86,462	61.09%	85,423

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$910,443, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$910,443. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,290,505, and the ratio of the UAAL to covered payroll was 9.80%. As of June 30, 2011, there were no trust fund assets.

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

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

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

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type. Termination (Turnover) probabilities were based upon rates based on Scale T-10 of the Actuary's Pension Handbook for Certified Employees and Scale T-5 of the Actuary's Pension Handbook.

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

The OPEB actuarial plan was completed for the Nevada Community School District by Silverstone Group, Scott A. Stolenberg, ASA, EA, MAAA and Michael S. Vech, ASA, MAAA. The report may be obtained by contacting the Business Office of the Nevada Community School District.

Note 9. Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$625,232, \$596,122, and \$581,927 respectively, equal to the required contributions for each year.

Note 10. Risk Management

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

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$560,349 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2011, expenditures in the non-instructional programs functional area exceeded the certified budget.

Note 13. Construction Commitments

The District has active construction projects as of June 30, 2011. The projects include the High School remodel and renovation project and the High School Safe Room. The District entered into contracts totaling \$11,590,947. As of June 30, 2011, costs of \$10,087,921 had been incurred against the contracts. The balance of \$1,503,026 remaining at June 30, 2011 will be paid as work on the projects progress.

Note 14. Due From Other Governments

Amount due from other governments by Fund as of June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>
Local appropriation		
Tuition	\$ 54,679	\$ -
Local option sales and services tax	-	236,638
	<hr/>	<hr/>
Total local appropriation	54,679	236,638
	<hr/>	<hr/>
Intermediate appropriation		
Decategorization grant	1,143	-
	<hr/>	<hr/>
Total intermediate appropriation	1,143	-
	<hr/>	<hr/>
State appropriation		
Vocational aid	11,722	-
	<hr/>	<hr/>
Total state appropriation	11,722	-
	<hr/>	<hr/>
Federal appropriation		
Title I	23,484	-
Title IIA	29,152	-
Title VIA	9,425	-
Medicaid	16,717	-
FEMA Hazard Mitigation	-	417,091
	<hr/>	<hr/>
Total federal appropriation	78,778	417,091
	<hr/>	<hr/>
Total due from other governments	<u>\$ 146,322</u>	<u>\$ 653,729</u>

Note 15. Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2011 are broken out by the following projects:

<u>Project</u>	<u>Amount</u>
Home school assistance program	\$ 5,900
Educator quality, professional development	86,648
Core curriculum	50,677
Beginning teacher mentoring	160
Market factor	3,261
Educator quality, basic salary	616
State vocational aid	5,253
Statewide voluntary preschool	176,234
Total reserved for cateforical funding	<u>\$ 328,749</u>

Note 16. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010 as previously reported	\$ 4,365,522	\$ 184,059
Change in fund type classification per implementation of GASB Statement No. 54	184,059	(184,059)
Balance July 1, 2010 as restated	<u>\$ 4,549,581</u>	<u>\$ 0</u>

Required Supplementary Information

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as 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 function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2011, the expenditures in the non-instructional programs functional area exceeded the certified budget.

NEVADA COMMUNITY SCHOOL DISTRICT

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

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 8,452,768	\$ 367,999	\$ 8,820,767	\$ 8,688,755	\$ 8,688,755	\$ 132,012
Intermediate sources	10,491	-	10,491	-	-	10,491
State appropriations	8,144,467	5,557	8,150,024	8,820,684	8,820,684	(670,660)
Federal appropriations	1,590,824	323,754	1,914,578	532,532	532,532	1,382,046
Total revenues	18,198,550	697,310	18,895,860	18,041,971	18,041,971	853,889
Expenditures/Expenses:						
Instruction	9,329,002	-	9,329,002	10,898,784	10,898,784	1,569,782
Support services	4,432,431	13,899	4,446,330	5,049,998	5,049,998	603,668
Non-instructional programs	1,897	653,428	655,325	534,000	534,000	(121,325)
Other expenditures	6,346,274	-	6,346,274	7,076,643	7,076,643	730,369
Total expenditures/expenses	20,109,604	667,327	20,776,931	23,559,425	23,559,425	2,782,494
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,911,054)	29,983	(1,881,071)	(5,517,454)	(5,517,454)	3,636,383
Other financing sources, net	78,599	-	78,599	-	-	78,599
Excess of revenues and other financing sources over expenditures/expenses	(1,832,455)	29,983	(1,802,472)	(5,517,454)	(5,517,454)	3,714,982
Balance beginning of year	10,216,366	163,837	10,380,203	10,354,280	10,354,280	25,923
Balance end of year	\$ 8,383,911	\$ 193,820	\$ 8,577,731	\$ 4,836,826	\$ 4,836,826	\$ 3,740,905

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-c)			
2009	July 1, 2008	\$ -	\$ 910,443	\$ 910,443	0.0 %	\$ 6,959,254	13.08 %
2010	July 1, 2008	-	910,443	910,443	0.0	7,767,127	11.72
2011	July 1, 2008	-	910,443	910,443	0.0	9,290,505	9.80

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

Other Supplementary Information

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Nevada Community School District

Nonmajor Special Revenue Funds

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

Management Fund

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

Student Activity Fund

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

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

	Manage- ment Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 9,067	\$ 171,863	\$ 180,930
Receivables:			
Property tax:			
Delinquent	2,141	-	2,141
Succeeding year	398,430	-	398,430
Accounts	-	683	683
TOTAL ASSETS	<u>\$ 409,638</u>	<u>\$ 172,546</u>	<u>\$ 582,184</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	12,012	12,012
Deferred revenue:			
Succeeding year property tax	398,430	-	398,430
Total liabilities	<u>398,430</u>	<u>12,012</u>	<u>410,442</u>
FUND BALANCES			
Restricted for:			
Management levy purposes	11,208	-	11,208
Student activities	-	160,534	160,534
Unreserved fund balances	<u>11,208</u>	<u>160,534</u>	<u>171,742</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 409,638</u>	<u>\$ 172,546</u>	<u>\$ 582,184</u>

NEVADA COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

	Manage- ment Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	\$ 220,663	\$ -	\$ 220,663
Other	15,322	305,822	321,144
TOTAL REVENUES	<u>235,985</u>	<u>305,822</u>	<u>541,807</u>
EXPENDITURES:			
Current:			
Instruction			
Regular	26,366	-	26,366
Other	-	301,264	301,264
Support services:			
Student	-	77	77
Administration	17,456	-	17,456
Operation and maintenance of plant	131,442	1,209	132,651
Transportation	13,854	-	13,854
Non-instructional programs	-	31	31
TOTAL EXPENDITURES	<u>189,118</u>	<u>302,581</u>	<u>491,699</u>
Excess of revenues over expenditures	46,867	3,241	50,108
FUND BALANCES BEGINNING OF YEAR, AS RESTATED	<u>(35,659)</u>	<u>157,293</u>	<u>121,634</u>
FUND BALANCES END OF YEAR	<u>\$ 11,208</u>	<u>\$ 160,534</u>	<u>\$ 171,742</u>

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS

JUNE 30, 2011

	Capital Projects Funds			
	Statewide Sales and Services Tax	Building Project	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 2,230,035	\$ 2,008	\$ 281,620	\$ 2,513,663
Receivables:				
Property tax:				
Delinquent	-	-	3,377	3,377
Succeeding year	-	-	354,616	354,616
Interfund	-	112,388	-	112,388
Due from other governments	236,638	417,091	-	653,729
TOTAL ASSETS	\$ 2,466,673	\$ 531,487	\$ 639,613	\$ 3,637,773
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	\$ 112,388	\$ 432,896	\$ -	\$ 545,284
Accounts payable	44,395	92,543	1,710	138,648
Deferred revenue				
Succeeding year property tax	-	-	354,616	354,616
Total liabilities	156,783	525,439	356,326	1,038,548
Fund balances:				
Restricted for:				
Debt service	1,095,946	-	-	1,095,946
School infrastructure	1,213,944	6,048	-	1,219,992
Physical plant and equipment	-	-	283,287	283,287
	2,309,890	6,048	283,287	2,599,225
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,466,673	\$ 531,487	\$ 639,613	\$ 3,637,773

NEVADA COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

	Capital Project Funds			
	Statewide Sales and Services Tax	Building Project	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,470,798	\$ -	\$ 342,385	\$ 1,813,183
Other	32,914	45,663	-	78,577
Federal sources	-	737,136	-	737,136
TOTAL REVENUES	<u>1,503,712</u>	<u>782,799</u>	<u>342,385</u>	<u>2,628,896</u>
EXPENDITURES:				
Current:				
Instruction				
Other	-	-	3,682	3,682
Support services:				
Instructional staff	88,540	-	79,621	168,161
Transportation	-	-	17,330	17,330
Other expenditures:				
Facilities acquisition	2,882,537	865,759	123,359	3,871,655
TOTAL EXPENDITURES	<u>2,971,077</u>	<u>865,759</u>	<u>223,992</u>	<u>4,060,828</u>
Excesss (deficiency) of revenues over (under) expenditures	(1,467,365)	(82,960)	118,393	(1,431,932)
OTHER FINANCING (SOURCES) USES:				
Proceeds from capital leases	-	-	77,699	77,699
Transfer in	-	112,388	-	112,388
Transfer out	(611,647)	-	(96,864)	(708,511)
Total other financing (sources) uses	<u>(611,647)</u>	<u>112,388</u>	<u>(19,165)</u>	<u>(518,424)</u>
Net change in fund balances	(2,079,012)	29,428	99,228	(1,950,356)
FUND BALANCES BEGINNING OF YEAR, AS RESTATED	<u>4,388,902</u>	<u>(23,380)</u>	<u>184,059</u>	<u>4,549,581</u>
FUND BALANCES END OF YEAR	<u>\$ 2,309,890</u>	<u>\$ 6,048</u>	<u>\$ 283,287</u>	<u>\$ 2,599,225</u>

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND

YEAR ENDED JUNE 30, 2011

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 14,612	5,195	4,830	14,977
Due from other groups	30	0	30	0
	<u>\$ 14,642</u>	<u>5,195</u>	<u>4,860</u>	<u>14,977</u>
LIABILITIES				
Accounts payable	\$ 37	37	37	37
Due to other groups	14,605	5,165	4,830	14,940
	<u>\$ 14,642</u>	<u>5,202</u>	<u>4,867</u>	<u>14,977</u>

Statistical Section

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Nevada Community School District

Statistical Section

(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	62-77
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	78-81
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	82-88
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	89-91
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	92-97

Schedule 1
Nevada Community School District

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

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

Source: School District financial records.

Note:

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

Fiscal Year			
2008	2009	2010	2011
\$ 6,355,513	\$ 7,115,034	\$ 2,504,113	\$ 6,882,710
3,059,113	3,899,173	9,681,107	6,945,794
1,737,253	602,609	519,637	1,287,665
<u>\$ 11,151,879</u>	<u>\$ 11,616,816</u>	<u>\$ 12,704,857</u>	<u>\$ 15,116,169</u>
\$ 63,778	\$ 57,877	\$ 58,047	\$ 53,203
65,693	55,682	105,790	140,617
<u>\$ 129,471</u>	<u>\$ 113,559</u>	<u>\$ 163,837</u>	<u>\$ 193,820</u>
\$ 6,419,291	\$ 7,172,911	\$ 2,562,160	\$ 6,935,913
3,059,113	3,899,173	9,681,107	6,945,794
1,802,946	658,291	625,427	1,428,282
<u>\$ 11,281,350</u>	<u>\$ 11,730,375</u>	<u>\$ 12,868,694</u>	<u>\$ 15,309,989</u>

Schedule 2

Nevada Community School District

Expenses, Program Revenues and Net (Expense) Revenue

Last Nine Fiscal Years*

(accrual basis of accounting)

(Unaudited)

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

(Continued on the following page.)

Note:

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

Fiscal Year			
2008	2009	2010	2011
\$ 9,465,919	\$ 9,597,385	\$ 9,345,206	\$ 9,443,658
704,624	726,992	722,101	756,836
608,542	530,941	589,891	752,446
1,073,190	1,274,126	1,140,944	1,215,724
1,757,438	1,565,012	1,199,756	1,363,732
426,668	620,423	489,593	482,232
-	-	-	-
26,332	14,535	4,622	1,897
-	-	327,584	-
307,300	321,037	826,855	823,115
493,418	506,098	553,617	560,349
396,840	737,289	207,263	398,604
15,260,271	15,893,838	15,407,432	15,798,593
349	202	-	-
19,417	13,358	13,700	13,899
615,942	648,810	643,261	653,428
635,708	662,370	656,961	667,327
\$ 15,895,979	\$ 16,556,208	\$ 16,064,393	\$ 16,465,920

\$ 1,134,381	\$ 1,082,449	\$ 1,030,208	\$ 1,020,925
1,984	43,473	20,907	45,968
1,972,974	1,910,991	2,897,484	2,082,308
62,196	-	-	759,124
3,171,535	3,036,913	3,948,599	3,908,325

Schedule 2
Nevada Community School District

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

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

Source: School District financial records.

Note:

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

Fiscal Year			
2008	2009	2010	2011
370,583	389,375	394,698	363,456
253,139	256,107	312,259	329,311
623,722	645,482	706,957	692,767
\$ 3,795,257	\$ 3,682,395	\$ 4,655,556	\$ 4,601,092
\$ (12,088,736)	\$ (12,856,925)	\$ (11,458,833)	\$ (11,890,268)
(11,986)	(16,888)	49,996	25,440
\$ (12,100,722)	\$ (12,873,813)	\$ (11,408,837)	\$ (11,864,828)

Schedule 3
Nevada Community School District

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

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

Source: School District financial records.

Note:

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

Fiscal Year			
2008	2009	2010	2011
\$ (12,088,736)	\$ (12,856,925)	\$ (11,458,833)	\$ (11,890,268)
(11,986)	(16,888)	49,996	25,440
(12,100,722)	(12,873,813)	(11,408,837)	(11,864,828)

3,756,206	3,648,552	3,972,925	4,468,324
447,359	408,359	407,479	411,979
297,244	310,904	323,783	342,385
327,752	367,425	381,785	403,325
1,504,206	1,549,800	1,467,841	1,470,798
6,733,643	6,806,429	5,777,496	6,642,372
-	-	-	340,684
229,554	161,698	75,179	119,446
207,223	105,977	140,386	102,267
(150)	-	-	-
-	(37,282)	-	-
13,503,037	13,321,862	12,546,874	14,301,580

-	-	-	3,813
3,039	976	282	730
150	-	-	-
3,189	976	282	4,543
13,506,226	13,322,838	12,547,156	14,306,123

1,414,301	464,937	1,088,041	2,411,312
(8,797)	(15,912)	50,278	29,983
\$ 1,405,504	\$ 449,025	\$ 1,138,319	\$ 2,441,295

Schedule 4
Nevada Community School District

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

	2002	2003	2004	2005
General Fund:				
Reserved	\$ 107,699	\$ 74,910	\$ 66,718	\$ 51,872
Unreserved	1,156,607	1,083,068	1,002,208	555,314
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 1,264,306	\$ 1,157,978	\$ 1,068,926	\$ 607,186
All other governmental funds:				
Reserved				
Debt service funds	\$ 93,219	\$ 99,238	\$ 97,823	\$ 99,190
Other reserved	-	-	-	-
Unreserved, reported in:				
Capital projects funds	1,176	586	761,202	6,861,916
Special revenue funds	173,908	172,359	96,669	53,780
Restricted for:				
Debt service	-	-	-	-
School infrastructure	-	-	-	-
Physical plant and equipment	-	-	-	-
Management levy purposes	-	-	-	-
Student activities	-	-	-	-
Total all other governmental funds	\$ 268,303	\$ 272,183	\$ 955,694	\$ 7,014,886

Source: School-District financial records.

		Fiscal Year									
		2006	2007	2008	2009	2010	2011				
\$	42,953	\$	63,394	\$	70,527	\$	139,028	\$	284,756	\$	-
	580,670		806,162		719,898		588,479		570,918		-
	-		-		-		-		-		328,749
	-		-		-		-		-		54,000
	-		-		-		-		-		98,862
	-		-		-		-		-		1,274,047
\$	623,623	\$	869,556	\$	790,425	\$	727,507	\$	855,674	\$	1,755,658
<hr/>											
\$	1,661,818	\$	2,161,963	\$	2,030,288	\$	2,024,502	\$	5,785,423	\$	-
	-		-		-		-		-		-
	5,088,600		1,502,874		1,453,287		1,507,892		3,269,576		-
	223,223		243,431		307,641		222,615		305,693		-
	-		-		-		-		-		4,953,232
	-		-		-		-		-		1,219,992
	-		-		-		-		-		283,287
	-		-		-		-		-		11,208
	-		-		-		-		-		160,534
\$	6,973,641	\$	3,908,268	\$	3,791,216	\$	3,755,009	\$	9,360,692	\$	6,628,253

Schedule 5
Nevada Community School District

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

	2002	2003	2004	2005	2006
Federal sources:					
Federal sources	\$ 689,300	\$ 1,010,719	\$ 924,937	\$ 286,117	\$ 261,805
Total federal sources	689,300	1,010,719	924,937	286,117	261,805
State sources:					
State sources	\$ 6,497,689	\$ 6,550,557	\$ 6,323,721	\$ 6,599,717	\$ 6,923,097
Total state sources	6,497,689	6,550,557	6,323,721	6,599,717	6,923,097
Intermediate sources:					
Intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Total intermediate sources	-	-	-	-	2,000
Local sources:					
Local taxes	\$ 4,361,540	\$ 4,248,066	\$ 5,663,327	\$ 5,946,502	\$ 6,188,088
Tuition	426,447	441,690	521,868	605,500	561,729
Other revenues	650,279	743,809	706,802	799,971	839,014
Total local sources	5,438,266	5,433,565	6,891,997	7,351,973	7,588,831
Total revenues	\$ 12,625,255	\$ 12,994,841	\$ 14,140,655	\$ 14,237,807	\$ 14,775,733

Source: School District financial records.

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	275,655	\$	302,886	\$	368,105	\$	1,333,583	\$	1,590,824
	275,655		302,886		368,105		1,333,583		1,590,824
\$	7,464,747	\$	8,230,951	\$	8,306,423	\$	7,279,946	\$	8,144,467
	7,464,747		8,230,951		8,306,423		7,279,946		8,144,467
\$	35,252	\$	10,378	\$	11,793	\$	9,509	\$	10,491
	35,252		10,378		11,793		9,509		10,491
\$	6,380,883	\$	6,371,211	\$	6,289,506	\$	6,509,565	\$	7,086,356
	570,688		612,406		660,237		666,435		627,440
	1,060,102		1,169,612		761,336		641,018		738,972
	8,011,673		8,153,229		7,711,079		7,817,018		8,452,768
\$	15,787,327	\$	16,697,444	\$	16,397,400	\$	16,440,056	\$	18,198,550

Schedule 6
Nevada Community School District

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

	2002	2003	2004	2005	2006
Instruction	\$ 7,765,406	\$ 7,942,483	\$ 8,214,156	\$ 8,662,269	\$ 8,338,486
Student services	1,278,670	1,239,799	1,181,547	629,174	553,116
Instructional staff services	293,692	352,329	211,985	427,449	485,660
Administration services	1,051,651	861,525	918,783	850,800	920,449
Operation and maintenance of plant services	933,265	1,039,942	1,108,813	945,924	1,114,473
Pupil transportation services	359,352	372,395	500,143	456,739	440,249
Other support services	-	132,551	-	-	-
Non-instructional programs	35,454	20,497	20,782	29,210	19,210
AEA flowthrough	450,277	448,043	417,513	412,669	427,831
Capital outlay:					
Facilities acquisition/construction	-	94,965	411,634	1,827,335	5,867,298
Debt service:					
Principal	435,974	443,662	500,452	522,337	583,833
Interest and fiscal charges	157,333	159,098	72,297	48,668	214,048
Total expenditures	\$ 12,761,074	\$ 13,107,289	\$ 13,558,105	\$ 14,812,574	\$ 18,964,653
Debt service as a percentage of noncapital expenditures	4.88%	4.82%	4.41%	4.01%	4.39%

Source: School District financial records.

Fiscal Year				
2007	2008	2009	2010	2011
\$ 8,833,840	\$ 9,473,916	\$ 9,472,683	\$ 9,439,695	\$ 9,329,002
562,967	704,624	721,981	723,389	755,352
561,912	608,542	530,324	589,576	752,153
968,569	1,068,481	1,145,952	1,130,226	1,188,237
1,171,874	1,213,458	1,254,225	1,198,608	1,237,995
578,190	742,370	616,057	476,125	498,694
-	-	-	-	-
28,606	26,332	14,535	4,622	1,897
462,464	493,418	506,098	553,617	560,349
4,016,239	1,277,204	927,262	6,037,039	3,871,655
1,240,977	1,121,526	1,023,434	1,023,796	1,130,884
382,445	318,246	330,569	561,658	783,386
<u>\$ 18,808,083</u>	<u>\$ 17,048,117</u>	<u>\$ 16,543,120</u>	<u>\$ 21,738,351</u>	<u>\$ 20,109,604</u>
9.45%	9.22%	8.91%	7.87%	10.52%

Schedule 7
 Nevada Community School District

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

	2002	2003	2004	2005	2006
Excess of revenues over (under) expenditures	\$ (135,819)	\$ (112,448)	\$ 582,550	\$ (574,767)	\$ (4,188,920)
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	-	-	4,100,000
Issuance of revenue bonds	-	-	-	6,000,000	-
Capital lease purchase agreement	-	-	-	140,999	-
Refunding debt issued	-	1,985,000	-	-	-
Payment to refunding escrow agent	-	(1,975,000)	-	-	-
Premium on bonds	-	-	-	31,220	46,514
Sale of capital assets	100	-	11,909	-	3,650
Transfers in	142,585	108,136	130,983	127,443	1,879,742
Transfers out	(142,585)	(108,136)	(130,983)	(127,443)	(1,865,794)
Extraordinary items	-	-	-	-	-
Total other financing sources (uses)	100	10,000	11,909	6,172,219	4,164,112
Net change in fund balances	\$ (135,719)	\$ (102,448)	\$ 594,459	\$ 5,597,452	\$ (24,808)

Source: School District financial records.

Fiscal Year				
2007	2008	2009	2010	2011
\$ (3,020,756)	\$ (350,673)	\$ (145,720)	\$ (5,298,295)	\$ (1,911,054)
-	-	-	-	-
-	-	-	10,981,587	-
198,477	87,918	80,754	-	77,699
-	-	-	-	-
-	-	-	-	-
-	-	-	39,389	-
2,839	66,722	3,123	11,169	900
1,118,837	947,206	939,732	4,392,514	730,477
(1,118,837)	(947,356)	(939,732)	(4,392,514)	(730,477)
-	-	(37,282)	-	-
201,316	154,490	46,595	11,032,145	78,599
\$ (2,819,440)	\$ (196,183)	\$ (99,125)	\$ 5,733,850	\$ (1,832,455)

Schedule 8
Nevada Community School District

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

(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2002	230,470,681	42,394,779	87,967,396	\$ 97,241,219	263,591,637	15.20579
2003	250,019,749	45,297,208	86,273,759	118,605,591	262,985,125	14.90901
2004	259,852,241	49,152,959	125,090,251	173,739,394	260,356,057	15.77656
2005	267,623,886	47,286,724	66,172,976	146,572,129	234,511,457	16.59480
2006	274,600,449	46,620,972	66,546,901	151,266,981	236,501,341	17.76519
2007	302,790,752	47,679,083	60,227,881	172,954,503	237,743,213	17.75500
2008	310,544,423	47,470,233	60,498,524	179,031,956	239,481,224	17.72244
2009	338,485,981	46,399,192	64,625,968	200,558,626	248,952,515	16.43213
2010	344,747,412	47,107,600	77,673,871	202,587,794	266,941,089	16.45943
2011	353,353,416	47,196,143	90,826,200	199,641,447	291,734,312	17.03265

Source: Story County Auditor

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

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

N/A = not available

Schedule 9

Nevada Community School District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

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

(Unaudited)

Fiscal Year Ended June 30	District Direct Rates			Overlapping Rates		
	General Purposes	Capital Purposes	Total	Story County	City of Nevada	Community College
2002	12.64500	2.56079	15.20579	6.67242	14.38557	0.54454
2003	12.34480	2.56421	14.90901	6.66890	14.19251	0.54584
2004	13.30551	2.47105	15.77656	6.24548	14.35684	0.58184
2005	13.97663	2.61817	16.59480	6.43930	14.87863	0.59856
2006	15.19793	2.56726	17.76519	6.61371	14.88108	0.68408
2007	15.25833	2.49667	17.75500	6.74790	14.87874	0.68688
2008	15.22244	2.50000	17.72244	6.61712	14.87874	0.60276
2009	14.11868	2.31345	16.43213	6.67593	15.12870	0.56386
2010	14.20095	2.25848	16.45943	6.89497	15.12870	0.56778
2011	14.82939	2.20326	17.03265	6.73556	15.00435	0.56008

Source: Story County Auditor

Notes: Assessed value equals estimated actual value.

Schedule 10

Nevada Community School District

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

Taxpayer	2011			2001		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Lincolnway Energy LLC	\$ 10,870,282	1	3.95%	-	-	-
Union Pacific Corporation	10,579,041	2	3.85%	\$ 1,874,943	7	0.62%
Heart of Iowa Coop	6,418,800	3	2.33%	4,059,300	2	1.33%
Burke Marketing Corporation	5,363,700	4	1.95%	2,502,600	4	0.82%
Flexi-Coil Inc-Ctr	2,483,200	5	0.90%	2,398,000	5	0.79%
PR Investments LLC	2,147,900	6	0.78%	-	-	-
General Financial Supply Inc	1,749,000	7	0.64%	-	-	-
Evergreen Lane Inc	1,723,588	8	0.63%	-	-	-
Paragon International	1,540,100	9	0.56%	-	-	-
Flummerfelts Country Club Est	1,496,900	10	0.54%	-	-	-
IES Utilities	-	-	-	4,169,163	1	1.37%
Nevada Economic Development	-	-	-	2,963,200	3	0.97%
Stetham, James H Trustee & Thomas, Howard G Trustee	-	-	-	1,943,200	6	0.64%
Fareway Stores Inc.	-	-	-	1,459,500	8	0.48%
Iowa Falls Nursing Corp.	-	-	-	1,400,397	9	0.46%
Meadows Apartment Ltd.	-	-	-	1,347,200	10	0.44%
Total	<u>\$ 44,372,511</u>		<u>16.14%</u>	<u>\$ 24,117,503</u>		<u>7.92%</u>

Source: Story County Auditor

Schedule 11
Nevada Community School District

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	4,071,758	4,063,748	99.80%	2,124	4,065,872	99.86%
2003	3,984,839	3,954,835	99.25%	109	3,954,944	99.25%
2004	4,342,119	4,310,250	99.27%	31,869	4,342,119	100.00%
2005	4,113,720	4,071,818	98.98%	10,184	4,082,002	99.23%
2006	4,433,104	4,433,104	100.00%	-	4,433,104	100.00%
2007	4,456,193	4,455,995	100.00%	198	4,456,193	100.00%
2008	4,541,972	4,538,358	99.92%	3,614	4,541,972	100.00%
2009	4,338,131	4,330,363	99.82%	7,768	4,338,131	100.00%
2010	4,631,954	4,631,954	100.00%	-	4,631,954	100.00%
2011	5,184,295	5,067,736	97.75%	561	5,068,297	97.76%

Source: Story County Treasurer and District records.

Schedule 12
Nevada Community School District

Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities							Business Type	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bonds	Capital Leases	Capital Loan Notes	Early Retirement	Compensated Absences	Net OPEB Liability	Net OPEB Liability			
2002	2,315,000	-	-	530,774	41,978	-	-	-	2,887,752	0.13%	36
2003	1,985,000	-	-	427,112	43,223	-	-	-	2,455,335	0.09%	31
2004	1,595,000	-	-	316,660	54,043	-	-	-	1,965,703	0.08%	25
2005	1,185,000	6,000,000	140,999	204,323	35,499	-	-	-	7,565,821	0.35%	94
2006	4,870,000	6,000,000	91,489	85,000	43,864	-	-	-	11,090,353	0.38%	138
2007	4,450,000	5,335,000	218,989	-	16,181	-	-	-	10,020,170	0.41%	125
2008	4,100,000	4,650,000	220,381	-	15,241	-	-	-	8,985,622	0.35%	113
2009	3,865,000	3,940,000	222,701	-	114,641	66,978	34,147	206	8,243,673	0.30%	98
2010	3,620,000	14,310,000	173,905	-	7,320	49,932	51,477	305	18,212,939	0.63%	215
2011	3,360,000	13,550,000	140,720	-	98,643	30,581	85,061	362	17,265,367	0.57%	199

Source: School District financial records.

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

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

Schedule 13

Nevada Community School District

Ratio of Net Bonded Debt to Assessed Values,

Last Ten Years

Year (Of Collection)	Estimated Actual Values of Taxable Property	Total Primary Government Outstanding Debt	Net Bonded Debt	Amount Restricted For Repayment Of Outstanding Debt	Total	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita*
2002-03	\$ 263,591,637	\$ 2,887,752	\$ 2,315,000	\$ 91,247	\$ 2,223,753	0.84 %	\$ 334.00
2003-04	287,940,320	2,455,335	1,985,000	93,219	1,891,781	0.66	284.14
2004-05	299,692,683	1,965,703	1,595,000	99,238	1,495,762	0.50	224.66
2005-06	273,372,032	7,565,821	7,185,000	97,823	7,087,177	2.59	1,064.46
2006-07	280,078,519	11,090,353	10,870,000	99,190	10,770,810	3.85	1,617.72
2007-08	282,650,348	10,020,170	9,785,000	1,661,818	8,123,182	2.87	1,220.06
2008-09	296,846,020	8,985,622	8,750,000	2,161,963	6,588,037	2.22	989.49
2009-10	309,117,334	8,243,673	7,805,000	2,030,288	5,774,712	1.87	867.33
2010-11	322,162,761	18,212,939	17,930,000	2,024,502	15,905,498	4.94	2,339.73
2011-12	340,250,228	17,265,367	16,910,000	3,857,286	13,052,714	3.84	1,920.08

Source: Story County Auditor, Iowa Department of Management and School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.

* See Page 88 for personal income and population data. This ratio is calculated using personal income and population for the prior calendar year.

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Schedule 14
Nevada Community School District

Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Story County	\$ 8,980,000	9.89%	\$ 685,439
City of Nevada	15,762,000	100.00%	15,762,000
Area XI Community College	79,395,000	0.89%	708,333
			17,155,772
			17,265,367
			\$ 34,421,139

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

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

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

Schedule 15
Nevada Community School District

Legal Debt Margin Information
Last Ten Fiscal Years

(Unaudited)

	2002	2003	2004	2005	2006
Debt limit	\$ 19,765,998	\$ 20,873,890	\$ 21,656,722	\$ 21,109,701	\$ 21,761,450
Total net debt applicable to limit	530,774	427,112	316,660	204,323	85,000
Legal debt margin	\$ 19,235,224	\$ 20,446,778	\$ 21,340,062	\$ 20,905,378	\$ 21,676,450
Total net debt applicable to the limit as a percentage of debt limit	2.69%	2.05%	1.46%	0.97%	0.39%

Source: School District financial records and Story County Auditor.

Notes:

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

Legal Debt Margin Calculation for Fiscal Year 2011

Actual assessed value (a)	\$ 491,375,579
Debt limit (5% of assessed value) (b)	\$ 24,568,779
Debt applicable to limit	17,050,720
Legal debt margin	<u>\$ 7,518,059</u>

	2007	2008	2009	2010	2011
\$	23,021,473	\$ 24,064,336	\$ 26,020,293	\$ 25,881,662	\$ 24,568,779
	-	-	-	18,103,905	17,050,720
\$	23,021,473	\$ 24,064,336	\$ 26,020,293	\$ 7,777,757	\$ 7,518,059
	0.00%	0.00%	0.00%	69.95%	69.40%

Schedule 16
Nevada Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds			Coverage
	Revenue	Debt Service		
		Principal	Interest	
2002	-	-	-	-
2003	-	-	-	-
2004	1,055,437	-	-	-
2005	1,514,873	-	-	-
2006	1,362,867	-	122,710	11.11
2007	1,545,767	665,000	200,053	1.79
2008	1,504,206	685,000	178,784	1.74
2009	1,549,800	710,000	155,045	1.79
2010	1,467,841	730,000	389,262	1.31
2011	1,470,798	760,000	622,580	1.06

Source: School District financial records.

Notes: Details regarding the District's outstanding debt can be found in Note 7 of the notes to the financial statements.

Schedule 17

Nevada Community School District

Demographic and Economic Statistics

Last Ten Calendar Years

(Unaudited)

Calendar Year	Population (a)	Personal Income (a) <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate (a)
2001	79,553	2,120,643	26,657	2.10%
2002	80,719	2,190,377	27,136	2.50%
2003	80,261	2,880,797	35,893	2.80%
2004	80,239	2,417,680	30,131	3.00%
2005	79,787	2,553,304	32,002	3.30%
2006	83,804	2,728,284	32,556	3.50%
2007	84,752	2,895,000	33,942	3.70%
2008	86,754	3,052,147	35,400	5.70%
2009	89,285	3,106,000	34,790	4.80%
2010	89,575	3,143,000	35,087	5.30%

Notes:

The data provided is for Story County, Iowa

(a) U S Census Web Site

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Schedule 18
Nevada Community School District

Principal Employers
Current Year and Ten Years Ago
(Unaudited)

Employer	2011			2001		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Story County	373	1	3.77%	353	1	3.36%
Burke Marketing	350	2	3.53%	250	2	2.38%
Nevada Community School District	220	3	2.22%	211	3	2.01%
Story County Medical Center	200	4	2.02%	200	4	1.90%
ALMACO	150	5	1.51%	100	6	0.95%
General Financial Supply	115	6	1.16%	105	5	1.00%
Mid-America Manufacturing	75	7	0.76%	-	-	-
Paragon International	56	8	0.57%	-	-	-
Printgraphics	55	9	0.56%	65	7	0.62%
City of Nevada	45	10	0.45%	55	8	0.52%
Midwest Cylinder Head	-	-	-	21	9	0.20%
Sorem Manufacturing	-	-	-	14	10	0.13%
Total	1,639		16.55%	1,374		13.09%

Source: Nevada Economic Development Council web site

Schedule 19

Nevada Community School District

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

	Full-Time Equivalent Employees as of June 30				
	2002	2003	2004	2005	2006
Supervisory:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Principals	3.0	3.0	3.0	3.0	3.0
Assistant principals	1.5	1.5	1.5	0.5	0.5
All other administrators	4.5	4.5	3.5	4.5	4.5
Total supervisory	10.0	10.0	9.0	9.0	9.0
Instruction:					
Teachers	116.7	119.2	110.0	106.3	110.7
Teachers' Aides	25.2	29.0	21.0	20.5	25.0
Other	6.0	1.5	1.5	1.5	1.5
Total instruction	147.9	149.7	132.5	128.3	137.2
Student services:					
Counselors	4.0	4.0	4.0	3.3	3.3
Nurses	3.0	3.0	3.0	2.0	2.0
Librarians	3.0	3.0	2.5	2.5	2.5
Total student services	10.0	10.0	9.5	7.8	7.8
Support and administration:					
Office/Clerical	9.5	5.5	7.5	7.0	6.5
Operative	6.0	16.5	19.0	10.0	12.0
Service	12.0	8.5	7.5	34.5	35.0
Other support	0.0	12.0	14.5	7.5	2.0
Total support and administration	27.5	42.5	48.5	59.0	55.5
Total	195.4	212.2	199.5	204.1	209.5

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change
2007	2008	2009	2010	2011	2002-2011
1.0	1.0	1.0	1.0	1.0	0.0%
3.0	3.0	3.0	3.0	3.0	0.0%
0.3	0.3	0.7	0.7	0.7	-53.3%
4.8	4.8	4.8	4.8	4.8	6.7%
9.0	9.0	9.5	9.5	9.5	-5.0%
101.9	111.4	105.6	105.7	100.7	-13.7%
24.0	26.0	39.0	38.0	43.0	70.6%
1.5	0.5	0.0	0.0	8.0	33.3%
127.4	137.9	144.6	143.7	151.7	2.6%
3.3	3.3	5.3	5.3	5.0	25.0%
2.0	2.1	2.1	2.1	2.0	-33.3%
2.0	2.0	2.0	2.0	2.0	-33.3%
7.3	7.4	9.4	9.4	9.0	-10.0%
10.5	9.7	9.7	9.5	9.4	-1.1%
12.0	15.0	11.0	26.0	22.0	266.7%
19.2	25.0	16.0	21.0	25.0	108.3%
9.5	12.0	6.0	6.0	0.0	0.0%
51.2	61.7	42.7	62.5	56.4	105.1%
194.8	216.0	206.2	225.1	226.6	16.0%

Schedule 20
Nevada Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
2002	1,431	12,167,767	8,503	8.10%
2003	1,451	12,409,564	8,552	0.58%
2004	1,392	12,573,722	9,033	5.62%
2005	1,443	12,414,234	8,603	(4.76)%
2006	1,417	12,299,474	8,680	0.89%
2007	1,404	13,168,422	9,379	8.06%
2008	1,505	14,331,141	9,522	1.53%
2009	1,485	14,261,855	9,604	0.86%
2010	1,470	14,144,431	9,622	0.19%
2011	1,481	14,134,506	9,544	(0.81)%

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

Notes: N/A = not available.

(1) Average daily membership

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

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
N/A	N/A	N/A	116.70	12.26	21.0%
13,249,611	9,131	N/A	119.20	12.17	20.6%
13,393,429	9,622	5.37%	110.00	12.65	22.5%
13,680,171	9,480	(1.47)%	106.30	13.57	23.4%
14,810,229	10,452	10.25%	105.60	13.42	21.9%
14,386,046	10,246	(1.96)%	101.90	13.78	26.0%
15,895,979	10,562	3.08%	113.45	13.27	27.0%
16,556,208	11,149	5.56%	112.90	13.15	24.0%
16,064,394	10,928	(1.98)%	105.70	13.91	24.0%
15,798,593	10,668	(2.39)%	100.70	14.71	32.0%

Schedule 21
Nevada Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year				
	2002	2003	2004	2005	2006
Elementary:					
Central (2006)					
Square feet	91,000	91,000	91,000	91,000	53,000
Capacity	700	700	700	700	400
Enrollment	555	546	524	548	298
North Central (2006)					
Square feet	-	-	-	-	12,000
Capacity	-	-	-	-	200
Enrollment	-	-	-	-	131
Middle:					
Nevada Middle School (1991)					
Square feet	73,000	73,000	73,000	73,000	73,000
Capacity	600	600	600	600	600
Enrollment	509	484	471	446	546
High:					
Nevada High School (1962/2011)					
Square feet	115,000	115,000	115,000	115,000	115,000
Capacity	750	750	750	750	750
Enrollment	650	670	669	641	676

Other District Facilities:

Bus Garage (1988)

Source: District records

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

Fiscal Year				
2007	2008	2009	2010	2011
103,000	103,000	103,000	103,000	103,000
800	800	800	800	800
595	595	595	602	688
12,000	12,000	12,000	12,000	12,000
200	200	200	200	200
15	15	15	15	15
73,000	73,000	73,000	73,000	73,000
600	600	600	600	600
546	546	546	410	431
115,000	115,000	115,000	115,000	125,790
750	750	750	750	870
676	676	676	428	438

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Single Audit Section

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	\$ 282,977 *
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	38,365
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	FY 11	2,412
			<u>323,754</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A, CLUSTER			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4617-G	128,836
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	34,307
			<u>163,143</u>
EDUCATIONAL TECHNOLOGY STATE GRANTS	84.318	FY 11	<u>3,156</u>
SPECIAL EDUCATION TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN	83.326	FY 11	<u>186</u>
ADVANCED PLACEMENT PROGRAM	84.330	FY 11	<u>3,366</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 11	<u>48,297</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 11	<u>9,425</u>
STATE FISCAL STABILIZATION FUND CLUSTER			
ARRA- STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	118,902
ARRA- STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 11	75,782
ARRA- STATE FISCAL STABILIZATION FUND (SFSF) - GOVERNMENT SERVICES, RECOVERY ACT	84.397	FY 11	67,594
			<u>262,278</u>
ARRA- EDUCATION JOBS FUNDS	84.410	FY 11	<u>78,406</u>
AMES COMMUNITY SCHOOL DISTRICT:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES			
	84.048	FY 11	<u>13,764</u>
HEARTLAND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION (IDEA) CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 11	75,725
ARRA - SPECIAL EDUCATION - GRANTS TO STATES - RECOVERY ACT	84.391	FY 10	63,188
			<u>138,913</u>
DEPARTMENT OF HOMELAND SECURITY:			
IOWA DEPARTMENT OF HOMELAND SECURITY:			
HAZARD MITIGATION GRANT	97.039	FY 11	<u>737,136</u>
TOTAL			<u>\$ 1,781,824</u>

* Includes \$55,998 of non-cash awards

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nevada Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-11, II-C-11, and II-D-11 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

December 5, 2011

NOLTE, CORNMAN & JOHNSON P.C.

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Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Nevada Community School District

Compliance

We have audited the compliance of Nevada Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Nevada Community School District's major federal programs for the year ended June 30, 2011. Nevada Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Nevada Community School District's management. Our responsibility is to express an opinion on Nevada Community School District's compliance based on our audit.

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

In our opinion, Nevada Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

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 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11 to be a material weakness.

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

December 5, 2011

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over 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 did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 97.039 - Hazard Mitigation Grant
 - Clustered Programs:
 - School Nutrition Cluster
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.556 - Special Milk Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Nevada Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the duties of one individual include preparing checks and recording the transactions in the general ledger.

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

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

Conclusion - Response accepted.

- II-B-11 Supporting Documents for Meal Reimbursements - It was noted during the audit, an instance of a meal reimbursement which lacked a detailed receipt for supporting documentation.

Recommendation - The District has a policy in place for credit card usage, which states that the users need to provide detailed receipts for purchases made. The District should review procedures in place with personnel to ensure the proper detailed documentation will be available with paid meal reimbursements.

Response - We will do this.

Conclusion - Response accepted.

- II-C-11 Food Inventory - We noted during our audit that although the District's inventory appeared to be priced out correctly, the physical amount of inventory counted did not reconcile to the District's inventory listing.

Recommendation - The District should review procedures to ensure that the year-end physical inventory counts are accurate.

Response - Additional inventory was in an outside freezer, which will be included in a reconciliation of physical inventory in the future.

Conclusion - Response accepted.

- II-D-11 Payment Voucher for Beginning Teacher Mentoring - We noted during the audit that the District utilizes a payment voucher system for Beginning Teacher Mentoring expenses requiring the payee to sign off on the sheet. These forms however are completed and signed off only by an administrator.

Recommendation - The District should ensure that individuals requesting payment for Beginning Teacher Mentoring are signing off on their claim vouchers before the District remits payment to the individual.

Response - We will do this.

Conclusion - Response accepted.

OTHER MATTERS:

- II-E-11 Board Policies - We noted during our audit the District has not updated their board policies as required by Department of Education. The policies are to be reviewed and updated every 5 years.

Recommendation - The District should review their board policies in place and update necessary policies.

Response - There is a procedure in place for the Board of Directors to review board policies every five years.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.556 - Special Milk Program for Children
Federal Award Year: 2011
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 94.039: Hazard Mitigation Grant
Federal Award Year: 2011
U.S. Department of Homeland Security
Passed through the Iowa Homeland Security & Emergency Management Division

III-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the duties of one individual include preparing checks and recording the transactions in the general ledger.

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

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

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - District expenditures for the year ended June 30, 2011 exceeded the certified amounts in the non-instructional programs function.

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

Response - The District will more carefully monitor expenses and modify the budget where appropriate in the future.

Conclusion - Response accepted.

IV-B-11 Questionable Disbursements - We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund. Purchasing clothing for coaches does not appear to meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public

purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District should refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups. The costs associated with the clothing should be reimbursed from the employee or added to their W-2's as additional compensation.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing for coaches and other District employees in lieu of using public funds.

Response - We will be more attentive to this in the future.

Conclusion - Response accepted.

IV-C-11 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-11 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kevin Cooper, Teacher Owner of Cooper Trucking	Purchased services	\$467

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

IV-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-11 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education.

IV-H-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted

IV-I-11 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-11 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events. The District currently receipts this into the Student Activity Fund.

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

Response - We believed that these rents were being deposited correctly in the General Fund; however, we will be more attentive to this in the future.

Conclusion - Response accepted.

IV-M-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 4,388,902
Revenues:		
Sales tax revenues	1,470,798	
Other local revenues	<u>32,914</u>	<u>1,503,712</u>
Expenditures/transfers out:		
School infrastructure construction	2,685,738	
Equipment	88,540	
Other	196,799	
Transfers to other funds		
Debt service fund	499,259	
Other funds	<u>112,388</u>	<u>3,582,724</u>
Ending balance		<u>\$ 2,309,890</u>

For the year ended June 30, 2011 the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.