

Nashua-Plainfield Community School District

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

June 30, 2012

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Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District, Nashua, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated January 29, 2013 on my consideration of Nashua-Plainfield Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nashua-Plainfield Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Keith Oltrogge
Certified Public Accountant

January 29, 2013

Nashua-Plainfield Community School District

Management's Discussion and Analysis

Year ended June 30, 2012

Nashua-Plainfield Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,532,883 in fiscal 2011 to \$6,653,063 in fiscal 2012, while General Fund expenditures increased from \$6,347,674 in fiscal 2011 to \$6,354,441 in fiscal 2012. The District's General Fund balance increased from \$862,750 in fiscal 2011 to \$1,161,372 in fiscal 2012, a 34.6% increase.
- The increase in General Fund revenues was attributable to an increase in local and state sources in fiscal 2012. The increase in expenditures was due primarily to an increase in support services.
- The District's solvency ratio has increased from 11.9% at June 30, 2011 to 16.7% at June 30, 2012. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the non-major governmental funds.

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

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

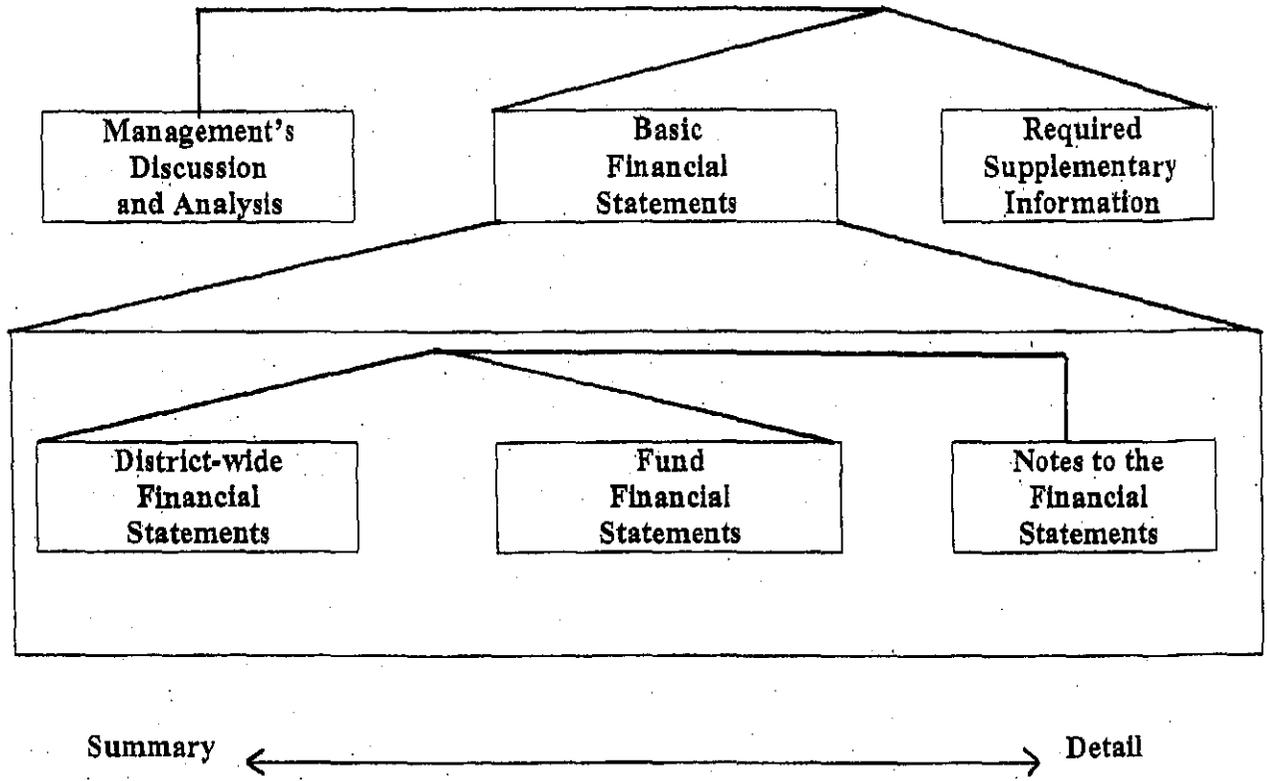


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-2012
Current and other assets	\$10,299,080	\$5,433,748	\$61,042	\$66,521	\$10,360,122	\$5,500,269	88.4%
Capital assets	4,234,780	3,527,079	38,800	43,510	4,273,580	3,570,589	19.7%
Total assets	\$14,533,860	\$8,960,827	\$99,842	\$110,031	\$14,633,702	\$9,070,858	61.3%
Long-term liabilities	\$4,919,460	\$2,736	\$-	\$-	\$4,919,460	\$2,736	1,797%
Other liabilities	3,881,643	3,701,377	29,123	28,055	3,910,766	3,729,432	4.9%
Total liabilities	\$8,801,103	\$3,704,113	\$29,123	\$28,055	\$8,830,226	\$3,732,168	236.6%
Net assets:							
Invested in capital assets, net of related debt	-\$680,779	\$3,527,079	\$38,800	\$43,510	-\$641,979	\$3,570,589	-118%
Restricted	5,378,601	975,857	-	-	5,378,601	975,857	451.2%
Unrestricted	1,034,935	753,778	31,919	38,466	1,066,854	792,244	34.7%
Total net assets	\$5,732,757	\$5,256,714	\$70,719	\$81,976	\$5,803,476	\$5,338,690	8.7%

The District's combined net assets increased by nearly 8.7%, or \$464,786, over the prior year. The largest portion of the District's net assets is in the restricted net assets due to the unexpended revenue bond proceeds.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$4,402,744, or 451.2%, over the prior year. The increase was primarily due to the unexpended \$4,500,000 in revenue bonds issued.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased by \$274,610, or 34.7%. The increase was due to General Fund revenues exceeding expenditures for the year.

Figure A-4 shows the change in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2012	2011	2012	2011	2012	2011	2011-2012
Revenues:							
Program revenues:							
Charges for service	\$422,481	\$453,076	\$171,718	\$166,837	\$594,199	\$619,913	-4.2%
Operating grants, contributions and restricted interest	1,049,770	1,062,657	155,676	165,420	1,205,446	1,228,077	-1.9%
Capital grants, contributions and restricted interest	-	12,487	-	-	-	12,487	-100%
General revenues:							
Property tax	2,886,613	2,761,589	-	-	2,886,613	2,761,589	4.5%
Statewide sales, service and use tax	525,165	484,693	-	-	525,165	484,693	8.4%
Unrestricted state grants	2,775,861	2,683,444	-	-	2,775,861	2,683,444	3.4%
Unrestricted investment earnings	14,413	16,929	270	411	14,683	17,340	-15.3%
Other	42,353	116,032	-	-	42,353	116,032	-63.5%
Total revenues	\$7,716,656	\$7,590,907	\$327,664	\$332,668	\$8,044,320	\$7,923,575	1.5%
Program expenses:							
Governmental activities:							
Instruction	\$4,892,919	\$4,938,622	\$-	\$-	\$4,892,919	\$4,938,622	-0.9%
Support services	1,892,483	1,843,296	-	-	1,892,483	1,843,296	2.7%
Non-instructional programs	5,694	4,233	\$338,921	325,015	344,615	329,248	4.7%
Other expenses	449,517	380,667	-	-	449,517	380,667	18.1%
Total expenses	\$7,240,613	\$7,166,818	\$338,921	\$325,015	\$7,579,534	\$7,491,833	1.2%
Change in net assets	\$476,043	\$424,089	-\$11,257	\$7,653	\$464,786	\$431,742	7.7%

In fiscal year 2012, property tax and unrestricted state grants accounted for 73.4% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$8.0 million, of which approximately \$7.7 million was for governmental activities and less than \$0.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.5% increase in revenues and a 1.2% increase in expenses. Property tax increased approximately \$125,000 to fund the increase in expenses. The increase in expenses is related to increases in the negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$7,716,656 and expenses were \$7,240,613 for the year ended June 30, 2012. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-2012	2012	2011	Change 2011-2012
Instruction	\$4,892,919	\$4,938,622	-0.9%	\$3,457,699	\$3,463,469	-0.2%
Support services	1,892,483	1,843,296	2.7%	1,855,452	1,802,716	2.9%
Non-instructional programs	5,694	4,233	34.5%	5,694	4,233	34.5%
Other expenses	449,517	380,667	18.1%	449,517	368,180	18.1%
Totals	\$7,240,613	\$7,166,818	1.0%	\$5,768,362	\$5,638,598	2.3%

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$594,199.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,205,446.
- The net cost of governmental activities was financed with \$3,411,778 in property and other taxes and \$2,775,861 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$327,664 and expenses were \$338,921. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$6,440,655, well above last year's ending fund balances of \$1,732,371. However, the primary reason for the increase in governmental funds balances at the end of the fiscal year 2012 is due to approximately \$4 million of unexpended revenue bond proceeds received in the fiscal year 2012.

Governmental Fund Highlights

- The General Fund balance increased from \$862,750 to \$1,161,372 due to the increase in state sources.
- The Capital Projects Fund balance increased from \$590,390 to \$4,944,838 due to the issuance of \$4,500,000 in revenue bonds.

Proprietary Fund Highlights

- School Nutrition Fund net assets decreased from \$81,976 at June 30, 2011 to \$70,719 at June 30, 2012, representing a decrease of approximately 13.7%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Nashua-Plainfield Community School District amended its budget one time to reflect additional expenditures for the purchase of laptop computers in the instruction functional area.

The District's receipts were \$21,872 more than budgeted receipts, a variance of 0.3%. The most significant variance resulted from the District receiving less from state sources than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$4,273,580, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 19.7% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$421,303.

The original cost of the District's capital assets was \$13,309,848. Governmental funds account for \$13,233,419, with the remainder of \$76,429 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The significant increase resulted from construction activity financed by revenue bonds totaling \$4,500,000 for the construction of a wellness center.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-2012
Land	\$546,303	\$515,486	\$-	\$-	\$546,303	\$515,486	6.0%
Construction in progress	392,175	-	-	-	392,175	-	100.0%
Buildings	2,142,079	2,081,995	-	-	2,142,079	2,081,995	2.9%
Improvements other than buildings	202,334	200,294	-	-	202,334	200,294	1.0%
Furniture and equipment	951,889	729,304	38,800	43,510	990,689	772,814	28.2%
Totals	\$4,234,780	\$3,527,079	\$38,800	\$43,510	\$4,273,580	\$3,570,589	19.7%

Long-term Debt

At June 30, 2012, the District had \$4,915,559 in total long-term debt outstanding. This represents an increase of 100% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$16.5 million.

In May 2012 the District issued \$4,500,000 of Statewide Sales, Services and Use Tax revenue bonds for the project. The District had total outstanding bonded indebtedness at June 30, 2012 of \$4,915,559.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2012	2011	2011-2012
Computer lease	\$366,951	\$-	100%
Revenue bonds	4,500,000	-	100%
Iowa Energy Bank loan	48,608	-	100%
Totals	\$4,915,559	\$-	100%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Certified enrollment has decreased 44 students over the past year. Decreases in enrollment lead to reduced state funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michael Kalvig, District Secretary and Business Manager, Nashua-Plainfield Community School District, 612 Greeley Street, Nashua IA 50658.

Basic Financial Statements

Nashua-Plainfield Community School District

Statement of Net Assets

June 30, 2012

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 7,103,886	\$ 46,008	\$ 7,149,894
Receivables:			
Property tax:			
Delinquent	37,700	-	37,700
Succeeding year	2,662,941	-	2,662,941
Accounts	47,897	900	48,797
Due from other governments	435,973	-	435,973
Prepaid expenses	10,683	81	10,764
Inventories	-	14,053	14,053
Capital assets, net of accumulated depreciation	4,234,780	38,800	4,273,580
Total Assets	\$ 14,533,860	\$ 99,842	\$ 14,633,702
Liabilities			
Accounts payable	\$ 270,659	\$ 690	\$ 271,349
Salaries and benefits payable	623,317	22,234	645,551
Accrued interest payable	23,218	-	23,218
Deferred revenue:			
Succeeding year property tax	2,662,941	-	2,662,941
Other	301,508	6,199	307,707
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	220,000	-	220,000
Computer lease	88,881	-	88,881
Portion due after one year:			
Revenue bonds	4,280,000	-	4,280,000
Computer lease	278,070	-	278,070
Iowa Energy Bank loan	48,608	-	48,608
Net OPEB liability	3,901	-	3,901
Total Liabilities	\$ 8,801,103	\$ 29,123	\$ 8,830,226
Net Assets			
Invested in capital assets, net of related debt	\$ -680,779	\$ 38,800	\$ -641,979
Restricted for:			
Categorical funding	99,318	-	99,318
Management levy purposes	175,830	-	175,830
Physical plant and equipment	246,682	-	246,682
Student activities	158,915	-	158,915
Capital projects	4,351,633	-	4,351,633
Debt - sinking	346,223	-	346,223
Unrestricted	1,034,935	31,919	1,066,854
Total Net Assets	\$ 5,732,757	\$ 70,719	\$ 5,803,476

See notes to financial statements.

Nashua-Plainfield Community School District

Statement of Activities

Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 3,411,607	\$ 102,981	\$ 918,317	\$ -
Special instruction	606,455	40,455	118,107	-
Other instruction	874,857	242,014	13,346	-
	<u>\$ 4,892,919</u>	<u>\$ 385,450</u>	<u>\$ 1,049,770</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 238,547	\$ -	\$ -	\$ -
Instructional staff services	142,161	-	-	-
Administration services	659,607	36,931	-	-
Operation and maintenance of plant services	449,348	100	-	-
Transportation services	402,820	-	-	-
	<u>\$ 1,892,483</u>	<u>\$ 37,031</u>	<u>\$ -</u>	<u>\$ -</u>
Non-instructional programs	\$ 5,694	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ 96,943	\$ -	\$ -	\$ -
Long-term debt interest	90,237	-	-	-
AEA flow-through	262,337	-	-	-
	<u>\$ 449,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 7,240,613</u>	<u>\$ 422,481</u>	<u>\$ 1,049,770</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 338,921	\$ 171,718	\$ 155,676	\$ -
Total	<u>\$ 7,579,534</u>	<u>\$ 594,199</u>	<u>\$ 1,205,446</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -2,390,309	\$	\$ -2,390,309
-447,893		-447,893
-619,497		-619,497
\$ -3,457,699	\$	\$ -3,457,699
\$ -238,547	\$	\$ -238,547
-142,161		-142,161
-622,676		-622,676
-449,248		-449,248
-402,820		-402,820
\$ -1,855,452	\$	\$ -1,855,452
\$ -5,694	\$	\$ -5,694
\$ -96,943	\$	\$ -96,943
-90,237		-90,237
-262,337		-262,337
\$ -449,517	\$	\$ -449,517
\$ -5,768,362	\$	\$ -5,768,362
\$ -	\$ -11,527	\$ -11,527
\$ -5,768,362	\$ -11,527	\$ -5,779,889

Nashua-Plainfield Community School District

Statement of Activities

Year Ended June 30, 2012

	<u>Program Revenues</u>		
		Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Expenses</u>	<u>Charges for Services</u>		

General Revenues:

Property Tax Levied For:

 General purposes

 Capital outlay

Statewide sales, services and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total General Revenues

Change in net assets

Net assets beginning of year

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

	Governmental Activities	Business Type Activities		Total
\$	2,752,837	\$	-	\$ 2,752,837
	133,776		-	133,776
	525,165		-	525,165
	2,775,861		-	2,775,861
	14,413		270	14,683
	42,353		-	42,353
<hr/>				
\$	6,244,405	\$	270	\$ 6,244,675
<hr/>				
\$	476,043	\$	-11,257	\$ 464,786
	5,256,714		81,976	5,338,690
<hr/>				
\$	5,732,757	\$	70,719	\$ 5,803,476

Nashua-Plainfield Community School District

Balance Sheet
Governmental Funds

June 30, 2012

	General	Capital Projects	Non-major	Total
Assets				
Cash and Pooled Investments	\$ 1,796,670	\$ 4,969,091	\$ 338,125	\$ 7,103,886
Receivables:				
Property Tax:				
Delinquent	33,536	1,971	2,193	37,700
Succeeding year	2,325,124	137,818	199,999	2,662,941
Accounts	43,108	-	4,789	47,897
Due from other governments	339,158	96,815	-	435,973
Prepaid expenses	10,683	-	-	10,683
Total Assets	\$ 4,548,279	\$ 5,205,695	\$ 545,106	\$ 10,299,080
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 136,958	\$ 123,339	\$ 10,362	\$ 270,659
Salaries and benefits payable	623,317	-	-	623,317
Deferred Revenue:				
Succeeding year property tax	2,325,124	137,818	199,999	2,662,941
Other	301,508	-	-	301,508
Total Liabilities	\$ 3,386,907	\$ 261,157	\$ 210,361	\$ 3,858,425
Fund Balances:				
Restricted for:				
Categorical funding	\$ 99,318	\$ -	\$ -	\$ 99,318
Debt – sinking	-	346,223	-	346,223
Management levy purposes	-	-	175,830	175,830
Student activities	-	-	158,915	158,915
School infrastructure	-	4,351,633	-	4,351,633
Physical plant and equipment	-	246,682	-	246,682
Unassigned	1,062,054	-	-	1,062,054
Total Fund Balances	\$ 1,161,372	\$ 4,944,538	\$ 334,745	\$ 6,440,655
Total Liabilities and Fund Balances	\$ 4,548,279	\$ 5,205,695	\$ 545,106	\$ 10,299,080

Nashua-Plainfield Community School District
Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2012

Total fund balances of governmental funds (page 16)	\$ 6,440,655
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	4,234,780
Accrued interest payable on long-term liabilities is not due and payable in the current year end, therefore, is not reported as a liability in the governmental funds.	-23,218
Long-term liabilities, including early retirement, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>-4,919,460</u>
Net assets of governmental activities (page 13)	<u>\$ 5,732,757</u>

Nashua-Plainfield Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2012

	General	Capital Projects	Non-Major	Total
Revenues:				
Local Sources:				
Local tax	\$ 2,602,688	\$ 658,941	\$ 150,149	\$ 3,411,778
Tuition	120,686	-	-	120,686
Other	104,264	18,065	236,232	358,561
Intermediate sources	-	-	-	-
State sources	3,576,075	97	109	3,576,281
Federal sources	249,350	-	-	249,350
Total Revenues	\$ 6,653,063	\$ 677,103	\$ 386,490	\$ 7,716,656
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,107,839	\$ 364,785	\$ 45,376	\$ 3,518,000
Special instruction	603,925	-	-	603,925
Other instruction	627,276	-	232,713	859,989
	\$ 4,339,040	\$ 364,785	\$ 278,089	\$ 4,981,914
Support Services:				
Student services	\$ 237,756	\$ -	\$ 791	\$ 238,547
Instructional staff services	141,936	69,023	225	211,184
Administration services	654,235	63,208	1,982	719,425
Operation and maintenance of plant services	400,718	-	32,565	433,283
Transportation services	318,419	24,998	11,630	355,047
	\$ 1,753,064	\$ 157,229	\$ 47,193	\$ 1,957,486
Non-instructional programs	\$ -	\$ -	\$ 5,694	\$ 5,694
Other Expenditures:				
Facilities acquisition	\$ -	\$ 649,481	\$ -	\$ 649,481
Interest and fiscal charges	-	67,019	-	67,019
AEA flow-through	262,337	-	-	262,337
	\$ 262,337	\$ 716,500	\$ -	\$ 978,837
Total Expenditures	\$ 6,354,441	\$ 1,238,514	\$ 330,976	\$ 7,923,931
Excess (deficiency) of revenue over (under) expenditures	\$ 298,622	\$ -561,411	\$ 55,514	\$ -207,275
Other financing sources (uses):				
Capital lease proceeds	\$ -	\$ 366,951	\$ -	\$ 366,951
Loan proceeds	-	48,608	-	48,608
Revenue bonds issued	-	4,500,000	-	4,500,000
Operating transfers in	-	4,180,459	-	4,180,459
Operating transfers out	-	-4,180,459	-	-4,180,459
Total other financing sources (uses)	\$ -	\$ 4,915,559	\$ -	\$ 4,915,559
Net changes in fund balance	\$ 298,622	\$ 4,354,148	\$ 55,514	\$ 4,708,284
Fund balances beginning of year, as restated	862,750	590,390	279,231	1,732,371
Fund Balances End of Year	\$ 1,161,372	\$ 4,944,538	\$ 334,745	\$ 6,440,655

See notes to financial statements.

Nashua-Plainfield Community School District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities

Year Ended June 30, 2012

Net change in fund balances – total governmental funds (page 18) **\$ 4,708,284**

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,122,635	
Depreciation expense	<u>-414,934</u>	707,701

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

Issued		-4,915,559
--------	--	------------

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.

-23,218

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

Other postemployment benefits		<u>-1,165</u>
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Change in Net Assets of Governmental Activities (page 15) **\$ 476,043**

Nashua-Plainfield Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2012

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 46,008
Accounts receivable	900
Prepaid expenses	81
Inventories	14,053
Capital assets, net of accumulated depreciation	38,800
Total Assets	<u>\$ 99,842</u>
Liabilities	
Accounts payable	\$ 690
Salaries and benefits payable	22,234
Deferred revenue	6,199
	<u>\$ 29,123</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 38,800
Unrestricted	31,919
Total Net Assets	<u>\$ 70,719</u>

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

Year Ended June 30, 2012

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 171,718
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 126,635
Benefits	20,462
Purchased services	6,453
Supplies	179,002
Depreciation	6,369
Total operating expenses	<u>\$ 338,921</u>
Operating loss	<u>\$ -167,203</u>
Non-operating revenues:	
State sources	\$ 5,209
Federal sources	150,467
Interest income	270
Total non-operating revenues	<u>\$ 155,946</u>
Change in net assets	\$ -11,257
Net assets beginning of year	<u>81,976</u>
Net Assets End of Year	<u>\$ 70,719</u>

See notes to financial statements.

Nashua-Plainfield Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2012

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 171,854
Cash paid to employees for services	-145,216
Cash paid to suppliers for goods or services	-162,982
Net cash used by operating activities	<u>\$ -136,344</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 5,209
Federal grants received	122,771
Net cash provided by non-capital financing activities	<u>\$ 127,980</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 270</u>
Cash flows from capital and financing activities:	
Acquisition of capital assets	<u>\$ -1,659</u>
Net increase in cash and cash equivalents	\$ -9,753
Cash and cash equivalents beginning of year	<u>55,761</u>
Cash and Cash Equivalents End of Year	<u>\$ 46,008</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -167,203
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	27,696
Depreciation	6,369
(Increase) in inventories	-4,257
Decrease in accounts receivable	7
(Decrease) in accounts payable	-966
Increase in salaries and benefits payable	1,904
(Decrease) in prepaid expenses	-23
Increase in deferred revenue	129
Net Cash Used by Operating Activities	<u>\$ -136,344</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$27,696 of federal commodities.

Nashua-Plainfield Community School District

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

Nashua-Plainfield Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Nashua and Plainfield, Iowa and portions of the predominately agricultural territories in Chickasaw, Butler, Bremer and Floyd Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis. The Plainfield attendance center houses classes for Grades 5-8. Grades K-4 and 9-12 attend the Nashua attendance centers.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

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

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

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

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

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

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

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

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

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

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

Fund Equity – In the governmental fund financial statements, 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.

Unassigned – All amounts not included in other spendable classifications.

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

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 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, 2012, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$14,663 pursuant to Rule 2A-7 under the Investment Company Act of 1940.

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

(3) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Other Capital Projects	Capital Projects – Statewide Sales, Services and Use Taxes	\$ 4,137,059
Capital Projects – Statewide Sales, Services and Use Taxes	Physical Plant and Equipment Levy	43,400
		<u>\$ 4,180,459</u>

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

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 515,486	\$ 30,817	\$ -	\$ 546,303
Construction in process	-	392,175	-	392,175
Total capital assets not being depreciated	<u>\$ 515,486</u>	<u>\$ 422,992</u>	<u>\$ -</u>	<u>\$ 938,478</u>
Capital assets being depreciated:				
Buildings	\$ 6,148,029	\$ 184,678	\$ -	\$ 6,332,707
Improvements other than buildings	428,036	20,129	-	448,165
Furniture and equipment	5,019,233	494,836	-	5,514,069
Total capital assets being depreciated	<u>\$ 11,595,298</u>	<u>\$ 699,643</u>	<u>\$ -</u>	<u>\$ 12,294,941</u>
Less accumulated depreciation for:				
Buildings	\$ 4,066,034	\$ 124,594	\$ -	\$ 4,190,628
Improvements other than buildings	227,742	18,089	-	245,831
Furniture and equipment	4,289,929	272,251	-	4,562,180
Total accumulated depreciation	<u>\$ 8,583,705</u>	<u>\$ 414,934</u>	<u>\$ -</u>	<u>\$ 8,998,639</u>
Total capital assets being depreciated, net	<u>\$ 3,011,593</u>	<u>\$ 284,709</u>	<u>\$ -</u>	<u>\$ 3,296,302</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,527,079</u>	<u>\$ 707,701</u>	<u>\$ -</u>	<u>\$ 4,234,780</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 74,770	\$ 1,659	\$ -	\$ 76,429
Less accumulated depreciation	31,260	6,369	-	37,629
Business Type Activities Capital Assets, Net	<u>\$ 43,510</u>	<u>\$ -4,710</u>	<u>\$ -</u>	<u>\$ 38,800</u>

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 295,069
Other	25,995
Special	6,406

Support services:

Administration	3,515
Operation and maintenance of plant	15,588
Transportation	68,370

Total Depreciation Expense – Governmental Activities \$ 414,934

Business Type Activities:

Food service operations	<u>\$ 6,369</u>
-------------------------	-----------------

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Revenue Bond	\$ -	\$ 4,500,000	\$ -	\$ 4,500,000	\$ 220,000
Computer Lease	-	366,951	-	366,951	88,881
Iowa Energy Bank loan	-	48,608	-	48,608	-
Net OPEB liability	2,736	1,165	-	3,901	-
	<u>\$ 2,736</u>	<u>\$ 4,916,724</u>	<u>\$ -</u>	<u>\$ 4,919,460</u>	<u>\$ 308,881</u>

Computer Lease

On June 15, 2012 the District entered into an agreement with Apple Inc to purchase computers for \$366,951.28. Eight lease payments of \$48,977.66 with a 3.2035% interest rate will be paid semi-annually starting October 15, 2012.

Iowa Energy Bank Loan

The District was awarded an Iowa Energy Bank loan in the amount of 265,608 with a 1% annual interest rate. The District only drew down \$48,608 by June 30, 2012. Scheduled principal and interest payment will be \$15,647.60 semi-annually starting December 30, 2013.

Revenue Bonds

Details of the District's June 30, 2012 Statewide Sales, Services and Use Tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issued May 2, 2012			
	Interest Rate	Principal	Interest	Total
2013	2.00%	\$220,000	\$113,204	\$333,204
2014	2.00%	225,000	108,490	333,490
2015	2.00%	225,000	103,990	328,990
2016	2.00%	230,000	99,490	329,490
2017	2.00%	235,000	94,890	329,890
2018	2.00%	240,000	90,190	330,190
2019	2.00%	245,000	85,390	330,390
2020	2.00%	250,000	80,490	330,490
2021	2.20%	255,000	75,490	330,490
2022	2.40%	265,000	69,880	334,880
2023	2.55%	275,000	63,520	338,520
2024	2.70%	280,000	56,508	336,508
2025	2.90%	290,000	48,947	338,947
2026	3.05%	300,000	40,538	340,538
2027	3.15%	310,000	31,387	341,387
2028	3.25%	320,000	21,623	341,623
2029	3.35%	335,000	11,222	346,222
Total		<u>\$4,500,000</u>	<u>\$1,195,249</u>	<u>\$5,695,249</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,500,000 of bonds issued May 2, 2012. The bonds were issued for the purpose of financing the improvements, repairs, renovations, furnishings and equipping of the District's buildings and to improve the site of the buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 66% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$5,695,249. For the current year, no principal or interest was paid on the bonds and total statewide sales, services and use tax revenues were \$525,165.

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

- a) \$346,222.50 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2012.

During the year ended June 30, 2012, the District made no principal or interest payments.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered payroll for the years ended June 30, 2012, 2011 and 2010. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$351,950, \$305,757 and \$289,955, respectively, equal to the required contributions for each year.

(7) 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 115 active, 97 waived coverage for a total of 18 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2012; the amount actually contributed to the plan and changes in the District’s net OPEB obligations:

Annual required contribution	\$	10,588
Interest on net OPEB obligation		68
Adjustment to annual required contribution		-1,451
Annual OPEB cost	\$	9,205
Contributions made		-8,040
Increase in net OPEB obligation	\$	1,165
Net OPEB obligation beginning of year		2,736
Net OPEB obligation end of year	\$	3,901

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$21,923 to the medical plan. Plan members eligible for benefits contributed \$101,293, or 82% 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, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$9,444	73.3%	\$2,523
June 30, 2011	\$9,897	87.4%	\$2,736
June 30, 2012	\$10,588	75.9%	\$3,901

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012 the actuarial accrued liability was \$87,489, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$87,489. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$350,556 and the ratio of the UAAL to covered payroll was 25.0%. As of June 30, 2012, there were no trust fund assets.

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

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

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

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

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

(8) Risk Management

Nashua-Plainfield Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$262,337 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

Program	Amount
Limited English Proficiency	\$ 1,332
Preschool Grant	6,897
Talented and Gifted	23,455
Teacher Mentor	326
Market Factor	2,502
Core Curriculum	30,189
Professional Development	10,324
Dropout Prevention	24,084
Teacher Quality	146
Reading Recovery	63
Total	<u>\$ 99,318</u>

(11) Subsequent Events

The District has evaluated subsequent events through January 29, 2013 which is the date that the financial statements were available to be issued.

(12) Construction Commitment

The District has entered into a contract totaling \$3,313,877 for the construction of a new wellness center. As of June 30, 2012, costs of \$73,359 had been incurred against the contract. The balance of \$3,240,518 remaining at June 30, 2012 will be paid as work on the project progress.

(13) Related Party Activities

The District had transactions totaling \$23,767 with District officials or employees.

Required Supplementary Information

Nashua-Plainfield Community School District

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

Required Supplementary Information

Year Ended June 30, 2012

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 3,891,025	\$ 171,988
Intermediate sources	-	-
State sources	3,576,281	5,209
Federal sources	249,350	150,467
Total Receipts	<u>\$ 7,716,656</u>	<u>\$ 327,664</u>
Disbursements:		
Instruction	\$ 4,981,914	\$ -
Support services	1,957,486	-
Non-instructional programs	5,694	338,921
Other expenditures	978,837	-
Total Disbursements	<u>\$ 7,923,931</u>	<u>\$ 338,921</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ -207,275	\$ -11,257
Other financing sources, net	<u>4,915,559</u>	-
Excess (deficiency) of revenue and other financing sources over (under) expenditures/expenses and other financing uses	\$ 4,708,284	\$ -11,257
Balance beginning or year	<u>1,732,371</u>	<u>81,976</u>
Balance End of Year	<u>\$ 6,440,655</u>	<u>\$ 70,719</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
\$	4,063,013	\$ 4,026,807	\$ 4,026,807	\$ 36,206
	-	-	-	-
	3,581,490	3,650,641	3,650,641	-69,151
	399,817	345,000	345,000	54,817
\$	8,044,320	\$ 8,022,448	\$ 8,022,448	\$ 21,872
<hr/>				
\$	4,981,914	\$ 4,824,000	\$ 5,324,000	342,086
	1,957,486	2,116,000	2,116,000	158,514
	344,615	374,500	374,500	29,885
	978,837	1,145,028	1,145,028	166,191
\$	8,262,852	\$ 8,459,528	\$ 8,959,528	\$ 696,676
<hr/>				
\$	-218,532	\$ -437,080	\$ -937,080	\$ 718,548
	4,915,559	-	-	4,915,559
<hr/>				
\$	4,697,027	\$ -437,080	\$ -937,080	\$ 5,634,107
	1,814,347	1,796,659	1,796,659	17,688
\$	6,511,374	\$ 1,359,579	\$ 859,579	\$ 5,651,795

Nashua-Plainfield Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2012

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$500,000.

Nashua-Plainfield Community School District

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

Required Supplementary Information

June 30, 2012

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$118,315	\$118,315	0.0%	\$824,409	14.4%
2011	July 1, 2009	-	\$104,434	\$104,434	0.0%	\$819,674	12.7%
2012	July 1, 2009	-	\$87,489	\$87,489	0.0%	\$350,556	25.0%

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

Other Supplementary Information

Nashua-Plainfield Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2012

	<u>Special Revenue</u>		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 173,637	\$ 164,488	\$ 338,125
Receivables:			
Property Tax:			
Delinquent	2,193	-	2,193
Succeeding year	199,999	-	199,999
Accounts	-	4,789	4,789
Total Assets	\$ 375,829	\$ 169,277	\$ 545,106
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 10,362	\$ 10,362
Deferred Revenue:			
Succeeding year property tax	199,999	-	199,999
Total Liabilities	\$ 199,999	\$ 10,362	\$ 210,361
Fund Balance:			
Management levy purposes	\$ 175,830	\$ -	\$ 175,830
Student activities	-	158,915	158,915
Total fund balances	\$ 175,830	\$ 158,915	\$ 334,745
Total Liabilities and Fund Balances	\$ 375,829	\$ 169,277	\$ 545,106

See accompanying independent auditor's report.

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

Year Ended June 30, 2012

	<u>Special Revenue</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Total</u>
Revenues:			
Local Sources:			
Local tax	\$ 150,149	\$ -	\$ 150,149
Other	6,148	230,084	236,232
State sources	109	-	109
Total Revenues	<u>\$ 156,406</u>	<u>\$ 230,084</u>	<u>\$ 386,490</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 45,376	\$ -	\$ 45,376
Other instruction	-	232,713	232,713
Support Services:			
Student support services	791	-	791
Instructional staff service	225	-	225
Administration services	1,982	-	1,982
Operation & maintenance of plant services	32,565	-	32,565
Transportation services	11,630	-	11,630
Non-instructional programs	5,694	-	5,694
Total Expenditures	<u>\$ 98,263</u>	<u>\$ 232,713</u>	<u>\$ 330,976</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 58,143	\$ -2,629	\$ 55,514
Fund balances beginning of year	<u>117,687</u>	<u>161,544</u>	<u>279,231</u>
Fund balances end of year	<u>\$ 175,830</u>	<u>\$ 158,915</u>	<u>\$ 334,745</u>

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2012

	Capital Projects			
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments	\$ 4,046,986	\$ 633,998	\$ 288,107	\$ 4,969,091
Receivables:				
Property Tax:				
Delinquent	-	-	1,971	1,971
Succeeding year	-	-	137,818	137,818
Due from other governments	-	96,815	-	96,815
Total Assets	\$ 4,046,986	\$ 730,813	\$ 427,896	\$ 5,205,695
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 77,988	\$ 1,955	\$ 43,396	\$ 123,339
Deferred revenue:				
Succeeding year property tax	-	-	137,818	137,818
Total Liabilities	\$ 77,988	\$ 1,955	\$ 181,214	\$ 261,157
Fund Balances:				
Restricted for:				
Debt – sinking	\$ -	\$ 346,223	\$ -	\$ 346,223
School infrastructure	3,968,998	382,635	-	4,351,633
Physical plant and equipment	-	-	246,682	246,682
Total fund balances	\$ 3,968,998	\$ 728,858	\$ 246,682	\$ 4,944,538
Total Liabilities and Fund Balances	\$ 4,046,986	\$ 730,813	\$ 427,896	\$ 5,205,695

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts**

Year Ended June 30, 2012

	Capital Projects			
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:				
Local Sources:				
Local tax	\$ -	\$ 525,165	\$ 133,776	\$ 658,941
Other	1,991	1,404	14,670	18,065
State sources	-	-	97	97
Total Revenues	\$ 1,991	\$ 526,569	\$ 148,543	\$ 677,103
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ 336,032	\$ 28,753	\$ 364,785
Support Services:				
Instructional staff service	-	58,128	10,895	69,023
Administrative services	-	48,568	14,640	63,208
Transportation services	-	22,670	2,328	24,998
Other Expenditures:				
Facilities acquisition	131,578	505,143	12,760	649,481
Interest and fiscal charges	38,474	18,674	9,871	67,019
Total Expenditures	\$ 170,052	\$ 989,215	\$ 79,247	\$ 1,238,514
Excess (deficiency) of revenues over (under) expenditures	\$ -168,061	\$ -462,646	\$ 69,296	\$ -561,411
Other financing sources (uses):				
Capital lease proceeds	\$ -	\$ 366,951	\$ -	\$ 366,951
Loan proceeds	-	-	48,608	48,608
Revenue bonds issued	-	4,500,000	-	4,500,000
Operating transfers in	4,137,059	43,400	-	4,180,459
Operating transfers out	-	-4,137,059	-43,400	-4,180,459
Total other financing sources (uses)	\$ 4,137,059	\$ 773,292	\$ 5,208	\$ 4,915,559
Net change in fund balances	\$ 3,968,998	\$ 310,646	\$ 74,504	\$ 4,354,148
Fund balances beginning of year	-	418,212	172,178	590,390
Fund Balances End of Year	\$ 3,968,998	\$ 728,858	\$ 246,682	\$ 4,944,538

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2012

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
Drama & speech	\$ 7,562	\$ 1,758	\$ 1,853	\$ -	\$ 7,467
Vocal music	830	20	823	-	27
Instrumental music	1,813	1,635	2,144	-	1,304
Golf	100	354	1,604	1,200	50
Basketball	7,979	7,337	5,259	-400	9,657
Football	14,374	11,178	11,655	-1,200	12,697
Baseball	43	2,137	5,178	3,200	202
Track	4,967	4,426	6,461	-	2,932
Wrestling	1,986	6,949	8,816	-	119
Volleyball	1,992	3,367	5,244	-	115
Softball	53	2,608	6,383	3,800	78
Annual fund	-	4,529	-	-	4,529
FFA	3,703	19,513	18,268	-	4,948
Student Council	3,372	6,874	8,012	-	2,234
FCCLA	747	5,338	4,689	-	1,396
FSC-STW	816	112	-	-	928
Cheerleaders	2,864	8,039	9,328	-	1,575
Honor Society	345	65	139	-	271
National FFA Conference	8,853	25,208	28,918	-	5,143
TAG	955	6,878	7,355	-	478
Spanish Club	16	39	18	-	37
Future Teachers	346	-	-	-	346
Secondary Teachers	1,127	1,986	1,754	-	1,359
S.A.D.D./Stay-Safe/S.H.A.R.E.	769	10	-	-	779
Elementary Teachers	1,104	2,015	2,525	-	594
Technology	53	-	-	-	53
Industrial Tech Resale	492	3,461	3,748	-	205
Student pictures	651	-	-	-	651
Adult education	135	-	-	-	135
Interest received	6,149	1,005	-	-7,000	154
Class of 2011	1,799	-	1,816	17	-
Class of 2012	4,052	1,963	2,321	-17	3,677
Class of 2013	295	11,368	9,191	-	2,472
Class of 2014	360	-	-	-	360
Class of 2015	280	-	-	-	280
Class of 2016	64	-	-	-	64
Elementary Technology	14,926	6,993	3,677	-	18,242
High School Activities	2,404	2,076	2,543	-	1,937
Cross Country	120	90	605	400	5
Football Discretionary	3,301	8,224	9,958	-	1,567
Girls Basketball Discretionary	3,918	3,415	3,518	-	3,815
Golf Discretionary	158	307	304	-	161
Boys Basketball Discretionary	1,796	5,646	5,691	-	1,751
Baseball Discretionary	696	3,851	4,240	-	307

Nashua-Plainfield Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2012

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
Advanced Drafting	\$ 19	\$ 400	\$ 415	\$ -	\$ 4
Cross Country Discretionary	250	784	843	-	191
Boys Track Discretionary	-	-	-	-	-
Volleyball Discretionary	653	621	359	-	915
Softball Discretionary	-	-	-	-	-
Girls Track Discretionary	250	-	-	-	250
Track maintenance	14,209	68	-	-	14,277
Weight room/Fitness center	7,252	11,957	49	-	19,160
Petty cash	3,667	2,535	5,061	-	1,141
General athletics	1,555	7,599	4,750	-	4,404
Nashua Elementary activities	2,846	1,385	1,550	-	2,681
Athletic store	3,046	9,489	8,289	-	4,246
Elementary student store	1,025	3,117	2,747	-	1,395
High School student store	710	464	255	-	919
Nashua Elementary playground equipment	3,816	-	-	-	3,816
Middle School music	-	160	751	600	9
Middle School Student Council	6,482	1,286	2,387	-600	4,781
Middle School technology	2,363	800	94	-	3,069
Middle School activities	4,553	18,645	20,925	-	2,273
Character Counts	483	-	200	-	283
Total	\$ 161,544	\$ 230,084	\$ 232,713	\$ -	\$ 158,915

See accompanying independent auditor's report.

Nashua-Plainfield Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Nine Years

	Modified Accrual Basis			
	2012	2011	2010	2009
Revenues:				
Local Sources:				
Local tax	\$ 3,411,778	\$ 3,246,282	\$ 3,025,914	\$ 2,953,018
Tuition	120,686	144,410	184,687	224,523
Other	358,561	441,627	305,533	368,198
Intermediate sources	-	-	-	-
State sources	3,576,281	3,423,314	3,156,903	3,500,756
Federal sources	249,350	335,274	681,756	188,729
Total	\$ 7,716,656	\$ 7,590,907	\$ 7,354,793	\$ 7,235,224
Expenditures:				
Instruction:				
Regular instruction	\$ 3,518,000	\$ 3,233,831	\$ 3,245,865	\$ 3,129,623
Special instruction	603,925	630,871	604,452	687,910
Other instruction	859,989	842,773	782,544	763,154
Support services:				
Student services	238,547	229,652	230,768	216,388
Instructional staff services	211,184	239,475	219,197	210,615
Administrative services	719,425	646,305	587,679	636,667
Operation and maintenance of plant services	433,283	435,866	471,973	468,198
Transportation services	355,047	375,745	364,008	401,494
Community services	-	-	-	-
Non-instructional programs	5,694	14,233	5,018	16,828
Other expenditures:				
Facilities acquisition	649,481	459,394	271,175	517,318
Interest and fiscal charges	67,019	-	-	-
AEA flow-through	262,337	292,258	291,059	246,919
Total	\$ 7,923,931	\$ 7,400,403	\$ 7,073,738	\$ 7,295,114

See accompanying independent auditor's report.

Modified Accrual Basis				
2008	2007	2006	2005	2004
\$ 2,833,495	\$ 2,765,485	\$ 2,582,090	\$ 2,015,222	1,999,609
188,543	160,222	132,310	133,773	144,401
352,614	344,622	413,969	785,052	654,053
2,530	3,231	-	-	-
3,530,961	3,441,149	3,311,229	3,264,558	3,073,520
185,279	163,886	230,468	190,960	274,898
<u>\$ 7,093,422</u>	<u>\$ 6,878,595</u>	<u>\$ 6,670,066</u>	<u>\$ 6,389,565</u>	<u>6,146,481</u>
\$ 3,086,852	\$ 2,915,064	\$ 2,838,904	\$ 2,670,232	2,743,482
589,413	566,118	642,830	660,328	779,077
706,383	698,995	730,935	762,130	598,937
195,898	174,235	202,616	212,293	208,976
175,930	134,243	160,517	110,228	54,679
611,651	616,741	612,256	631,253	565,325
465,465	487,242	474,268	463,538	456,516
346,171	436,742	402,133	328,963	310,144
-	-	-	893	7,540
5,301	6,261	2,777	2,220	1,910
260,544	188,616	477,084	196,480	153,307
-	-	-	-	-
240,053	235,999	223,304	222,440	225,176
<u>\$ 6,683,661</u>	<u>\$ 6,460,256</u>	<u>\$ 6,767,624</u>	<u>\$ 6,260,998</u>	<u>6,105,069</u>

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

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

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated January 29, 2013. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Nashua-Plainfield Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Nashua-Plainfield Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Nashua-Plainfield Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Nashua-Plainfield Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control over financial reporting I consider to be material weaknesses and other deficiencies I 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 to be a material weakness.

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. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-12 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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


Keith Oltrogge
Certified Public Accountant

January 29, 2013

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2012

Part I – Findings Related to the General Purpose Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the cash receipts listing, bank deposits, and the posting of the cash receipts to the cash receipts journal were all done by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded and checks are prepared by the same person.

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

Response – We will work on segregating duties whenever possible.

Conclusion – Response accepted.

I-B-12 Disbursements – Credit card purchases did not always have supporting receipts attached prior to a check being released for payment.

Recommendation – All disbursements should have adequate support by an invoice, receipt or other written documentation prior to the check being released for payment.

Response – All future disbursements including credit card payments will have proper support.

Conclusion – Response accepted.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2012

Part II - Other Findings Related to Statutory Reporting:

II-A-12 Certified Budget – Expenditures for the year ended June 30, 2012 did not exceed the certified budget amounts.

II-B-12 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

II-C-12 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.

II-D-12 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title & Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Hannemann Construction, Owned by Spouse of Kristi Hannemann, Teacher	Construction & Repairs	\$6,553
S & T Auto, Owned by spouse of Tami Sudol, Cook	Repairs & Towing	\$6,522
Nashua Welding, Owned by Gail Zwanziger, Board Member	Repairs	\$18
J Tees, Owned by Jeff Ulrichs, Board Member	Supplies	\$10,674

In accordance with Chapter 362.5 of the Code of Iowa, the transactions with Hannemann Construction, Dietz Construction and J Tees may represent conflicts of interest for the parking lot repair, preschool canopy and state wrestling shirts since the total purchases exceeded the total of \$1,500 for the year and the parking lot repair, preschool canopy and state wrestling shirts was not entered into through competitive bidding in accordance with Chapter 362.5(4).

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

Response – We will use competitive bidding in the future.

Conclusion – Response accepted.

II-E-12 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-12 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted. Not all minutes with all disbursements were published as required by Chapter 279.35 of the Code of Iowa.

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

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

Conclusion – Response accepted.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2012

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

- II-G-12 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-12 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.
- II-K-12 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-12 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, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$	418,212
Revenues/transfers in:			
Sales tax revenues	\$	425,179	
Other local revenues		1,404	
School infrastructure supplemental amount		99,986	
Sale of long-term debt		4,500,000	
Transfer other funds		43,400	
Capital lease proceeds		366,951	5,436,920
			<u>\$ 5,855,132</u>
Expenditures/transfers out:			
School infrastructure construction	\$	505,143	
Land purchased		34,265	
Equipment		358,702	
Other		91,105	
Transfers -- other funds		4,137,059	5,126,274
			<u>5,126,274</u>
Ending balance		\$	<u>728,858</u>

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2012

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

For the year ended June 30, 2012, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 2.2195	\$ 525,165
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-