

Nashua-Plainfield Community School District

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

June 30, 2013

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Nashua-Plainfield Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Brian Bierschenk	President	2013
Gail Zwanziger	Vice President	2015
Jeff Ulrichs	Board Member	2013
Rhonda Poppe	Board Member	2013
Dawn Koob	Board Member	2015
School Officials		
Randy Strabala	Superintendent	2013
Michael Kalvig	District Secretary and Business Manager	2013
Beth Hansen	Attorney	2013

Independent Auditor's Report

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Finding Progress for the Retiree Health Plan on pages 4 through 12 and 35 through 37 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 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 information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

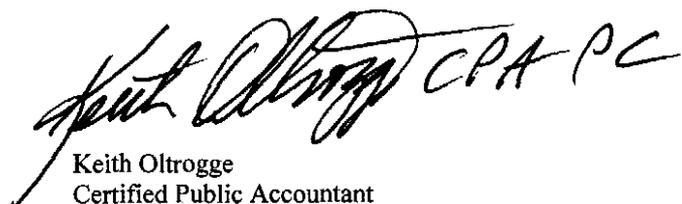
Supplementary Information

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic financial statements or to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 7, 2014 on my consideration of Nashua-Plainfield Community School District's internal control over financial reporting and on 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 in considering Nashua-Plainfield Community School District's internal control over financial reporting and compliance.



Keith Oltrogge
Certified Public Accountant

January 7, 2014

Nashua-Plainfield Community School District

Management's Discussion and Analysis

Year ended June 30, 2013

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, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$6,653,063 in fiscal 2012 to \$6,626,226 in fiscal 2013, while General Fund expenditures increased from \$6,354,441 in fiscal 2012 to \$6,397,071 in fiscal 2013. The District's General Fund balance increased from \$1,161,372 in fiscal 2012 to \$1,390,527 in fiscal 2013, a 19.7% increase.
- The decrease in General Fund revenues was attributable to a decrease in state sources in fiscal 2013. The increase in expenditures was due primarily to an increase in support services.
- The District's solvency ratio has increased from 16.7% at June 30, 2012 to 18.5% at June 30, 2013. 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 Position 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.

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

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

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

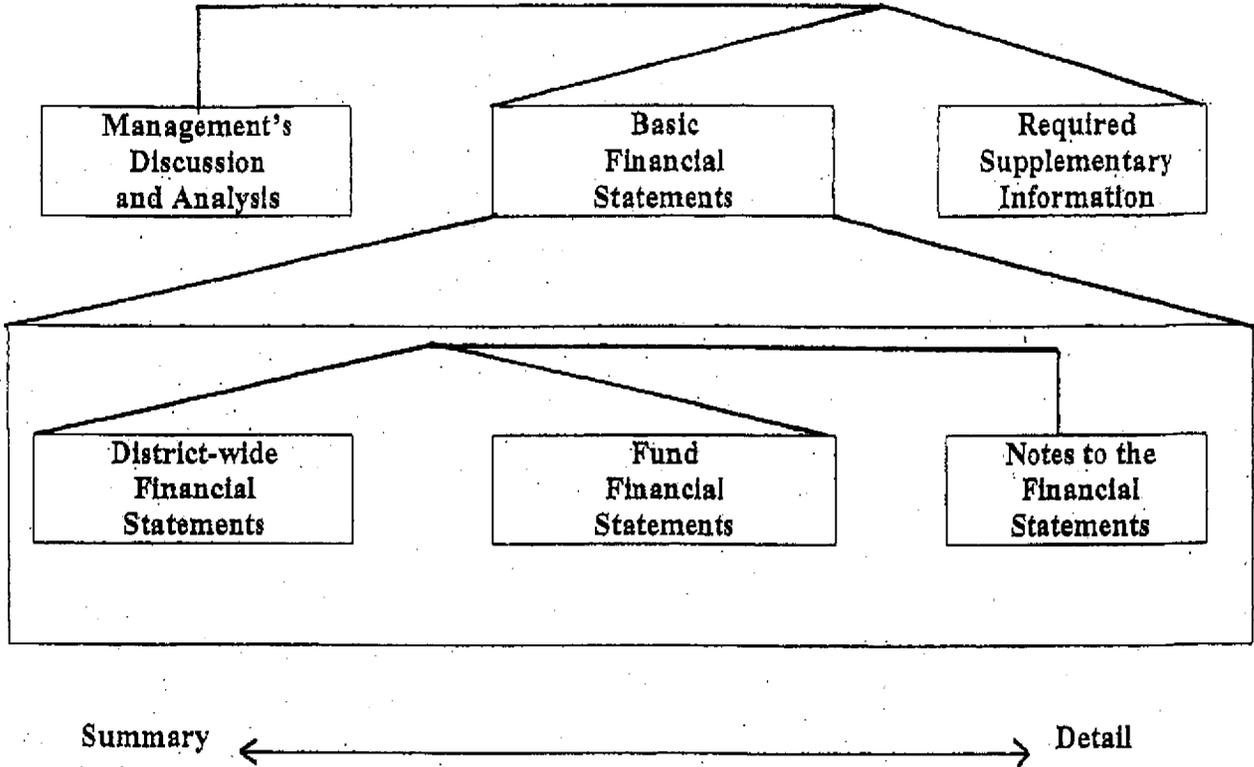


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
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 Position 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 position and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	\$8,483,812	\$10,299,080	\$50,729	\$61,042	\$8,534,541	\$10,360,122	-17.7%
Capital assets	7,216,438	4,234,780	32,431	38,800	7,248,869	4,273,580	69.6%
Total assets	<u>\$15,700,250</u>	<u>\$14,533,860</u>	<u>\$83,160</u>	<u>\$99,842</u>	<u>\$15,783,410</u>	<u>\$14,633,702</u>	<u>7.8%</u>
Long-term liabilities	\$4,831,164	\$4,919,460	\$-	\$-	\$4,831,164	\$4,919,460	-1.8%
Other liabilities	4,062,778	3,881,643	31,935	29,123	4,094,713	3,910,766	4.7%
Total liabilities	<u>\$8,893,942</u>	<u>\$8,801,103</u>	<u>\$31,935</u>	<u>\$29,123</u>	<u>\$8,925,877</u>	<u>\$8,830,226</u>	<u>1.0%</u>
Net position:							
Net investment in capital assets	\$2,392,760	-\$680,779	\$32,431	\$38,800	\$2,425,191	-\$641,979	277.7%
Restricted	2,938,832	5,378,601	-	-	2,938,832	5,378,601	-45.4%
Unrestricted	1,474,716	1,034,935	18,794	31,919	1,493,510	1,066,854	39.9%
Total net position	<u>\$6,806,308</u>	<u>\$5,732,757</u>	<u>\$51,225</u>	<u>\$70,719</u>	<u>\$6,857,533</u>	<u>\$5,803,476</u>	<u>18.1%</u>

The District's combined net position increased by approximately 18%, or \$1,054,057, over the prior year. The largest portion of the District's net position is in restricted net position.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$2,439,769, or 45.4%, over the prior year. The decrease was primarily due to the expended \$4,500,000 in revenue bonds.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased by \$426,656, or 39.9%.

Figure A-4 shows the change in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	2013	2012	2013	2012	2013	2012	2013-2012
Revenues:							
Program revenues:							
Charges for service	\$482,043	\$422,481	\$183,408	\$171,718	\$665,451	\$594,199	11.9%
Operating grants, contributions and restricted interest	1,025,505	1,049,770	162,464	155,676	1,187,969	1,205,446	-1.5%
Capital grants, contributions and restricted interest	222,118	-	-	-	222,118	-	
General revenues:							
Property tax	2,665,557	2,589,337	-	-	2,665,557	2,589,337	2.9%
Income surtax	340,898	297,276	-	-	340,898	297,276	14.6%
Statewide sales, service and use tax	577,481	525,165	-	-	577,481	525,165	9.9%
Unrestricted state grants	2,711,989	2,775,861	-	-	2,711,989	2,775,861	-2.4%
Unrestricted investment earnings	25,365	14,413	128	270	25,493	14,683	73.6%
Other	45,357	42,353	-	-	45,357	42,353	7.0%
Total revenues	\$8,096,313	\$7,716,656	\$346,000	\$327,664	\$8,442,313	\$8,044,320	4.9%
Program expenses:							
Governmental activities:							
Instruction	\$4,902,608	\$4,892,919	\$-	\$-	\$4,902,608	\$4,892,919	0.1%
Support services	2,071,880	1,892,483	-	-	2,071,880	1,892,483	9.4%
Non-instructional programs	8,548	5,694	365,494	\$338,921	374,042	344,615	8.5%
Other expenses	334,536	449,517	-	-	334,536	449,517	-25.6%
Total expenses	\$7,317,572	\$7,240,613	\$365,494	\$338,921	\$7,683,066	\$7,579,534	1.3%
Change in net position	\$778,741	\$476,043	-\$19,494	-\$11,257	\$759,247	\$464,786	63.3%

In fiscal year 2013, property tax and unrestricted state grants accounted for 63.6% 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 \$8.4 million, of which approximately \$8.1 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 4.9% increase in revenues and a 1.3% increase in expenses. Property tax decreased approximately \$64,000. The increase in expenses is related to increases in the negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$8,096,313 and expenses were \$7,317,572 for the year ended June 30, 2013. 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, 2013 compared to the year ended June 30, 2012.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-2013	2013	2012	Change 2012-2013
Instruction	\$4,902,608	\$4,892,919	0.1%	\$3,443,617	\$3,457,699	-0.5%
Support services	2,071,880	1,892,483	9.4%	2,023,323	1,855,452	9.0%
Non-instructional programs	8,548	5,694	50.1%	8,548	5,694	50.1%
Other expenses	334,536	449,517	-25.6%	112,418	449,517	-75.0%
Totals	\$7,317,572	\$7,240,613	1.0%	\$5,587,906	\$5,768,362	-3.2%

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$665,451.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,187,969.
- The net cost of governmental activities was financed with \$3,583,936 in property and other taxes and \$2,711,989 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$346,000 and expenses were \$365,494. 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 \$6,806,388, well above last year's ending adjusted fund balances of \$6,027,567.

Governmental Fund Highlights

- The General Fund balance increased from \$1,161,372 to \$1,390,527 due to the revenues exceeding expenditures.
- The Capital Projects Fund balance decreased from \$4,944,838 to \$2,316,417 due to the expenditures of \$4,500,000 in revenue bond proceeds.

Proprietary Fund Highlights

- School Nutrition Fund net assets decreased from \$70,719 at June 30, 2012 to \$51,225 at June 30, 2013, representing a decrease of approximately 27.6%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$594,623 more than budgeted receipts, a variance of 7.5%. The most significant variance resulted from the District receiving more from local and federal sources than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$7,248,869, 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 69.6% 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 \$483,744.

The original cost of the District's capital assets was \$16,768,881. Governmental funds account for \$16,692,452, 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,
	2013	2012	2013	2012	2013	2012	2012-2013
Land	\$546,303	\$546,303	\$-	\$-	\$546,303	\$546,303	-
Construction in progress	3,625,303	392,175	-	-	3,625,303	392,175	824.4%
Buildings	2,044,519	2,142,079	-	-	2,044,519	2,142,079	-4.6%
Improvements other than buildings	183,785	202,334	-	-	183,785	202,334	-9.2%
Furniture and equipment	816,528	951,889	32,431	38,800	848,959	990,689	14.4%
Totals	\$7,216,438	\$4,234,780	\$32,431	\$38,800	\$7,248,869	\$4,273,580	69.6%

Long-term Debt

At June 30, 2013, the District had \$4,823,678 in total long-term debt outstanding. This represents a decrease of 1.9% 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 \$18.2 million.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2013	2012	2012-2013
Computer lease	\$278,070	\$366,951	-24.3%
Revenue bonds	4,280,000	4,500,000	-4.9%
Iowa Energy Bank loan	265,608	48,608	446.4%
Totals	\$4,823,678	\$4,915,559	-1.9%

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:

- Funding to local school districts from federal and state agencies needs to be monitored closely, as possible decreases will result in less funding and may require budget adjustments in some areas in the future.

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 Position

June 30, 2013

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 5,157,054	\$ 34,324	\$ 5,191,378
Receivables:			
Property tax:			
Delinquent	34,161	-	34,161
Succeeding year	2,552,523	-	2,552,523
Income surtax	305,874	-	305,874
Accounts	54,407	960	55,367
Due from other governments	371,185	-	371,185
Prepaid expenses	8,608	115	8,723
Inventories	-	15,330	15,330
Capital assets, net of accumulated depreciation	7,216,438	32,431	7,248,869
Total Assets	\$ 15,700,250	\$ 83,160	\$ 15,783,410
Liabilities			
Accounts payable	\$ 846,214	\$ 3,127	\$ 849,341
Salaries and benefits payable	650,005	23,508	673,513
Accrued interest payable	11,268	-	11,268
Deferred revenue:			
Succeeding year property tax	2,552,523	-	2,552,523
Other	2,768	5,300	8,068
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	225,000	-	225,000
Computer lease	89,760	-	89,760
Iowa Energy Bank loan	28,063	-	28,063
Portion due after one year:			
Revenue bonds	4,055,000	-	4,055,000
Computer lease	188,310	-	188,310
Iowa Energy Bank loan	237,545	-	237,545
Net OPEB liability	7,486	-	7,486
Total Liabilities	\$ 8,893,942	\$ 31,935	\$ 8,925,877
Net Position			
Net invested in capital assets	\$ 2,392,760	\$ 32,431	\$ 2,425,191
Restricted for:			
Categorical funding	202,931	-	202,931
Management levy purposes	266,284	-	266,284
Physical plant and equipment	220,106	-	220,106
Student activities	153,200	-	153,200
Capital projects	1,750,088	-	1,750,088
Debt - sinking	346,223	-	346,223
Unrestricted	1,474,716	18,794	1,493,510
Total Net Position	\$ 6,806,308	\$ 51,225	\$ 6,857,533

See notes to financial statements.

Nashua-Plainfield Community School District

Statement of Activities

Year Ended June 30, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 3,378,414	\$ 141,425	\$ 819,450	\$ -
Special instruction	639,223	30,916	187,817	-
Other instruction	884,971	269,316	10,067	-
	<u>\$ 4,902,608</u>	<u>\$ 441,657</u>	<u>\$ 1,017,334</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 222,744	\$ -	\$ -	\$ -
Instructional staff services	193,174	-	8,171	-
Administration services	718,782	40,286	-	-
Operation and maintenance of plant services	526,869	100	-	-
Transportation services	410,311	-	-	-
	<u>\$ 2,071,880</u>	<u>\$ 40,386</u>	<u>\$ 8,171</u>	<u>\$ -</u>
Non-instructional programs	\$ 8,548	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ -29,085	\$ -	\$ -	\$ 222,118
Long-term debt interest	111,100	-	-	-
AEA flow-through	252,521	-	-	-
	<u>\$ 334,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,118</u>
Total Governmental Activities	\$ 7,317,572	\$ 482,043	\$ 1,025,505	\$ 222,118
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 365,494	\$ 183,408	\$ 162,464	\$ -
Total	<u>\$ 7,683,066</u>	<u>\$ 665,451</u>	<u>\$ 1,187,969</u>	<u>\$ 222,118</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -2,417,539	\$ -	\$ -2,417,539
-420,490	-	-420,490
-605,588	-	-605,588
<u>\$ -3,443,617</u>	<u>\$ -</u>	<u>\$ -3,443,617</u>
\$ -222,744	\$ -	\$ -222,744
-185,003	-	-185,003
-678,496	-	-678,496
-526,769	-	-526,769
-410,311	-	-410,311
<u>\$ -2,023,323</u>	<u>\$ -</u>	<u>\$ -2,023,323</u>
<u>\$ -8,548</u>	<u>\$ -</u>	<u>\$ -8,548</u>
\$ 251,203	\$ -	\$ 251,203
-111,100	-	-111,100
-252,521	-	-252,521
<u>\$ -112,418</u>	<u>\$ -</u>	<u>\$ -112,418</u>
<u>\$ -5,587,906</u>	<u>\$ -</u>	<u>\$ -5,587,906</u>
<u>\$ -</u>	<u>\$ -19,622</u>	<u>\$ -19,622</u>
<u>\$ -5,587,906</u>	<u>\$ -19,622</u>	<u>\$ -5,607,528</u>

Nashua-Plainfield Community School District

Statement of Activities

Year Ended June 30, 2013

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

General Revenues:

Property Tax Levied For:

 General purposes

 Capital outlay

Income surtax

Statewide sales, services and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total General Revenues

Change in net position

Net position beginning of year as restated (Note 14)

Prior period adjustment

Adjusted Net Position, beginning of year

Net Position End of Year

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ 2,527,603	\$ -	\$ 2,527,603
137,954	-	137,954
340,898	-	340,898
577,481	-	577,481
2,711,989	-	2,711,989
25,365	128	25,493
45,357	-	45,357
<hr/>		
\$ 6,366,647	\$ 128	\$ 6,366,775
<hr/>		
\$ 778,741	\$ -19,494	\$ 759,247
<hr/>		
\$ 6,030,033	70,719	6,100,752
-2,466	-	-2,466
\$ 6,027,567	\$ 70,719	\$ 6,098,286
<hr/>		
\$ 6,806,308	\$ 51,225	\$ 6,857,533

Nashua-Plainfield Community School District

Balance Sheet
Governmental Funds

June 30, 2013

	General	Capital Projects	Non-major	Total
Assets				
Cash and Pooled Investments	\$ 2,064,904	\$ 2,673,777	\$ 418,373	\$ 5,157,054
Receivables:				
Property Tax:				
Delinquent	29,827	1,768	2,566	34,161
Succeeding year	2,173,277	144,245	235,001	2,552,523
Income surtax	305,874	-	-	305,874
Accounts	46,515	-	7,892	54,407
Due from other governments	52,037	319,148	-	371,185
Due from other funds	-	11,618	306	11,924
Prepaid expenses	8,608	-	-	8,608
Total Assets	\$ 4,681,042	\$ 3,150,556	\$ 664,138	\$ 8,495,736
Liabilities and Fund Balances				
Liabilities:				
Due to other fund	\$ 306	\$ 11,618	\$ -	\$ 11,924
Accounts payable	158,285	678,276	9,653	846,214
Salaries and benefits payable	650,005	-	-	650,005
Deferred Revenue:				
Income surtax	305,874	-	-	305,874
Succeeding year property tax	2,173,277	144,245	235,001	2,552,523
Other	2,768	-	-	2,768
Total Liabilities	\$ 3,290,515	\$ 834,139	\$ 244,654	\$ 4,369,308
Fund Balances:				
Restricted for:				
Categorical funding	\$ 202,931	\$ -	\$ -	\$ 202,931
Debt – sinking	-	346,223	-	346,223
Management levy purposes	-	-	266,284	266,284
Student activities	-	-	153,200	153,200
School infrastructure	-	1,750,088	-	1,750,088
Physical plant and equipment	-	220,106	-	220,106
Unassigned	1,187,596	-	-	1,187,596
Total Fund Balances	\$ 1,390,527	\$ 2,316,417	\$ 419,484	\$ 4,126,428
Total Liabilities and Fund Balances	\$ 4,681,042	\$ 3,150,556	\$ 664,138	\$ 8,495,736

Nashua-Plainfield Community School District

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

June 30, 2013

Total fund balances of governmental funds (page 16)	\$ 4,126,428
<i>Amounts reported for governmental activities in the Statement of Net Position 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	7,216,438
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	305,874
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.	-11,268
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>-4,831,164</u>
Net position of governmental activities (page 13)	<u>\$ 6,806,308</u>

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

Year Ended June 30, 2013

	General	Capital Projects	Non-Major	Total
Revenues:				
Local Sources:				
Local tax	\$ 2,659,707	\$ 715,435	\$ 200,196	\$ 3,575,338
Tuition	145,085	-	-	145,085
Other	118,481	28,048	261,151	407,680
Intermediate sources	-	-	-	-
State sources	3,478,332	34,407	134	3,512,873
Federal sources	224,621	222,118	-	446,739
Total Revenues	\$ 6,626,226	\$ 1,000,008	\$ 461,481	\$ 8,087,715
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,008,192	\$ 75,262	\$ 8,860	\$ 3,092,314
Special instruction	632,688	-	-	632,688
Other instruction	638,562	-	261,264	899,826
	\$ 4,279,442	\$ 75,262	\$ 270,124	\$ 4,624,828
Support Services:				
Student services	\$ 222,162	\$ -	\$ 582	\$ 222,744
Instructional staff services	193,008	24,761	166	217,935
Administration services	698,379	17,200	1,459	717,038
Operation and maintenance of plant services	422,322	14,347	79,479	516,148
Transportation services	329,237	30,668	15,313	375,218
	\$ 1,865,108	\$ 86,976	\$ 96,999	\$ 2,049,083
Non-instructional programs	\$ -	\$ 1,395	\$ 7,153	\$ 8,548
Other Expenditures:				
Facilities acquisition	\$ -	\$ 3,249,565	\$ -	\$ 3,249,565
Long-term debt:				
Principal	-	-	308,881	308,881
Interest and fiscal charges	-	272	122,778	123,050
AEA flow-through	252,521	-	-	252,521
	\$ 252,521	\$ 3,249,837	\$ 431,659	\$ 3,934,017
Total Expenditures	\$ 6,397,071	\$ 3,413,470	\$ 805,935	\$ 10,616,476
Excess (deficiency) of revenue over (under) expenditures	\$ 229,155	\$ -2,413,462	\$ -344,454	\$ -2,528,761

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

Year Ended June 30, 2013

	General	Capital Projects	Non-Major	Total
Other financing sources (uses):				
Loan proceeds	\$ -	\$ 217,000	\$ -	\$ 217,000
Operating transfers in	-	336,906	431,659	768,565
Operating transfers out	-	-768,565	-	-768,565
Total other financing sources (uses)	\$ -	\$ -214,659	\$ 431,659	\$ 217,000
Net changes in fund balance	\$ 229,155	\$ -2,628,121	\$ 87,205	\$ -2,311,761
Fund balances beginning of year	\$ 1,161,372	\$ 4,944,538	\$ 334,745	\$ 6,440,655
Prior period adjustment	-	-	-2,466	-2,466
Adjusted fund balances, beginning of year	\$ 1,161,372	\$ 4,944,538	\$ 332,279	\$ 6,438,189
Fund Balances End of Year	\$ 1,390,527	\$ 2,316,417	\$ 419,484	\$ 4,126,428

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, 2013

Net change in fund balances – total governmental funds (page 19) \$ -2,311,761

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 Activities 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	\$ 3,459,033	
Depreciation expense	<u>-477,375</u>	2,981,658

Income surtax revenue not received until several months after the District’s fiscal year end is not considered available revenue and is deferred in the governmental funds. It is, however, recorded as revenue in the Statement of Activities. 8,598

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 Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issues, as follows:

Issued	\$ -217,000	
Repaid	<u>308,881</u>	91,881

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. 11,950

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>-3,585</u>
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Change in Net Position of Governmental Activities (page 15) \$ 778,741

Nashua-Plainfield Community School District

Statement of Net Position
Proprietary Fund

June 30, 2013

	<u>School Nutrition</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 34,324
Accounts receivable	960
Prepaid expenses	115
Inventories	15,330
Total Current Assets	<u>\$ 50,729</u>
Non-Current Assets:	
Capital assets, net of accumulated depreciation	\$ 32,431
Total Assets	<u>\$ 83,160</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 3,127
Salaries and benefits payable	23,508
Deferred revenue	5,300
Total Current Liabilities	<u>\$ 31,935</u>
Total Liabilities	<u>\$ 31,935</u>
Net Position	
Net investment in capital assets	\$ 32,431
Unrestricted	18,794
Total Net Position	<u>\$ 51,225</u>

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

Year Ended June 30, 2013

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 183,408
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 131,879
Benefits	21,899
Purchased services	6,364
Supplies	198,983
Depreciation	6,369
Total operating expenses	<u>\$ 365,494</u>
Operating loss	<u>\$ -182,086</u>
Non-operating revenues:	
State sources	\$ 3,101
Federal sources	159,363
Interest income	128
Total non-operating revenues	<u>\$ 162,592</u>
Change in net position	\$ -19,494
Net position beginning of year	<u>70,719</u>
Net Position End of Year	<u>\$ 51,225</u>

Nashua-Plainfield Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2013

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 182,449
Cash paid to employees for services	-152,538
Cash paid to suppliers for goods or services	-181,158
Net cash used by operating activities	<u>\$ -151,247</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 3,101
Federal grants received	136,334
Net cash provided by non-capital financing activities	<u>\$ 139,435</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 128</u>
Net increase in cash and cash equivalents	\$ -11,684
Cash and cash equivalents beginning of year	<u>46,008</u>
Cash and Cash Equivalents End of Year	<u>\$ 34,324</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -182,086
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	23,029
Depreciation	6,369
(Increase) in inventories	-1,277
(Increase) in accounts receivable	-59
Increase in accounts payable	2,437
Increase in salaries and benefits payable	1,274
Increase in prepaid expenses	-35
Decrease in deferred revenue	-899
Net Cash Used by Operating Activities	<u>\$ -151,247</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received \$23,029 of federal commodities.

Nashua-Plainfield Community School District

Notes to Financial Statements

June 30, 2013

(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 Position (previously referred to as 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 Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net Investment in capital assets 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 position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has 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 position 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.

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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

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 Position. 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 Position 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 Position.

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.

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, 2013 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, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$568 pursuant to Rule 2A-7 under the Investment Company Act of 1940.

The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard and Poor’s Financial Services.

(3) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Capital Projects – Statewide Sales, Services and Use Taxes	Capital Projects - Other	\$ 336,906
Debt Service	Capital Projects – Statewide Sales, Services and Use Taxes	431,659
		<u>\$ 768,565</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, 2013 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 546,303	\$ -	\$ -	\$ 546,303
Construction in process	392,175	3,233,128	-	3,625,303
Total capital assets not being depreciated	<u>\$ 938,478</u>	<u>\$ 3,233,128</u>	<u>\$ -</u>	<u>\$ 4,171,606</u>
Capital assets being depreciated:				
Buildings	\$ 6,332,707	\$ 28,417	\$ -	\$ 6,361,124
Improvements other than buildings	448,165	-	-	448,165
Furniture and equipment	5,514,069	197,488	-	5,711,557
Total capital assets being depreciated	<u>\$ 12,294,941</u>	<u>\$ 225,905</u>	<u>\$ -</u>	<u>\$ 12,520,846</u>
Less accumulated depreciation for:				
Buildings	\$ 4,190,628	\$ 125,977	\$ -	\$ 4,316,605
Improvements other than buildings	245,831	18,549	-	264,380
Furniture and equipment	4,562,180	332,849	-	4,895,029
Total accumulated depreciation	<u>\$ 8,998,639</u>	<u>\$ 477,375</u>	<u>\$ -</u>	<u>\$ 9,476,014</u>
Total capital assets being depreciated, net	<u>\$ 3,296,302</u>	<u>\$ -251,470</u>	<u>\$ -</u>	<u>\$ 3,044,832</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,234,780</u>	<u>\$ 2,981,658</u>	<u>\$ -</u>	<u>\$ 7,216,438</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 76,429	\$ -	\$ -	\$ 76,429
Less accumulated depreciation	37,629	6,369	-	43,998
Business Type Activities Capital Assets, Net	<u>\$ 38,800</u>	<u>\$ -6,369</u>	<u>\$ -</u>	<u>\$ 32,431</u>

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 363,872
Other	27,275
Special	6,535

Support services:

Administration	1,744
Operation and maintenance of plant	12,769
Transportation	65,180

Total Depreciation Expense – Governmental Activities \$ 477,375

Business Type Activities:

Food service operations	<u>\$ 6,369</u>
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(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Revenue Bond	\$ 4,500,000	\$ -	\$ 220,000	\$ 4,280,000	\$ 225,000
Computer Lease	366,951	-	88,881	278,070	89,760
Iowa Energy Bank loan	48,608	217,000	-	265,608	28,063
Net OPEB liability	3,901	3,585	-	7,486	-
	<u>\$ 4,919,460</u>	<u>\$ 220,585</u>	<u>\$ 308,881</u>	<u>\$ 4,831,164</u>	<u>\$ 342,823</u>

Computer Lease

On June 15, 2013 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. 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, 2013 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
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>\$4,280,000</u>	<u>\$1,082,045</u>	<u>\$5,362,045</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 \$5,362,045. For the current year, principal and interest of \$333,204 was paid on the bonds and total statewide sales, services and use tax revenues were \$611,796.

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, 2013.

During the year ended June 30, 2013, the District made \$308,881 principal and \$122,778 in interest and fee 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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered payroll for the years ended June 30, 2013, 2012 and 2011. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$382,001, \$351,950 and \$305,757, 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 119 active, 102 waived coverage and 9 terminated for a total of 8 active and 1 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, 2013; the amount actually contributed to the plan and changes in the District’s net OPEB obligations:

Annual required contribution	\$	4,396
Interest on net OPEB obligation		98
Adjustment to annual required contribution		-243
Annual OPEB cost	\$	4,251
Contributions made		-666
Increase in net OPEB obligation	\$	3,585
Net OPEB obligation beginning of year		3,901
Net OPEB obligation end of year	\$	7,486

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. 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, 2013.

For the year ended June 30, 2013, the District contributed \$18,932 to the medical plan. Plan members eligible for benefits contributed \$62,812, or 77% 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, 2013 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
June 30, 2013	\$4,396	15.2%	\$7,486

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013 the actuarial accrued liability was \$37,692, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$37,692. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$260,648 and the ratio of the UAAL to covered payroll was 14.4%. As of June 30, 2013, 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, 2012 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, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$234.66 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 \$252,521 for the year ended June 30, 2013 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, 2013 is comprised of the following programs:

Program	Amount
Limited English Proficiency	\$ 1,332
Preschool Grant	73,488
Talented and Gifted	35,655
Market Factor	2,502
Core Curriculum	24,156
Professional Development	1,788
Dropout Prevention	63,918
Teacher Quality	29
Reading Recovery	63
Total	<u>\$ 202,931</u>

(11) Subsequent Events

The District has evaluated subsequent events through January 7, 2014 which is the date that the financial statements were available to be issued.

(12) Construction Commitment

The District has entered into a contract totaling \$4,216,991 for the construction of a new wellness center. As of June 30, 2013, costs of \$3,262,167 had been incurred against the contract. The balance of \$949,824 remaining at June 30, 2013 will be paid as work on the project progress.

(13) Related Party Activities

The District had transactions totaling \$26,198 with District officials or employees.

(14) Restatement of Net Position

The levy for the District's income surtaxes applicable to and collected during the year ended June 30, 2012 were levied and certified during the year ended June 30, 2011. Under the modified accrual basis of accounting as described in Note 1 to the financial statements, because those taxes were not collected within sixty days after year end for application to current obligations, those taxes were properly deferred in the fund financial statements. However, those taxes related directly to the fiscal year ended June 30, 2012 and should have been recognized as revenue in the District-wide financial statements which are prepared on the full accrual basis of accounting, as described in Note 1 to the financial statements.

The District has corrected this item for the year ended June 30, 2013 and the effects of this correction on the related financial statement item are as follows:

	Net Position, Governmental Activities
Balance as reported at June 30, 2012	\$ 5,732,757
Adjustments:	
Income surtax recognition	<u>297,276</u>
Balance as restated on July 1, 2012	<u>\$ 6,030,033</u>

(15) Prior Period Adjustment

The Special Revenue – Student Activity Fund had a -\$2,466 prior period adjustment.

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, 2013

	<u>Governmental Funds Actual</u>	<u>Proprietary Fund Actual</u>
Receipts:		
Local sources	\$ 4,128,103	\$ 183,536
Intermediate sources	-	-
State sources	3,512,873	3,101
Federal sources	446,739	159,363
Total Receipts	<u>\$ 8,087,715</u>	<u>\$ 346,000</u>
Disbursements:		
Instruction	\$ 4,624,828	\$ -
Support services	2,049,083	-
Non-instructional programs	8,548	365,494
Other expenditures	3,934,017	-
Total Disbursements	<u>\$ 10,616,476</u>	<u>\$ 365,494</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ -2,528,761	\$ -19,494
Other financing sources, net	<u>217,000</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures/expenses and other financing uses	<u>\$ -2,311,761</u>	<u>\$ -19,494</u>
Balance beginning or year	\$ 6,440,655	\$ 70,719
Prior period adjustment	-2,466	-
Adjusted fund balance, beginning of year	<u>\$ 6,438,189</u>	<u>\$ 70,719</u>
Balance End of Year	<u>\$ 4,126,428</u>	<u>\$ 51,225</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	4,311,639	\$ 4,013,254	\$ 298,385
	-	-	-
	3,515,974	3,514,838	1,136
	606,102	311,000	295,102
\$	8,433,715	\$ 7,839,092	\$ 594,623
\$	4,624,828	\$ 5,006,000	\$ 381,172
	2,049,083	2,746,400	697,317
	374,042	380,750	6,708
	3,934,017	5,258,866	1,324,849
\$	10,981,970	\$ 13,392,016	\$ 2,410,046
\$	-2,548,255	\$ -5,552,924	\$ 3,004,669
	217,000	450,000	-233,000
\$	-2,331,255	\$ -5,102,924	\$ 2,771,669
\$	6,511,374	\$ 6,200,461	\$ 310,913
	-2,466	-	-2,466
\$	6,508,908	\$ 6,200,461	\$ 308,447
\$	4,177,653	\$ 1,097,537	\$ 3,080,116

Nashua-Plainfield Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2013

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 Special Revenue Fund.

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

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

Nashua-Plainfield Community School District

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

Required Supplementary Information

June 30, 2013

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%
2013	July 1, 2012	-	\$37,692	\$37,692	0.0%	\$260,648	14.4%

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

See accompanying independent auditor's report.

Supplementary Information

Nashua-Plainfield Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2013

	<u>Special Revenue</u>		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 261,272	\$ 157,101	\$ 418,373
Receivables:			
Property Tax:			
Delinquent	2,566	-	2,566
Succeeding year	235,001	-	235,001
Accounts	2,446	5,446	7,892
Due from other fund	-	306	306
Total Assets	\$ 501,285	\$ 162,853	\$ 664,138
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 9,653	\$ 9,653
Deferred Revenue:			
Succeeding year property tax	235,001	-	235,001
Total Liabilities	\$ 235,001	\$ 9,653	\$ 244,654
Fund Balances:			
Restricted For:			
Management levy purposes	\$ 266,284	\$ -	\$ 266,284
Student activities	-	153,200	153,200
Total fund balances	\$ 266,284	\$ 153,200	\$ 419,484
Total Liabilities and Fund Balances	\$ 501,285	\$ 162,853	\$ 664,138

Nashua-Plainfield Community School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Funds**

Year Ended June 30, 2013

	Special Revenue			
	Debt Service	Management Levy	Student Activity	Total
Revenues:				
Local Sources:				
Local tax	\$ -	\$ 200,196	\$ -	\$ 200,196
Other	-	3,136	258,015	261,151
State sources	-	134	-	134
Total Revenues	\$ -	\$ 203,466	\$ 258,015	\$ 461,481
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ 8,860	\$ -	\$ 8,860
Other instruction	-	-	261,264	261,264
Support Services:				
Student support services	-	582	-	582
Instructional staff service	-	166	-	166
Administration services	-	1,459	-	1,459
Operation & maintenance of plant services	-	79,479	-	79,479
Transportation services	-	15,313	-	15,313
Non-instructional programs	-	7,153	-	7,153
Other expenditures:				
Long-term debt:				
Principal	308,881	-	-	308,881
Interest and fiscal charges	122,778	-	-	122,778
Total Expenditures	\$ 431,659	\$ 113,012	\$ 261,264	\$ 805,935
Excess (deficiency) of revenues over (under) expenditures	\$ -431,659	\$ 90,454	\$ -3,249	\$ -344,454
Other financing sources:				
Operating transfers in	\$ 431,659	\$ -	\$ -	\$ 431,659
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ -	\$ 90,454	\$ -3,249	\$ 87,205
Fund balances beginning of year	\$ -	\$ 175,830	\$ 158,915	\$ 334,745
Prior period adjustment	-	-	-2,466	-2,466
Adjusted fund balances, beginning of year	\$ -	\$ 175,830	\$ 156,449	\$ 332,279
Fund balances end of year	\$ -	\$ 266,284	\$ 153,200	\$ 419,484

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2013

	Capital Projects			Total
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ 1,059,303	\$ 1,132,827	\$ 481,647	\$ 2,673,777
Receivables:				
Property Tax:				
Delinquent	-	-	1,768	1,768
Succeeding year	-	-	144,245	144,245
Due from other governments	222,118	97,030	-	319,148
Due from other fund	-	11,618	-	11,618
Total Assets	\$ 1,281,421	\$ 1,241,475	\$ 627,660	\$ 3,150,556
Liabilities and Fund Balances				
Liabilities:				
Due to other fund	\$ 11,618	\$ -	\$ -	\$ 11,618
Accounts payable	408,140	6,827	263,309	678,276
Deferred revenue:				
Succeeding year property tax	-	-	144,245	144,245
Total Liabilities	\$ 419,758	\$ 6,827	\$ 407,554	\$ 834,139
Fund Balances:				
Restricted for:				
Debt – sinking	\$ -	\$ 346,223	\$ -	\$ 346,223
School infrastructure	861,663	888,425	-	1,750,088
Physical plant and equipment	-	-	220,106	220,106
Total fund balances	\$ 861,663	\$ 1,234,648	\$ 220,106	\$ 2,316,417
Total Liabilities and Fund Balances	\$ 1,281,421	\$ 1,241,475	\$ 627,660	\$ 3,150,556

Nashua-Plainfield Community School District

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

Year Ended June 30, 2013

	Capital Projects			Total
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:				
Local Sources:				
Local tax	\$ -	\$ 577,481	\$ 137,954	\$ 715,435
Other	11,345	4,241	12,462	28,048
State sources	-	34,315	92	34,407
Federal sources	-	-	222,118	222,118
Total Revenues	\$ 11,345	\$ 616,037	\$ 372,626	\$ 1,000,008
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ -	\$ 75,262	\$ 75,262
Support Services:				
Instructional staff service	18,585	-	6,176	24,761
Administrative services	175	-	17,025	17,200
Operation and maintenance of plant service	-	5,597	8,750	14,347
Transportation services	-	-	30,668	30,668
Non-instructional programs	-	-	1,395	1,395
Other Expenditures:				
Facilities acquisition	2,762,742	9,897	476,926	3,249,565
Interest and fiscal charges	272	-	-	272
Total Expenditures	\$ 2,781,774	\$ 15,494	\$ 616,202	\$ 3,413,470
Excess (deficiency) of revenues over (under) expenditures	\$ -2,770,429	\$ 600,543	\$ -243,576	\$ -2,413,462
Other financing sources (uses):				
Loan proceeds	\$ -	\$ -	\$ 217,000	\$ 217,000
Operating transfers in	-	336,906	-	336,906
Operating transfers out	-336,906	-431,659	-	-768,565
Total other financing sources (uses)	\$ -336,906	\$ -94,753	\$ 217,000	\$ -214,659
Net change in fund balances	\$ -3,107,335	\$ 505,790	\$ -26,576	\$ -2,628,121
Fund balances beginning of year	3,968,998	728,858	246,682	4,944,538
Fund Balances End of Year	\$ 861,663	\$ 1,234,648	\$ 220,106	\$ 2,316,417

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, 2013

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
Drama & speech	\$ 7,467	\$ 1,546	\$ 2,629	\$ -	\$ 6,384
Vocal music	27	1,050	2,077	1,000	-
Instrumental music	1,304	3,352	4,993	337	-
Golf	50	350	2,087	1,700	13
Basketball	9,657	11,196	6,292	-3,000	11,561
Football	12,697	13,414	6,625	-3,200	16,286
Baseball	202	1,256	2,677	1,300	81
Track	2,932	4,098	6,061	-	969
Wrestling	119	5,169	5,831	600	57
Volleyball	115	4,136	4,208	-	43
Softball	78	444	2,138	1,700	84
Annual fund	4,529	3,305	3,074	-	4,760
FFA	4,948	20,440	19,851	-	5,537
Student Council	2,234	6,138	8,252	-	120
FCCLA	1,396	7,047	6,451	-	1,992
FSC-STW	928	11	40	-	899
Cheerleaders	1,575	8,005	11,813	2,233	-
Honor Society	271	20	179	-	112
National FFA Conference	5,143	33,585	34,138	-	4,590
TAG	478	6,835	6,017	-	1,296
Spanish Club	37	226	1,234	971	-
Future Teachers	346	60	-	-	406
Secondary Teachers	1,359	2,218	1,816	-	1,761
S.A.D.D./Stay-Safe/S.H.A.R.E.	779	-	-	-	779
Elementary Teachers	594	1,999	2,522	-	71
Technology	53	-	-	-	53
Industrial Tech Resale	205	3,254	2,455	-169	835
Student pictures	651	209	-	-	860
Adult education	135	-	-	-	135
Interest received	154	610	-	-	764
Class of 2017	-	-	27	27	-
Class of 2012	3,677	-	2,331	-	1,346
Class of 2013	2,472	3,003	4,356	-	1,119
Class of 2014	360	12,346	8,386	-27	4,293
Class of 2015	280	345	-	-	625
Class of 2016	64	-	-	-	64
Elementary Technology	18,242	4,623	4,024	-	18,841
High School Activities	1,937	922	420	-2,307	132
Cross Country	5	725	2,133	1,500	97
Football Discretionary	1,567	16,566	17,631	-4	498
Girls Basketball Discretionary	3,815	2,871	2,599	-	4,087
Golf Discretionary	161	639	875	75	-
Boys Basketball Discretionary	1,751	2,375	2,821	-	1,305
Baseball Discretionary	307	3,670	2,266	289	2,000
Renaissance	-	6,699	2,476	-	4,223
Corn Bowl Conference	-	19,573	7,933	-	11,640
Green Thumb	-	1,055	1,242	187	-

Nashua-Plainfield Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2013

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
Advanced Drafting	\$ 4	\$ 760	\$ 933	\$ 169	\$ -
Cross Country Discretionary	191	1,000	1,412	221	-
Boys Track Discretionary	-	-	4	4	-
Volleyball Discretionary	915	-	985	537	467
Softball Discretionary	-	-	-	-	-
Girls Track Discretionary	250	-	-	-	250
Track maintenance	14,277	46	-	-2,466	11,857
Weight room/Fitness center	19,160	4,242	21,290	-	2,112
Petty cash	1,141	2,012	1,615	-	1,538
General athletics	4,404	6,318	6,380	-3,660	682
Nashua Elementary activities	2,681	1,205	730	-187	2,969
Athletic store	4,246	1,608	1,266	-296	4,292
Elementary student store	1,395	2,505	2,413	-	1,487
High School student store	919	663	722	-	860
Nashua Elementary playground equipment	3,816	-	-	-	3,816
Middle School music	9	125	959	825	-
Middle School Student Council	4,781	897	1,094	-825	3,759
Middle School technology	3,069	251	131	-	3,189
Middle School activities	2,273	19,887	17,155	-	5,005
Character Counts	283	1,111	1,195	-	199
Total	\$ 158,915	\$ 258,015	\$ 261,264	\$ -2,466	\$ 153,200

Nashua-Plainfield Community School District

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

For the Last Ten Years

	Modified Accrual Basis			
	2013	2012	2011	2010
Revenues:				
Local Sources:				
Local tax	\$ 3,575,338	\$ 3,411,778	\$ 3,246,282	\$ 3,025,914
Tuition	145,085	120,686	144,410	184,687
Other	407,680	358,561	441,627	305,533
Intermediate sources	-	-	-	-
State sources	3,512,873	3,576,281	3,423,314	3,156,903
Federal sources	446,739	249,350	335,274	681,756
Total	\$ 8,087,715	\$ 7,716,656	\$ 7,590,907	\$ 7,354,793
Expenditures:				
Instruction:				
Regular instruction	\$ 3,092,314	\$ 3,518,000	\$ 3,233,831	\$ 3,245,865
Special instruction	632,688	603,925	630,871	604,452
Other instruction	899,826	859,989	842,773	782,544
Support services:				
Student services	222,744	238,547	229,652	230,768
Instructional staff services	217,935	211,184	239,475	219,197
Administrative services	717,038	719,425	646,305	587,679
Operation and maintenance of plant services	516,148	433,283	435,866	471,973
Transportation services	375,218	355,047	375,745	364,008
Community services	-	-	-	-
Non-instructional programs	8,548	5,694	14,233	5,018
Other expenditures:				
Facilities acquisition	3,249,565	649,481	459,394	271,175
Principal	308,881	-	-	-
Interest and fiscal charges	123,050	67,019	-	-
AEA flow-through	252,521	262,337	292,258	291,059
Total	\$ 10,616,476	\$ 7,923,931	\$ 7,400,403	\$ 7,073,738

See accompanying independent auditor's report.

		Modified Accrual Basis					
2009	2008	2007	2006	2005	2004		
\$ 2,953,018	\$ 2,833,495	\$ 2,765,485	\$ 2,582,090	\$ 2,015,222	\$ 1,999,609		
224,523	188,543	160,222	132,310	133,773	144,401		
368,198	352,614	344,622	413,969	785,052	654,053		
-	2,530	3,231	-	-	-		
3,500,756	3,530,961	3,441,149	3,311,229	3,264,558	3,073,520		
188,729	185,279	163,886	230,468	190,960	274,898		
<u>\$ 7,235,224</u>	<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>		
\$ 3,129,623	\$ 3,086,852	\$ 2,915,064	\$ 2,838,904	\$ 2,670,232	\$ 2,743,482		
687,910	589,413	566,118	642,830	660,328	779,077		
763,154	706,383	698,995	730,935	762,130	598,937		
216,388	195,898	174,235	202,616	212,293	208,976		
210,615	175,930	134,243	160,517	110,228	54,679		
636,667	611,651	616,741	612,256	631,253	565,325		
468,198	465,465	487,242	474,268	463,538	456,516		
401,494	346,171	436,742	402,133	328,963	310,144		
-	-	-	-	893	7,540		
16,828	5,301	6,261	2,777	2,220	1,910		
517,318	260,544	188,616	477,084	196,480	153,307		
-	-	-	-	-	-		
-	-	-	-	-	-		
246,919	240,053	235,999	223,304	222,440	225,176		
<u>\$ 7,295,114</u>	<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>		

Nashua-Plainfield Community School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY13	\$ 23,701
National School Lunch Program	10.555	FY13	135,437
Team Nutrition Grant	10.574	FY13	225
			<u>\$ 159,363</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY13	<u>\$ 68,616</u>
Career and Technical Education – Basic Grants to State	84.048	FY13	<u>\$ 2,540</u>
Fund for the Improvement of Education	84.215	FY13	<u>\$ 222,118</u>
Improving Teacher Quality State Grants	84.367	FY13	<u>\$ 26,093</u>
Grant for State Assessments	84.369	FY13	<u>\$ 8,171</u>
Area Education Agency:			
Special Education – Grants to States	84.027	FY13	<u>\$ 32,801</u>
Total			<u>\$ 519,702</u>

*- Includes \$23,029 of non-cash awards.

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

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

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

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

I have audited 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, the 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, 2013, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 7, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Nashua-Plainfield Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of Nashua-Plainfield Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency described in Part II of the accompanying Schedule of Findings as item 2013-001 to be a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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.

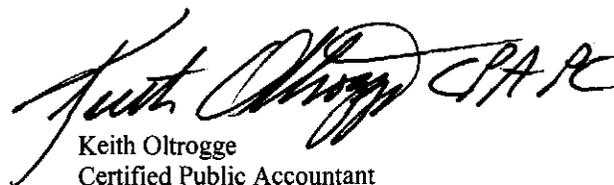
Nashua-Plainfield Community School District's Responses to Findings

Nashua-Plainfield Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. Nashua-Plainfield Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 7, 2014

**Independent Auditor's Report on Compliance
for Each Major Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

Independent Auditor's Report on Compliance
for Each Major Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

I have audited Nashua-Plainfield Community School District compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Nashua-Plainfield Community School District's major federal programs for the year ended June 30, 2013. Nashua-Plainfield Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with the requirements of law, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Nashua-Plainfield Community School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with U.S. generally accepted auditing Standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nashua-Plainfield Community School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Nashua-Plainfield Community School District's compliance.

Opinion on Each Major Federal Program

In my opinion, Nashua-Plainfield Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The Management of Nashua-Plainfield Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Nashua-Plainfield Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Nashua-Plainfield Community School District's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control over compliance I consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2013-002 to be a material weakness.

Nashua-Plainfield Community School District's response to the internal control over compliance finding identified in my audit is described in the accompanying Schedule of Findings. Nashua-Plainfield Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of Nashua-Plainfield Community School District as of and for the year ended June 30, 2013, and have issued my report thereon dated January 7, 2014, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 the audit of the 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 Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.


Keith Oltrogge
Certified Public Accountant

January 7, 2014

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2013

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

- a) Unqualified opinions were issued on the financial statements.
- b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510 (a).
- g) Major programs were as follows:
 - Child Nutrition Cluster
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.574 – Team Nutrition Grant
 - Fund for the Improvement of Education
 - CFDA Number 84.215 – Harkin Grant
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Nashua-Plainfield Community School District did not qualify as a low-risk auditee.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2013

Part II – Findings Related to the General Purpose Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

2013-001 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the cash receipts listing, bank deposits, and the posting of the cash receipts to the cash receipts journal were all done by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded and checks are prepared by the same person.

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

Response – We will work on segregating duties whenever possible.

Conclusion – Response accepted.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2013

Part III – Findings For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.556: Special Milk Program for Children
Federal Award Year: 2013
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.215: Fund for the Improvement of Education
Federal Award Year: 2013
U.S. Department of Education
Passed through the Iowa Department of Education

2013-002 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 receipt 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 circumstances, 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 recommended that diligent efforts be made to maintain their effectiveness.

Recommendation – We will work on segregating duties whenever possible.

Conclusion – Response accepted.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2013

Part IV - Other Findings Related to Statutory Reporting:

IV-A-13 Certified Budget – Expenditures for the year ended June 30, 2013 did not exceed the certified budget amounts.

IV-B-13 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-13 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-13 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>
S & T Auto, Owned by spouse of Tami Sudol, Cook	Vehicle, Repairs & Towing	\$9,653
J Tees, Owned by Jeff Ulrichs, Board Member	Supplies	16,545
		<u>\$26,198</u>

In accordance with Chapter 362.5 of the Code of Iowa, the transactions with J Tees may represent conflicts of interest for the clothing and apparel, since the total purchases exceeded the total of \$1,500 for the year and 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.

IV-E-13 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

IV-F-13 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, 2013

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

IV-G-13 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

IV-J-13 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.

IV-K-13 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-13 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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$	728,858
Revenues/transfers in:			
Sales tax revenues	\$	577,481	
Other local revenues		4,241	
School infrastructure supplemental amount		34,315	
Transfer other funds		336,906	952,943
		\$	1,681,801
Expenditures/transfers out:			
School infrastructure construction	\$	9,897	
Equipment		5,597	
Transfers to other funds:			
Debt service		431,659	447,153
		\$	1,234,648
Ending balance		\$	1,234,648

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2013

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

For the year ended June 30, 2013, 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	\$ 2.147	\$ 611,796
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-

IV-M-13 Student Activity Fund – I noted accounts for previously graduated classes which should have been transferred to other activities.

Recommendation – The District should make transfers to account in to another activity.

Response – We will reallocate to other activities.

Conclusion – Response accepted.