

Nashua-Plainfield Community School District

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

June 30, 2014

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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, 2014, 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, 2014, 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 Funding Progress for the Retiree Health Plan on pages 4 through 12 and 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of 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, 2013 (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 February 24, 2015 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

February 24, 2015

## **Nashua-Plainfield Community School District**

### **Management's Discussion and Analysis**

#### **For the Fiscal Year Ended June 30, 2014**

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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### **2014 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$6,626,226 in fiscal 2013 to \$6,637,399 in fiscal 2014, while General Fund expenditures increased from \$6,397,071 in fiscal 2013 to \$6,642,248 in fiscal 2014. The District's General Fund balance decreased from \$1,390,527 in fiscal 2013 to \$1,385,678 in fiscal 2014, a 0.4% decrease.
- The increase in General Fund revenues was attributable to an increase in state and federal sources in fiscal year 2014. The increase in expenditures was due primarily to an increase in all functional areas.
- The District's solvency ratio has decreased from 18.5% at June 30, 2013 to 16.2 % in fiscal 2014. 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 the District.

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**

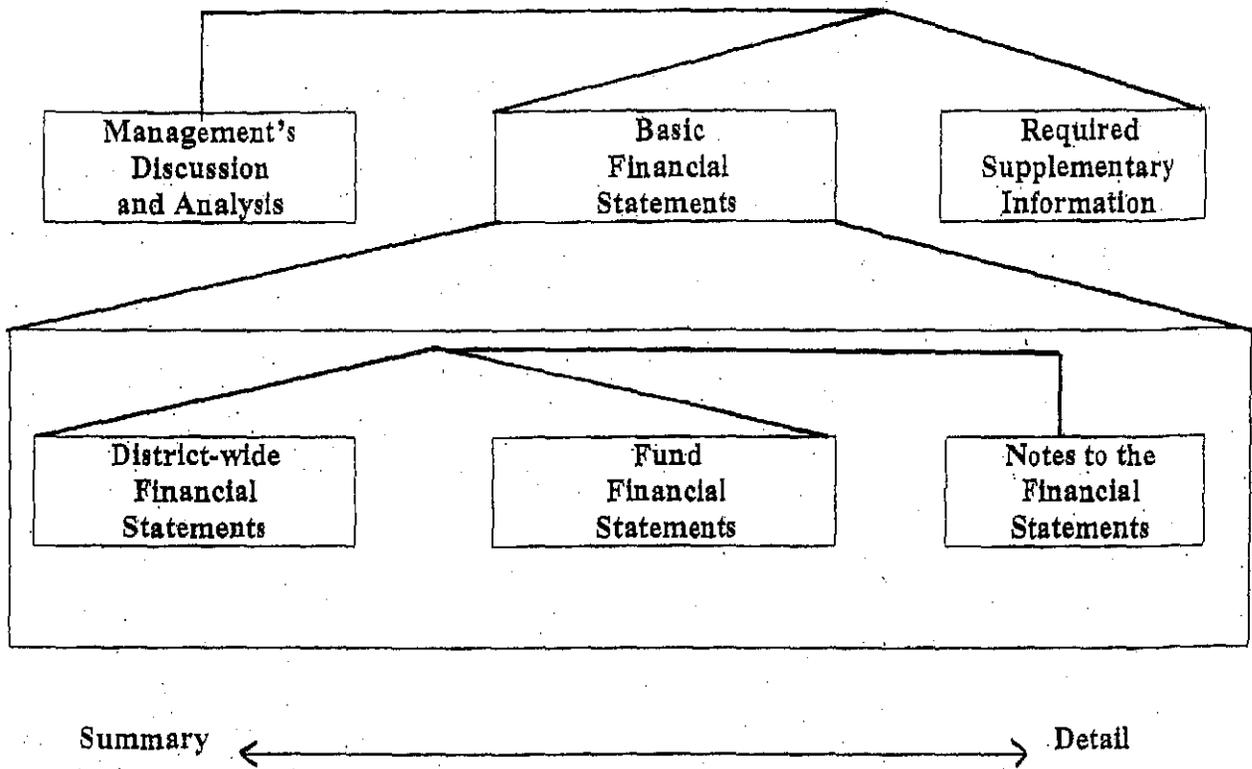


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. 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 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 it is properly using certain revenues, such as federal grants.

The District has two 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, Capital Projects Fund and Debt Service 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, is the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has three Enterprise Fund, School Nutrition Fund, Community Education Fund and Preschool Fund.

The required financial statements for proprietary funds include a Statement of Net Position, 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, 2014 compared to June 30, 2013.

**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,
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$6,978,134	\$8,483,812	\$58,417	\$50,729	\$7,036,551	\$8,534,541	-17.6%
Capital assets	7,630,680	7,216,438	31,691	32,431	7,662,371	7,248,869	5.7%
Total assets	\$14,608,814	\$15,700,250	\$90,108	\$83,160	\$14,698,922	\$15,783,410	-6.9%
Long-term liabilities	\$4,492,008	\$4,831,164	\$-	\$-	\$4,492,008	\$4,831,164	-7.0%
Other liabilities	817,116	1,510,255	25,965	31,935	843,081	1,542,190	-45.3%
Total liabilities	\$5,309,124	\$6,341,419	\$25,965	\$31,935	\$5,335,089	\$6,373,354	-16.3%
Deferred inflows of resources	\$2,480,461	\$2,552,523	\$-	\$-	\$2,480,461	\$2,552,523	-2.8%
Net position:							
Net investment in capital assets	\$3,149,737	\$2,392,760	\$31,691	\$32,431	\$3,181,428	\$2,425,191	31.2%
Restricted	2,310,245	2,938,832	-	-	2,310,245	2,938,832	-21.4%
Unrestricted	1,359,247	1,474,716	32,452	18,794	1,391,699	1,493,510	-6.8%
Total net position	\$6,819,229	\$6,806,308	\$64,143	\$51,225	\$6,883,372	\$6,857,533	0.4%

The District's combined net position increased by approximately 0.4%, or \$25,839, over the prior year. The largest portion of the District's net position is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$628,587, or 21.4% over the prior year. The decrease was primarily due to the expenditures for the wellness center building project.

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 – decreased \$101,811, or 6.8%.

Figure A-4 shows the change in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for service	\$476,008	\$482,043	\$222,733	\$183,408	\$698,741	\$665,451	5.0%
Operating grants, contributions and restricted interest	1,145,143	1,025,505	169,670	162,464	1,314,813	1,187,969	10.7%
Capital grants, contributions and restricted interest	281,170	222,118	-	-	281,170	222,118	26.6%
<b>General revenues:</b>							
Property tax	2,553,990	2,665,557	-	-	2,553,990	2,665,557	-4.2%
Income surtax	406,897	340,898	-	-	406,897	340,898	19.4%
Statewide sales, service and use tax	561,024	577,481	-	-	561,024	577,481	-2.9%
Unrestricted state grants	2,667,960	2,711,989	-	-	2,667,960	2,711,989	-1.6%
Unrestricted investment earnings	14,990	25,365	38	128	15,028	25,493	-41.1%
Other	120,028	45,357	424	-	120,452	45,357	165.6%
<b>Total revenues</b>	<b>\$8,227,210</b>	<b>\$8,096,313</b>	<b>\$392,865</b>	<b>\$346,000</b>	<b>\$8,620,075</b>	<b>\$8,442,313</b>	<b>2.1%</b>
<b>Program expenses:</b>							
<b>Governmental activities:</b>							
Instruction	\$5,328,910	\$4,902,608	\$-	\$-	\$5,328,910	\$4,902,608	8.7%
Support services	2,135,761	2,071,880	-	-	2,135,761	2,071,880	3.1%
Non-instructional programs	13,556	8,548	380,082	365,494	393,638	374,042	5.2%
Other expenses	735,927	334,536	-	-	735,927	334,536	120.0%
<b>Total expenses</b>	<b>\$8,214,154</b>	<b>\$7,317,572</b>	<b>\$380,082</b>	<b>\$365,494</b>	<b>\$8,594,236</b>	<b>\$7,683,066</b>	<b>11.9%</b>
Change in net position before other sources	\$13,056	\$778,741	\$12,783	-\$19,494	\$25,839	\$759,247	-96.6%
Operating transfers	-135	-	135	-	-	-	-
<b>Change in net position</b>	<b>\$12,921</b>	<b>\$778,741</b>	<b>\$12,918</b>	<b>-\$19,494</b>	<b>\$25,839</b>	<b>\$759,247</b>	<b>-96.6%</b>
Net position, beginning of year	\$6,806,308	\$6,030,033	\$51,225	\$70,719	\$6,857,533	\$6,100,752	12.4%
Prior period adjustment	-	-2,466	-	-	-	-2,466	100.0%
<b>Adjusted net position, beginning of year</b>	<b>\$6,806,308</b>	<b>\$6,027,567</b>	<b>\$51,225</b>	<b>\$70,719</b>	<b>\$6,857,533</b>	<b>\$6,098,286</b>	<b>12.5%</b>
<b>Net position, end of year</b>	<b>\$6,819,229</b>	<b>\$6,806,308</b>	<b>\$64,143</b>	<b>\$51,225</b>	<b>\$6,883,372</b>	<b>\$6,857,533</b>	<b>3.7%</b>

In fiscal year 2014, property tax and unrestricted state grants account for 60.6% 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 \$8.6 million, of which approximately \$8.2 million was for governmental activities and less than \$0.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.1% increase in revenues and an 11.9% increase in expenses. Property tax decreased approximately \$111,567. The increase in expenses is related to increases in the negotiated salaries and benefits.

## Governmental Activities

Revenues for governmental activities were \$8,227,210 and expenses were \$8,214,154 for the year ended June 30, 2014. 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, 2014 compared to the year ended June 30, 2013.

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

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-2014	2014	2013	Change 2013-2014
Instruction	\$5,328,910	\$4,902,608	8.7%	\$3,753,323	\$3,443,617	9.0%
Support services	2,135,761	2,071,880	3.1%	2,090,197	2,023,323	3.3%
Non-instructional programs	13,556	8,548	58.6%	13,556	8,548	58.6%
Other expenses	735,927	334,536	120.0%	454,757	112,418	304.5%
Totals	\$8,214,154	\$7,317,572	12.3%	\$6,311,833	\$5,587,906	13.0%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$698,741.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,314,813.
- The net cost of governmental activities was financed with \$3,521,911 in property and other taxes and \$2,667,960 in unrestricted state grants.

## Business Type Activities

Revenues for business type activities were \$392,865 and expenses were \$380,082. The District's business type activities include the School Nutrition Fund, Community Education Fund and Preschool 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 \$6,819,229, well above last year's ending adjusted fund balance of \$6,806,308.

### Governmental Fund Highlights

- The General Fund balance decreased from \$1,390,527 to \$1,385,678, due to the expenditures exceeding revenue.
- The Capital Projects Fund balance decreased from \$2,316,417 to \$1,568,358 due to the expenditures of \$4,500,000 in revenue bond proceeds.

### Proprietary Fund Highlights

- School Nutrition Fund net position decreased from \$51,225 at June 30, 2013 to \$37,260 at June 30, 2014, representing a decrease of approximately 27.3%.
- Community Education Fund net position increased \$24,803 during its first year of activity.

## BUDGETARY HIGHLIGHTS

The District's receipts were \$255,037 more than budgeted receipts, a variance of 3.0%. The most significant variance resulted from the District receiving more from local 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, 2014, the District had invested \$7,662,371, 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 5.7% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation/amortization expense for the year was \$543,674.

The original cost of the District's capital assets was \$17,726,057. Governmental funds account for \$17,643,487, with the remainder of \$82,570 accounted for in the Proprietary, School Nutrition and Community Educations Funds.

The largest change in capital asset activity during the year occurred in the construction in process category, due to the completion of the 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,
	2014	2013	2014	2013	2014	2013	2013-2014
Land	\$546,303	\$546,303	\$-	\$-	\$546,303	\$546,303	-
Construction in process	-	3,625,303	-	-	-	3,625,303	-100%
Buildings	5,840,041	2,044,519	-	-	5,840,041	2,044,519	185.6%
Improvements other than buildings	72,893	183,785	-	-	72,893	183,785	-60.3%
Furniture and equipment	1,171,443	816,528	31,691	32,431	1,203,134	848,959	41.7%
<b>Totals</b>	<b>\$7,630,680</b>	<b>\$7,216,438</b>	<b>\$31,691</b>	<b>\$32,431</b>	<b>\$7,662,371</b>	<b>\$7,248,869</b>	<b>5.7%</b>

## Long-Term Debt

At June 30, 2014, the District had \$4,480,943 in total long-term debt outstanding. This represents a decrease of 7.1% 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 \$18.4 million.

**Figure A-7**  
**Outstanding Long-term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2014	2013	2013-2014
Computer lease	\$188,310	\$278,070	-32.3%
Revenue bonds	4,055,000	4,280,000	-5.3%
Iowa Energy Bank loan	237,633	265,608	-10.5%
Totals	\$4,480,943	\$4,823,678	-7.1%

## 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 which 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 Greely Street, Nashua IA 50658.

## **Basic Financial Statements**

## Nashua-Plainfield Community School District

## Statement of Net Position

June 30, 2014

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, Cash Equivalents and Pooled Investments	\$ 3,853,448	\$ 42,647	\$ 3,896,095
Receivables:			
Property tax:			
Delinquent	33,255	-	33,255
Succeeding year	2,480,461	-	2,480,461
Income surtax	302,126	-	302,126
Accounts	31,323	1,571	32,894
Due from other governments	269,874	3,739	273,613
Prepaid expenses	7,647	49	7,696
Inventories	-	10,411	10,411
Capital assets, net of accumulated depreciation	7,630,680	31,691	7,662,371
<b>Total Assets</b>	<b>\$ 14,608,814</b>	<b>\$ 90,108</b>	<b>\$ 14,698,922</b>
<b>Liabilities</b>			
Accounts payable	\$ 164,328	\$ 2,112	\$ 166,440
Salaries and benefits payable	643,370	18,291	661,661
Accrued interest payable	9,418	-	9,418
Unearned revenue	-	5,562	5,562
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	225,000	-	225,000
Computer lease	92,659	-	92,659
Iowa Energy Bank loan	28,414	-	28,414
Portion due after one year:			
Revenue bonds	3,830,000	-	3,830,000
Computer lease	95,651	-	95,651
Iowa Energy Bank loan	209,219	-	209,219
Net OPEB liability	11,065	-	11,065
<b>Total Liabilities</b>	<b>\$ 5,309,124</b>	<b>\$ 25,965</b>	<b>\$ 5,335,089</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	\$ 2,480,461	\$ -	\$ 2,480,461
<b>Net Position</b>			
Net investment in capital assets	\$ 3,149,737	\$ 31,691	\$ 3,181,428
Restricted for:			
Categorical funding	308,074	-	308,074
Management levy purposes	292,938	-	292,938
Physical plant and equipment	199,410	-	199,410
Student activities	140,875	-	140,875
Capital projects	1,022,725	-	1,022,725
Debt – sinking	346,223	-	346,223
Unrestricted	1,359,247	32,452	1,391,699
<b>Total Net Position</b>	<b>\$ 6,819,229</b>	<b>\$ 64,143</b>	<b>\$ 6,883,372</b>

See notes to financial statements.

**Nashua-Plainfield Community School District**

**Statement of Activities**

**Year Ended June 30, 2014**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 3,578,689	\$ 128,934	\$ 957,812	\$ -
Special instruction	704,004	36,752	104,987	-
Other instruction	1,046,217	268,497	78,605	-
	<u>\$ 5,328,910</u>	<u>\$ 434,183</u>	<u>\$ 1,141,404</u>	<u>\$ -</u>
<b>Support Services:</b>				
Student services	\$ 227,262	\$ -	\$ 3,739	\$ -
Instructional staff services	204,620	-	-	-
Administration services	717,053	41,775	-	-
Operation and maintenance of plant services	576,483	50	-	-
Transportation services	410,343	-	-	-
	<u>\$ 2,135,761</u>	<u>\$ 41,825</u>	<u>\$ 3,739</u>	<u>\$ -</u>
<b>Non-instructional programs</b>	<u>\$ 13,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Expenditures:</b>				
Facilities acquisition	\$ 355,766	\$ -	\$ -	\$ 281,170
Long-term debt interest	119,016	-	-	-
AEA flow-through	261,145	-	-	-
	<u>\$ 735,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,170</u>
<b>Total Governmental Activities</b>	<u>\$ 8,214,154</u>	<u>\$ 476,008</u>	<u>\$ 1,145,143</u>	<u>\$ 281,170</u>
<b>Business Type Activities:</b>				
<b>Non-Instructional Programs:</b>				
Food service operations	\$ 361,279	\$ 177,609	\$ 169,670	\$ -
Community education	18,803	43,044	-	-
Preschool	-	2,080	-	-
	<u>\$ 380,082</u>	<u>\$ 222,733</u>	<u>\$ 169,670</u>	<u>\$ -</u>
<b>Total Business Activities</b>	<u>\$ 380,082</u>	<u>\$ 222,733</u>	<u>\$ 169,670</u>	<u>\$ -</u>
<b>Total</b>	<u>\$ 8,594,236</u>	<u>\$ 698,741</u>	<u>\$ 1,314,813</u>	<u>\$ 281,170</u>

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Position

Governmental Activities		Business Type Activities		Total
\$	-2,491,943	\$	-	\$ -2,491,943
	-562,265		-	-562,265
	-699,115		-	-699,115
\$	-3,753,323	\$	-	\$ -3,753,323
\$	-223,523	\$	-	\$ -223,523
	-204,620		-	-204,620
	-675,278		-	-675,278
	-576,433		-	-576,433
	-410,343		-	-410,343
\$	-2,090,197	\$	-	\$ -2,090,197
\$	-13,556	\$	-	\$ -13,556
\$	-74,596	\$	-	\$ -74,596
	-119,016		-	-119,016
	-261,145		-	-261,145
\$	-454,757	\$	-	\$ -454,757
\$	-6,311,833	\$	-	\$ -6,311,833
\$	-	\$	-14,000	\$ -14,000
	-		24,241	24,241
	-		2,080	2,080
\$	-	\$	12,321	\$ 12,321
\$	-6,311,833	\$	12,321	\$ -6,299,512

**Nashua-Plainfield Community School District**

**Statement of Activities**

**Year Ended June 30, 2014**

	Program Revenues		
	Operating	Capital	
	Grants,	Grants,	
	Contributions	Contributions	
	and	and	
	Restricted	Restricted	
Expenses	Charges	Interest	Interest
	for		
	Services		

**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 before other sources

Operating transfers

Change in net position

Net Position, beginning of year

Net Position End of Year

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Position

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Governmental Activities	Business Type Activities	Total
\$ 2,409,662	\$ -	\$ 2,409,662
144,328	-	144,328
406,897	-	406,897
561,024	-	561,024
2,667,960	-	2,667,960
14,990	38	15,028
120,028	424	120,452
\$ 6,324,889	\$ 462	\$ 6,325,351
\$ 13,056	\$ 12,783	\$ 25,839
-135	135	-
\$ 12,921	\$ 12,918	\$ 25,839
\$ 6,806,308	\$ 51,225	\$ 6,857,533
\$ 6,819,229	\$ 64,143	\$ 6,883,372

## Nashua-Plainfield Community School District

Balance Sheet  
Governmental Funds

June 30, 2014

Assets	General	Capital Projects	Non-Major Funds	Total
Cash, Cash Equivalents and Pooled Investments	\$ 2,040,571	\$ 1,371,963	\$ 440,914	\$ 3,853,448
Receivables:				
Property Tax:				
Delinquent	28,318	1,875	3,062	33,255
Succeeding year	2,100,951	149,510	230,000	2,480,461
Income surtax	302,126	-	-	302,126
Accounts	23,919	-	7,404	31,323
Due from other governments	56,938	212,936	-	269,874
Prepaid expenses	7,647	-	-	7,647
<b>Total assets</b>	<b>\$ 4,560,470</b>	<b>\$ 1,736,284</b>	<b>\$ 681,380</b>	<b>\$ 6,978,134</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 128,345	\$ 18,416	\$ 17,567	\$ 164,328
Salaries and benefits payable	643,370	-	-	643,370
Total liabilities	\$ 771,715	\$ 18,416	\$ 17,567	\$ 807,698
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ 2,100,951	\$ 149,510	\$ 230,000	\$ 2,480,461
Other	302,126	-	-	302,126
Total deferred inflows of resources	\$ 2,403,077	\$ 149,510	\$ 230,000	\$ 2,782,587
Fund Balances:				
Restricted for:				
Categorical funding	\$ 308,074	\$ -	\$ -	\$ 308,074
Debt – sinking	-	346,223	-	346,223
Management levy purposes	-	-	292,938	292,938
Student activities	-	-	140,875	140,875
School infrastructure	-	1,022,725	-	1,022,725
Physical plant and equipment	-	199,410	-	199,410
Unrestricted	1,077,604	-	-	1,077,604
Total fund balances	\$ 1,385,678	\$ 1,568,358	\$ 433,813	\$ 3,387,849
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,560,470</b>	<b>\$ 1,736,284</b>	<b>\$ 681,380</b>	<b>\$ 6,978,134</b>

See notes to financial statements.

Nashua-Plainfield Community School District

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

June 30, 2014

<b>Total fund balances of governmental funds (page 16)</b>	\$ 3,387,849
<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	7,630,680
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the governmental funds.	302,126
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds	-9,418
Long-term liabilities, including bonds and notes payable, compensated absences payable, and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds	<u>-4,492,008</u>
<b>Net position of governmental activities (page 13)</b>	<u>\$ 6,819,229</u>

## Nashua-Plainfield Community School District

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

Year Ended June 30, 2014

	General	Capital Projects	Non-Major Funds	Total
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ 2,585,171	\$ 705,352	\$ 235,136	\$ 3,525,659
Tuition	138,770	-	-	138,770
Other	100,598	109,415	262,243	472,256
<b>Intermediate sources</b>	-	-	-	-
State sources	3,573,439	92	151	3,573,682
Federal sources	239,421	281,170	-	520,591
<b>Total Revenues</b>	<u>\$ 6,637,399</u>	<u>\$ 1,096,029</u>	<u>\$ 497,530</u>	<u>\$ 8,230,958</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 3,040,647	\$ 60,283	\$ 99,164	\$ 3,200,094
Special instruction	642,589	-	-	642,589
Other instruction	770,198	-	269,860	1,040,058
	<u>\$ 4,453,434</u>	<u>\$ 60,283</u>	<u>\$ 369,024</u>	<u>\$ 4,882,741</u>
<b>Support Services:</b>				
Student services	\$ 226,619	\$ -	\$ 643	\$ 227,262
Instructional staff services	193,848	14,309	334	208,491
Administration services	697,141	31,726	1,814	730,681
Operation and maintenance of plant services	476,311	2,795	85,811	564,917
Transportation services	333,750	79,005	17,731	430,486
	<u>\$ 1,927,669</u>	<u>\$ 127,835</u>	<u>\$ 106,333</u>	<u>\$ 2,161,837</u>
<b>Non-instructional programs</b>	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ 7,709</u>	<u>\$ 8,484</u>
<b>Other Expenditures:</b>				
Facilities acquisition	\$ -	\$ 1,191,594	\$ -	\$ 1,191,594
<b>Long-Term Debt:</b>				
Principal	-	-	342,735	342,735
Interest and fiscal charges	-	360	120,506	120,866
AEA flow-through	261,145	-	-	261,145
	<u>\$ 261,145</u>	<u>\$ 1,191,954</u>	<u>\$ 463,241</u>	<u>\$ 1,916,340</u>
<b>Total Expenditures</b>	<u>\$ 6,642,248</u>	<u>\$ 1,380,847</u>	<u>\$ 946,307</u>	<u>\$ 8,969,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -4,849</u>	<u>\$ -284,818</u>	<u>\$ -448,777</u>	<u>\$ -738,444</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in (out)	<u>\$ -</u>	<u>\$ -463,241</u>	<u>\$ 463,106</u>	<u>\$ -135</u>
Net change in fund balances	<u>\$ -4,849</u>	<u>\$ -748,059</u>	<u>\$ 14,329</u>	<u>\$ -738,579</u>
Fund balances beginning of year	<u>1,390,527</u>	<u>2,316,417</u>	<u>419,484</u>	<u>4,126,428</u>
Fund balances end of year	<u>\$ 1,385,678</u>	<u>\$ 1,568,358</u>	<u>\$ 433,813</u>	<u>\$ 3,387,849</u>

## 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, 2014**

**Net change in fund balances – total governmental funds (page 18)** \$ -738,444

***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/amortization expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 951,035	
Depreciation expense	-536,793	414,242

Income surtax revenue not received until several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.	-3,748
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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 issuances, as follows:

Repaid	342,735
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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 governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

1,850

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	-3,579

<b>Change in Net Position of Governmental Activities (page 15)</b>	<b>\$ 13,056</b>

## Nashua-Plainfield Community School District

Statement of Net Position  
Proprietary Funds

June 30, 2014

	School Nutrition	Community Education	Non- Major Preschool	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 20,234	\$ 20,333	\$ 2,080	\$ 42,647
Accounts receivable	1,571	-	-	1,571
Due from other governments	3,739	-	-	3,739
Prepaid expenses	49	-	-	49
Inventories	10,411	-	-	10,411
Total current assets	\$ 36,004	\$ 20,333	\$ 2,080	\$ 58,417
<b>Non-Current Assets:</b>				
Capital assets, net of accumulated depreciation	\$ 26,062	\$ 5,629	\$ -	\$ 31,691
Total non-current assets	\$ 26,062	\$ 5,629	\$ -	\$ 31,691
<b>Total Assets</b>	\$ 62,066	\$ 25,962	\$ 2,080	\$ 90,108
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 953	\$ 1,159	\$ -	\$ 2,112
Salaries and benefits payable	18,291	-	-	18,291
Unearned revenue	5,562	-	-	5,562
Total current liabilities	\$ 24,806	\$ 1,159	\$ -	\$ 26,965
<b>Total Liabilities</b>	\$ 24,806	\$ 1,159	\$ -	\$ 26,965
<b>Net Position</b>				
Net investment in capital assets	\$ 26,062	\$ 5,629	\$ -	\$ 31,691
Unrestricted	11,198	19,174	2,080	32,452
<b>Total Net Position</b>	\$ 37,260	\$ 24,803	\$ 2,080	\$ 64,143

See notes to financial statements.

## Nashua-Plainfield Community School District

Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds

Year Ended June 30, 2014

	School Nutrition	Community Education	Non- Major Preschool	Total
Operating revenues:				
Local sources:				
Charges for service	\$ 177,609	\$ 43,044	\$ 2,080	\$ 222,733
Donations	-	424	-	424
	<u>\$ 177,609</u>	<u>\$ 43,468</u>	<u>\$ 2,080</u>	<u>\$ 223,157</u>
Operating expenses:				
Non-instructional programs:				
Food service operations:				
Salaries	\$ 126,345	\$ 9,557	\$ -	\$ 135,902
Benefits	21,251	1,558	-	22,809
Purchased services	7,905	2,595	-	10,500
Supplies	199,409	4,581	-	203,990
Depreciation	6,369	512	-	6,881
Total operating expenses	<u>\$ 361,279</u>	<u>\$ 18,803</u>	<u>\$ -</u>	<u>\$ 380,082</u>
Operating loss	<u>\$ -183,670</u>	<u>\$ 24,665</u>	<u>\$ 2,080</u>	<u>\$ -156,925</u>
Non-operating revenues:				
State sources	\$ 2,977	\$ -	\$ -	\$ 2,977
Federal sources	166,693	-	-	166,693
Interest income	35	3	-	38
Total non-operating revenues	<u>\$ 169,705</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 169,708</u>
Change in net position before other financing sources (uses)	\$ -13,965	\$ 24,668	\$ 2,080	\$ 12,783
Operating transfers	-	135	-	135
Change in net position	<u>\$ -13,965</u>	<u>\$ 24,803</u>	<u>\$ 2,080</u>	<u>\$ 12,918</u>
Net position beginning of year	<u>51,225</u>	<u>-</u>	<u>-</u>	<u>51,225</u>
Net Position End of Year	<u>\$ 37,260</u>	<u>\$ 24,803</u>	<u>\$ 2,080</u>	<u>\$ 64,143</u>

See notes to financial statements.

## Nashua-Plainfield Community School District

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2014

	School Nutrition	Community Education	Non-Major Preschool	Total
<b>Cash flows from operating activities:</b>				
Cash received from services/donations	\$ -	\$ 43,468	\$ 2,080	\$ 45,548
Cash received from sale of lunches and breakfasts	177,260	-	-	177,260
Cash paid to employees for services	-152,747	-11,115	-	-163,862
Cash paid to suppliers for goods or services	-172,531	-6,017	-	-178,548
Net cash used by operating activities	\$ -148,018	\$ 26,336	\$ 2,080	\$ -119,602
<b>Cash flows from non-capital financing activities:</b>				
State grants received	\$ 2,977	\$ -	\$ -	\$ 2,977
Federal grants received	130,916	-	-	130,916
Net cash provided by non-capital financing activities	\$ 133,893	\$ -	\$ -	\$ 133,893
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	\$ -	\$ -6,141	\$ -	\$ -6,141
<b>Cash from other sources:</b>				
Operating transfer	\$ -	\$ 135	\$ -	\$ 135
<b>Cash flows from investing activities:</b>				
Interest on investments	\$ 35	\$ 3	\$ -	\$ 38
Net increase (decrease) in cash and cash equivalents	\$ -14,090	\$ 20,333	\$ 2,080	\$ 8,323
Cash and cash equivalents beginning of year	34,324	-	-	34,324
Cash and Cash Equivalents End of Year	\$ 20,234	\$ 20,333	\$ 2,080	\$ 42,647
<b>Reconciliation of operating loss to net cash used by operating activities:</b>				
Operating income (loss)	\$ -183,670	\$ 24,665	\$ 2,080	\$ -156,925
Adjustments to reconcile operating loss to net cash used by operating activities:				
Commodities used	32,037	-	-	32,037
Depreciation	6,369	512	-	6,881
Decrease in inventories	4,919	-	-	4,919
(Increase) in accounts receivable	-611	-	-	-611
(Decrease) in accounts payable	-2,173	1,159	-	-1,014
(Decrease) in salaries and benefits payable	-5,217	-	-	-5,217
(Decrease) in prepaid expenses	66	-	-	66
Increase in unearned revenue	262	-	-	262
Net Cash Used by Operating Activities	\$ -148,018	\$ 26,336	\$ 2,080	\$ -119,602

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2014, the District received \$32,037 of federal commodities.

See notes to financial statements.

## Nashua-Plainfield Community School District

### Notes to the Financial Statements

June 30, 2014

#### (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 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, deferred outflows of resources, liabilities and deferred inflows of resources, 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* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definitions of the preceding categories. Unrestricted net position is often subject to constraints 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 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 funds:

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

The Enterprise, Community Education Fund is used to account for the community fitness 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 Funds 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, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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 were paid in July and August, have been accrued as liabilities.

Advances from Grantors -- Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

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.

Deferred Inflows of Resources -- Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources 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.

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, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2014 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, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$734 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 Standards and Poor's Financial Services.

**(3) Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Proprietary Fund – Community Education	Special Revenue – Activity Fund	\$ 135
Debt Service	Capital Projects – Statewide Sales, Services and Use Tax	463,241
		<u>\$ 463,376</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, 2014 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Re- classified	Balance End Of Year
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 546,303	\$ -	\$ -	\$ -	\$ 546,303
Construction in process	3,625,303	-	3,625,303	-	-
Total capital assets not being depreciated	\$ 4,171,606	\$ -	\$ 3,625,303	\$ -	\$ 546,303
Capital assets being depreciated:					
Buildings	\$ 6,361,124	\$ 4,051,035	\$ -	\$ -122,681	\$ 10,289,478
Improvements other than buildings	448,165	9,807	-	-202,263	255,709
Furniture and equipment	5,711,557	515,496	-	324,944	6,551,997
Total capital assets being depreciated	\$ 12,520,846	\$ 4,576,338	\$ -	\$ -	\$ 17,097,184
Less accumulated depreciation for:					
Buildings	\$ 4,316,605	\$ 156,335	\$ -	\$ -23,503	\$ 4,449,437
Improvements other than buildings	264,380	5,956	-	-87,520	182,816
Furniture and equipment	4,895,029	374,502	-	111,023	5,380,554
Total accumulated depreciation	\$ 9,476,014	\$ 536,793	\$ -	\$ -	\$ 1,0012,807
Total capital assets being depreciated, net	\$ 3,044,832	\$ 4,039,545	\$ -	\$ -	\$ 7,084,377
Governmental Activities Capital Assets, Net	\$ 7,216,438	\$ 4,039,545	\$ 3,625,303	\$ -	\$ 7,630,680

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 76,429	\$ 6,141	\$ -	\$ 82,570
Less accumulated depreciation	43,998	6,881	-	50,879
Business Type Activities Capital Assets, Net	\$ 32,431	\$ -740	\$ -	\$ 31,691

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 389,625
Special	61,415
Other	6,159

Support services:

Instructional support	869
Administration	4,283
Operation and maintenance of plant	12,811
Transportation	56,559
Non-Instructional	5,072

Total Depreciation Expense – Governmental Activities

\$ 536,793

Business Type Activities:

Food service operations	\$ 6,369
Community education	512
	<u>\$ 6,881</u>

(5) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Revenue Bonds	\$ 4,280,000	\$ -	\$ 225,000	\$ 4,055,000	\$ 225,000
Computer Lease	278,070	-	89,760	188,310	92,659
Iowa Energy Bank Loan	265,608	-	27,975	237,633	28,414
Net OPEB Liability	7,486	3,579	-	11,065	-
<b>Total</b>	<b>\$ 4,831,164</b>	<b>\$ 3,579</b>	<b>\$ 342,735</b>	<b>\$ 4,492,008</b>	<b>\$ 346,073</b>

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 principle and interest payment will be \$15,647.60 semi-annually starting December 30, 2013.

Revenue Bonds

Details of the District's June 30, 2014 Statewide Sales, Services and Use Tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 2, 2012			
	Interest Rate	Principal	Interest	Total
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	63,250	338,250
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
		<b>\$ 4,055,000</b>	<b>\$ 973,555</b>	<b>\$ 5,028,555</b>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,500,000 of bonds issued in 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 \$5,028,555. For the current year, principal and interest of \$333,490 was paid on the bonds and total statewide sales, services and use tax revenues were \$561,024.

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 complied with all of the revenue bond provisions during the year ended June 30, 2014.

During the year ended June 30, 2014 the District made \$342,735 principle and \$120,506 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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered payroll for the years ended June 30, 2014, 2013 and 2012. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$406,050, \$382,001 and \$351,950, 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, 2014; the amount actually contributed to the plan and changes in the District’s net OPEB obligations:

Annual required contribution	\$	4,135
Interest on net OPEB obligation		187
Adjustment to annual required contribution		-743
Annual OPEB cost	\$	3,579
Contributions made		-
Increase in net OPEB obligation	\$	3,579
Net OPEB obligation beginning of year		7,486
Net OPEB obligation end of year	\$	11,065

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, 2014.

For the year ended June 30, 2014, the District contributed \$24,560 to the medical plan. Plan members eligible for benefits contributed \$52,330, or 68% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations 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
June 30, 2014	\$4,135	0.0%	\$11,065

**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, 2014, the actuarial accrued liability was \$33,147, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$33,147. The covered payroll (annual payroll of active employees covered by the plan) was \$254,252 and the ratio of the UAAL to covered payroll was 13.0%. As of June 30, 2014, 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 \$261,145 for the year ended June 30, 2014 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, 2014 is comprised of the following programs:

Program	Amount
Limited English Proficiency	\$ 932
Preschool Grant	128,285
Talented and Gifted	35,175
Market Factor	2,502
Core Curriculum	26,030
Professional Development	5,484
Dropout Prevention	86,282
Mentoring	432
Reading Recovery	63
Early Reading	15,469
Teacher Leadership	7,420
Total	<u>\$ 308,074</u>

**(11) Subsequent Events**

The District has evaluated subsequent events through February 24, 2015 which is the date that the financial statement were available to be issued.

**(12) Related Party Activities**

The District had transactions totaling \$32,380 with District officials or employees.

**(13) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosure and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

**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 Funds**

**Required Supplementary Information**

**Year Ended June 30, 2014**

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 4,136,685	\$ 223,195
Intermediate sources	-	-
State sources	3,573,682	2,977
Federal sources	520,591	166,693
Total Receipts	<u>\$ 8,230,958</u>	<u>\$ 392,865</u>
Disbursements:		
Instruction	\$ 4,882,741	\$ -
Support services	2,161,837	-
Non-instructional programs	8,484	380,082
Other expenditures	1,916,340	-
Total Disbursements	<u>\$ 8,969,402</u>	<u>\$ 380,082</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ -738,444	\$ 12,783
Other financing sources, net	<u>-135</u>	<u>135</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures/expenses and other financing uses	\$ -738,579	\$ 12,918
Balances beginning of year	<u>4,126,428</u>	<u>51,225</u>
Balances End of Year	<u>\$ 3,387,849</u>	<u>\$ 64,143</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	4,359,880	\$ 4,082,432	\$ 277,448
	-	-	-
	3,576,659	3,466,489	110,170
	687,284	819,865	-132,581
\$	8,623,823	\$ 8,368,786	\$ 255,037
<hr/>			
\$	4,882,741	\$ 5,216,624	\$ 333,883
	2,161,837	2,389,810	227,973
	388,566	401,500	12,934
	1,916,340	2,982,525	1,066,185
\$	9,349,484	\$ 10,990,459	\$ 1,640,975
<hr/>			
\$	-725,661	\$ -2,621,673	\$ 1,896,012
	-	142,000	-142,000
<hr/>			
\$	-725,661	\$ -2,479,673	\$ 1,754,012
	4,177,653	4,209,249	-31,596
\$	3,451,992	\$ 1,729,576	\$ 1,722,416

**Nashua-Plainfield Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2014**

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, 2014**

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%
2014	July 1, 2012	\$-	\$33,147	\$33,147	0.0%	\$254,252	13.0%

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

## **Supplementary Information**

## Nashua-Plainfield Community School District

Combining Balance Sheet  
Non-Major Governmental Funds

June 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 289,876	\$ 151,038	\$ 440,914
Receivables:			
Property Tax:			
Delinquent	3,062	-	3,062
Succeeding year	230,000	-	230,000
Accounts	-	7,404	7,404
<b>Total Assets</b>	<b>\$ 522,938</b>	<b>\$ 158,442</b>	<b>\$ 681,380</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ 17,567	\$ 17,567
Total liabilities	\$ -	\$ 17,567	\$ 17,567
Deferred inflows of resources:			
Succeeding year property tax	\$ 230,000	\$ -	\$ 230,000
Total deferred inflows of resources	\$ 230,000	\$ -	\$ 230,000
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 292,938	\$ -	\$ 292,938
Student activities	-	140,875	140,875
Total fund balances	\$ 292,938	\$ 140,875	\$ 433,813
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 522,938</b>	<b>\$ 158,442</b>	<b>\$ 681,380</b>

## Nashua-Plainfield Community School District

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

Year Ended June 30, 2014

	Special Revenue			
	Debt Service	Management Levy	Student Activity	Total
Revenues:				
Local Sources:				
Local tax	\$ -	\$ 235,136	\$ -	\$ 235,136
Other	-	4,573	257,670	262,243
State sources	-	151	-	151
Total Revenues	\$ -	\$ 239,860	\$ 257,670	\$ 497,530
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ 99,164	\$ -	\$ 99,164
Other instruction	-	-	269,860	269,860
Support Services:				
Student support services	-	643	-	643
Instructional staff services	-	334	-	334
Administration services	-	1,814	-	1,814
Operation and maintenance of plant services	-	85,811	-	85,811
Transportation services	-	17,731	-	17,731
Non-instructional programs	-	7,709	-	7,709
Other Expenditures:				
Long-term debt:				
Principal	342,735	-	-	342,736
Interest and fiscal charges	120,506	-	-	120,505
Total Expenditures	\$ 463,241	\$ 213,206	\$ 269,860	\$ 946,307
Excess (deficiency) of revenues over (under) expenditures	\$ -463,241	\$ 26,654	\$ -12,190	\$ -448,777
Other financing sources (uses):				
Operating transfers in (out)	463,241	-	-135	463,106
Excess (deficiency) of revenue and other financing sources over (under) expenditures	\$ -	\$ 26,654	\$ -12,325	\$ 14,329
Fund balances beginning of year	-	266,284	153,200	419,484
Fund Balances End of Year	\$ -	\$ 292,938	\$ 140,875	\$ 433,813

See accompanying independent auditor's report.

## Nashua-Plainfield Community School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2014

	Capital Projects			
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 24,058	\$ 1,162,185	\$ 185,720	\$ 1,371,963
Receivables:				
Property Tax:				
Delinquent	-	-	1,875	1,875
Succeeding year	-	-	149,510	149,510
Due from other governments	-	194,108	18,828	212,936
<b>Total assets</b>	<b>\$ 24,058</b>	<b>\$ 1,356,293</b>	<b>\$ 355,933</b>	<b>\$ 1,736,284</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 1,835	\$ 9,568	\$ 7,013	\$ 18,416
Total liabilities	\$ 1,835	\$ 9,568	\$ 7,013	\$ 18,416
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ -	\$ -	\$ 149,510	\$ 149,510
Total deferred inflows of resources	\$ -	\$ -	\$ 149,510	\$ 149,510
Fund Balances:				
Restricted for:				
Debt – sinking	\$ -	\$ 346,223	\$ -	\$ 346,223
School infrastructure	22,223	1,000,502	-	1,022,725
Physical plant and equipment	-	-	199,410	199,410
Total fund balances	\$ 22,223	\$ 1,346,725	\$ 199,410	\$ 1,568,358
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 24,058</b>	<b>\$ 1,356,293</b>	<b>\$ 355,933</b>	<b>\$ 1,736,284</b>

See accompanying independent auditor's report.

## Nashua-Plainfield Community School District

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

Year Ended June 30, 2014

	Capital Projects			Total
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:				
Local Sources:				
Local tax	\$ -	\$ 561,024	\$ 144,328	\$ 705,352
Other	827	100,514	8,074	109,415
State sources	-	-	92	92
Federal sources	-	-	281,170	281,170
Total Revenues	\$ 827	\$ 661,538	\$ 433,664	\$ 1,096,029
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ 44,230	\$ 16,053	\$ 60,283
Support Services:				
Instructional staff services	7,955	-	6,354	14,309
Administrative services	-	360	31,366	31,726
Operation and maintenance of plant services	-	-	2,795	2,795
Transportation services	-	-	79,005	79,005
Non-instructional programs	-	775	-	775
Other Expenditures:				
Facilities acquisition	831,952	40,855	318,787	1,191,594
Interest and fiscal charges	360	-	-	360
Total Expenditures	\$ 840,267	\$ 86,220	\$ 454,360	\$ 1,380,847
Excess (deficiency) of revenues over (under) expenditures	\$ -839,440	\$ 575,318	\$ -20,696	\$ -284,818
Other Financing Sources (Uses):				
Operating transfers out	-	-463,241	-	-463,241
Net change in fund balance	\$ -839,440	\$ 112,077	\$ -20,696	\$ -748,059
Fund balances beginning of year	861,663	1,234,648	220,106	2,316,417
Fund Balances End of Year	\$ 22,223	\$ 1,346,725	\$ 199,410	\$ 1,568,358

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, 2011

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
Drama & speech	\$ 6,384	\$ 1,629	\$ 2,162	\$ -	\$ 5,851
Vocal music	-	1,203	752	-451	-
Instrumental music	-	6,123	3,336	-337	2,450
Golf	13	350	1,849	1,500	14
Basketball	11,561	9,517	8,355	-1,500	11,223
Football	16,286	16,467	14,759	-3,100	14,894
Baseball	81	728	2,485	1,800	124
Track	969	4,359	4,683	-	645
Wrestling	57	6,518	7,483	1,000	92
Volleyball	43	3,975	1,426	-	2,592
Softball	84	1,362	2,540	1,300	206
Annual fund	4,760	3,782	7,839	-	703
FFA	5,537	22,839	23,083	-	5,293
Student Council	120	920	1,216	176	-
FCCLA	1,992	4,928	6,246	-	674
FSC-STW	899	-	664	-	235
Cheerleaders	-	12,952	9,947	-2,233	772
Honor Society	112	80	82	-	110
National FFA Conference	4,590	35,887	36,765	-	3,712
TAG	1,296	12,378	10,752	-	2,922
Spanish Club	-	1,441	652	-789	-
Future Teachers	406	-	-	-	406
Secondary Teachers	1,761	1,885	1,762	-	1,884
S.A.D.D./Stay-Safe/S.H.A.R.E.	779	-	-	-	779
Elementary Teachers	71	2,133	1,511	-	693
Technology	53	-	-	-	53
Industrial Tech Resale	835	3,158	4,540	547	-
Student pictures	860	-	-	-	860
Adult education	135	-	-	-135	-
Interest received	764	569	-	-	1,333
Class of 2018	-	300	-	-	300
Class of 2012	1,346	-	1,346	-	-
Class of 2013	1,119	35	673	-481	-
Class of 2014	4,293	2,912	5,165	27	2,067
Class of 2015	625	12,295	7,694	-27	5,199
Class of 2016	64	142	-	-	206
Elementary Technology	18,841	400	2,480	-	16,761
High School Activities	132	5,228	5,738	1,160	782
Cross Country	97	670	671	-	96
Football Discretionary	498	14,103	13,180	-	1,421
Girls Basketball Discretionary	4,087	1,574	3,913	-	1,748
Golf Discretionary	-	60	-	-	60
Boys Basketball Discretionary	1,305	5,087	6,335	-	57
Baseball Discretionary	2,000	871	450	-2,289	132
Renaissance	4,223	3,114	3,514	-	3,823
Corn Bowl Conference	11,640	-	11,640	-	-
Green Thumb	-	4,497	3,660	-187	650

## Nashua-Plainfield Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2011

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
MS Activities	\$ -	\$ 12,159	\$ 10,238	\$ -	\$ 1,921
Athletic Development	-	1,378	1,140	-	238
Advanced Drafting	-	940	893	904	951
Cross Country Discretionary	-	1,195	1,072	-	123
Boys Track Discretionary	-	-	-	-	-
Volleyball Discretionary	467	263	222	-467	41
Softball Discretionary	-	-	-	-	-
Girls Track Discretionary	250	2,320	2,313	-	257
Track maintenance	11,857	29	-	2,467	14,353
Weight room/Fitness center	2,112	280	-	-	2,392
Petty cash	1,538	1,311	1,322	-	1,527
General athletics	682	12,127	11,628	2,522	3,703
Nashua Elementary activities	2,969	6,276	5,317	187	4,115
Athletic store	4,292	1,445	1,445	-1,000	3,292
Elementary student store	1,487	3,106	2,226	-	2,367
High School student store	860	552	258	-729	425
Nashua Elementary playground equipment	3,816	404	150	-	4,070
Middle School music	-	-	-	-	-
Middle School Student Council	3,759	1,757	623	-1,875	3,018
Middle School technology	3,189	-	409	-	2,780
Middle School activities	5,005	5,657	9,121	1,875	3,416
Character Counts	199	-	135	-	64
<b>Total</b>	<b>\$ 153,200</b>	<b>\$ 257,670</b>	<b>\$ 269,860</b>	<b>\$ -135</b>	<b>\$ 140,875</b>

See accompanying independent auditor's report.

**Nashua-Plainfield Community School District**

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

**For the Last Ten Years**

	Modified Accrual Basis			
	2014	2013	2012	2011
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ 3,525,659	\$ 3,575,338	\$ 3,411,778	\$ 3,246,282
Tuition	138,770	145,085	120,686	144,410
Other	472,256	407,680	358,561	441,627
Intermediate sources	-	-	-	-
State sources	3,573,682	3,512,873	3,576,281	3,423,314
Federal sources	520,591	446,739	249,350	335,274
<b>Total</b>	<b>\$ 8,230,958</b>	<b>\$ 8,087,715</b>	<b>\$ 7,716,656</b>	<b>\$ 7,590,907</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 3,200,094	\$ 3,092,314	\$ 3,518,000	\$ 3,233,831
Special instruction	642,589	632,688	603,925	630,871
Other instruction	1,040,058	899,826	859,989	842,773
<b>Support services:</b>				
Student services	227,262	222,744	238,547	229,652
Instructional staff services	208,491	217,935	211,184	239,475
Administrative services	730,681	717,038	719,425	646,305
Operation and maintenance of plant services	564,917	516,148	433,283	435,866
Transportation services	430,486	375,218	355,047	275,745
Community services	-	-	-	-
Non-instructional programs	8,484	8,548	5694	14,233
<b>Other expenditures:</b>				
Facilities acquisition	1,191,594	3,249,565	649,481	459,394
Principal	342,735	308,881	-	-
Interest and fiscal charges	120,866	123,050	67,019	-
AEA flow-through	261,145	252,521	262,337	292,258
<b>Total</b>	<b>\$ 8,969,402</b>	<b>\$ 10,616,476</b>	<b>\$ 7,923,931</b>	<b>\$ 7,400,403</b>

See accompanying independent auditor's report.

Modified Accrual Basis						
2010	2009	2008	2007	2006	2005	
\$ 3,025,914	\$ 2,953,018	\$ 2,833,495	\$ 2,765,485	\$ 2,582,090	\$ 2,015,222	
184,687	224,523	188,543	160,222	132,310	133,773	
305,533	368,198	352,614	344,622	413,969	785,052	
-	-	2,530	3,231	-	-	
3,156,903	3,500,756	3,530,961	3,441,149	3,311,229	3,264,558	
681,756	188,729	185,279	163,886	230,468	190,960	
<u>\$ 7,354,793</u>	<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>	
\$ 3,245,865	\$ 3,129,623	\$ 3,086,852	\$ 2,915,064	\$ 2,838,904	\$ 2,670,232	
604,452	687,910	589,413	566,118	642,830	660,328	
782,544	763,154	706,383	698,995	730,935	762,130	
230,768	216,388	195,898	174,235	202,616	212,293	
219,197	210,615	175,930	134,243	160,517	110,228	
587,679	636,667	611,651	616,741	612,256	631,253	
471,973	468,198	465,465	487,242	474,268	463,538	
364,008	401,494	346,171	436,742	402,133	328,963	
-	-	-	-	-	893	
5,018	16,828	5,301	6,261	2,777	2,220	
271,175	517,318	260,544	188,616	477,084	196,480	
-	-	-	-	-	-	
-	-	-	-	-	-	
291,059	246,919	240,053	235,999	223,304	222,440	
<u>\$ 7,073,738</u>	<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>	

## Nashua-Plainfield Community School District

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
Indirect:			
US Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY14	\$ 16,863
National School Lunch Program	10.555	FY14	146,091 *
Summer Food	10.559	FY14	3,739
			<u>\$ 166,693</u>
US Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY14	\$ 65,092
Career and Technical Education – Basic Grants to States	84.048	FY14	\$ 5,900
Fund for the Improvement of Education	84.215	FY14	\$ 281,170
Rural Education	84.358	FY14	\$ 33,907
Improving Teacher Quality State Grants	84.367	FY14	\$ 25,796
Grants for State Assessments	84.369	FY14	\$ 3,399
Area Education Agency 267:			
Special Education – Grants to States	84.027	FY14	\$ 30,013
US Department of Health and Human Services			
Center of Disease Control and Prevention			
Cooperative Agreements to Support Comprehensive School			
Health Programs to Prevent the Spread of HIV and Other			
Important Health problems	93.938	FY14	\$ 340
Total			<u>\$ 612,310</u>

\*- Includes \$32,037 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 or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

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

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

I have audited 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, 2014, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 24, 2015.

**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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part II of the accompanying Schedule of Findings as items 2014-001 through 2014-003 to be material weaknesses:

### 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, 2014 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 the Findings

Nashua-Plainfield Community School District's responses to the 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 results 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

February 24, 2015

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

Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over  
Compliance 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's 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, 2014. 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 of the major federal programs. 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, 2014.

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 each 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 deficiencies in internal control over compliance I consider to be material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings as items 2014-004 through 2014-006 to be material weaknesses.

Nashua-Plainfield Community School District's responses to the internal control over compliance 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 compliance and, accordingly, I express no opinion on them.

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.

A handwritten signature in black ink, appearing to read "Keith Oltrogge CPA PC". The signature is fluid and cursive, with the letters "CPA PC" written in a more structured, blocky style at the end.

Keith Oltrogge  
Certified Public Accountant

February 24, 2015

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

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

- a) Unqualified opinions were issued on the financial statements.
- b) Material weaknesses in internal control over financial reporting were 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) Material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
  - Child Nutrition Cluster:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
    - CFDA Number 10.559 – Summer Food Program
  - Fund for the Improvement of Education
    - CFDA Number 84.215 – Fund for the Improvement of Education
- 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, 2014**

**Part II – Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**INTERNAL CONTROL DEFICIENCIES:**

- 2014-001 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 and Corrective Action Plan – We will work on segregating duties whenever possible.

Conclusion – Response accepted.

- 2014-002 Disbursement Approval – For 29 of 38 general fund, 16 of 28 activity fund and 14 of 16 capital project fund disbursements tested, there was no evidence to document the date the Superintendent approved the expenditures.

Recommendation – The District should ensure all expenditures are properly approved. The District should maintain documentation of the Superintendent's approval of claims for payment, such as the Superintendent's initials and date of approval.

Response and Corrective Action Plan – We will ensure all expenditures are properly approved and maintained documentation of the approval.

Conclusion – Response acknowledged.

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

**Part II – Findings Related to the Financial Statements (continued):**

**INTERNAL CONTROL DEFICIENCIES:**

2014-003 Enterprise Fund, School Nutrition –I noted in my testing of expenditures for the Enterprise Fund, School Nutrition that the District records all expenditures in just one food purchase account.

Recommendation – The Iowa Department of Education requires any school district operating as a school authority to utilize the uniform chart of accounts in Iowa to record and track meal revenues and expenses. The District should record all meal account deposits to an unearned revenue account, then periodically allocate the earned portion of meal deposits to the proper accounts, including student lunches, student breakfasts, ala carte and adult lunches and breakfasts. Matching expenses also need to be recorded. This would allow the District to better track meal revenues and expenses and protect the underlying assets. It would also bring the District into compliance with Iowa Department of Education guidelines.

Response and Corrective Action Plan – We will properly adjust our expense recognition and coding in the School Nutrition Fund to comply with the Iowa Department of Education requirements.

Conclusion – Response accepted.

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

**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 10.559: Summer Food Program**  
**Federal Award Year: 2014**  
**US Department of Agriculture**  
**Passed through the Iowa Department of Education**

**CFDA Number 84.215: Fund for the Improvement of Education**  
**Federal Award Year: 2014**  
**US Department of Education**  
**Passed through the Iowa Department of Education**

2014-004 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 and Corrective Action Plan – We will work on segregating duties whenever possible.

Conclusion – Response accepted.

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

**Part III – Findings For Federal Awards (continued):**

2014-05 Disbursement Approval – For 29 of 38 general fund, 16 of 28 activity fund and 14 of 16 capital project fund disbursements tested, there was no evidence to document the date the Superintendent approved the expenditures.

Recommendation – The District should ensure all expenditures are properly approved. The District should maintain documentation of the Superintendent’s approval of claims for payment, such as the Superintendent’s initials and date of approval.

Response and Corrective Action Plan – We will ensure all expenditures are properly approved and maintained documentation of the approval.

Conclusion – Response acknowledged.

2014-06 Enterprise Fund, School Nutrition –I noted in my testing of expenditures for the Enterprise Fund, School Nutrition that the District records all expenditures in just one food purchase account.

Recommendation – The Iowa Department of Education requires any school district operating as a school authority to utilize the uniform chart of accounts in Iowa to record and track meal revenues and expenses. The District should record all meal account deposits to an unearned revenue account, then periodically allocate the earned portion of meal deposits to the proper accounts, including student lunches, student breakfasts, ala carte and adult lunches and breakfasts. Matching expenses also need to be recorded. This would allow the District to better track meal revenues and expenses and protect the underlying assets. It would also bring the District into compliance with Iowa Department of Education guidelines.

Response and Corrective Action Plan – We will properly adjust our expense recognition and coding in the School Nutrition Fund to comply with the Iowa Department of Education requirements.

Conclusion – Response accepted.

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

**Part IV - Other Findings Related to Required Statutory Reporting:**

IV-A-14 Certified Budget – Expenditures for the year ended June 30, 2014 did not exceed the certified budget amounts.

IV-B-14 Questionable Expenditures – Certain disbursements were noted I believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Screen Prints Inc.	BOD supplies (jackets)	\$273.39
Nashua Pharmacy Floral	Memorial plant	\$60.00
Casey’s	Hospitality	\$17.46

Recommendation – The District should review Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1) for the allowability of expenditures. When the District purchases items as gifts and food for teacher appreciation, these purchases would be more appropriate from the General Fund as long as public purpose is documented and the items are de minimis according to Internal Revenue Service Publication 15-B. Additionally, the Board of Directors should approve the purchase of such items prior to the expenditure and document the public purpose derived.

Gift cards are not appropriate district purchases since Iowa Code Section 279.29 requires districts to “audit and allow” all bills and the gift card does not provide the Board with the ability to perform the required function of approval of the final purchase. Also, some of the gift cards are for restaurants or establishments which may have items which are not an allowable purchase with public funds. Without knowing the ultimate purchase, we do not believe that the District can comply with Chapter 279.29.

Response – Beginning in fiscal 2015, the District will not make any purchases for gifts, teacher appreciation supplies or other items that are not appropriate.

Conclusion – Response acknowledged.

IV-C-14 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.

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

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

IV-D-14 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title &amp; Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
S & T Auto, Owned by spouse of Tami Sudol, Cook	Vehicle, Repairs & Towing	\$3,328
J Tees, Owned by Jeff Ulrichs, Board Member	Supplies	23,172
Hanneman-Haberman Construction, Owner employee spouse of Kristi Hannemann	Concrete work-Bid taken	5,880
		<u>\$32,380</u>

In accordance with Chapter 362.5 of the Code of Iowa, the transactions with J Tees and S & T Auto may represent conflicts of interest since the total purchases exceeded \$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. The amounts paid to S & T Auto and J Tees were paid on various invoices.

IV-E-14 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-14 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board were noted.

IV-G-14 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-H-14 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-14 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-14 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-K-14 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

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

IV-L-14 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,234,648
Revenues/transfers in:			
Sales tax revenues	\$	436,491	
Other local revenues		100,514	
School infrastructure supplemental amount		124,533	661,538
			<hr/>
		\$	1,896,186
Expenditures/transfers out:			
School infrastructure	\$	40,855	
Equipment		45,365	
Transfers to other funds:			
Debt service fund		463,241	549,461
			<hr/>
Ending balance		\$	<u>1,346,725</u>

For the year ended June 30, 2014, 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
	<hr/>	<hr/>
Debt service levy	\$ 1.9676	\$ 561,024
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

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

IV-M-14 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

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

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

Conclusion – Response accepted.

IV-N-14 School Nutrition Fund Accounts – I noted the Enterprise, School Nutrition Fund expenses classifications as required by the Iowa Department of Education were not accurately recorded in the general ledger. The District records food costs in one account and then allocates them at year end.

Recommendation –The District should record expenses for food in the correct accounts as the purchases are made.

Response – We are implementing changes in procedures for fiscal year 2015 which will correct this problem.

Conclusion – Response accepted.

**Nashua-Plainfield Community School District**  
**Summary Schedule of Prior Federal Audit Findings**  
**Year Ended June 30, 2014**

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation
2013-004	Segregation of Duties	Not corrected	Plans to review and implement new procedures when possible