

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
NEVADA COMMUNITY SCHOOL DISTRICT  
NEVADA, IOWA

For the fiscal year ended June 30, 2014

OFFICIAL ISSUING REPORT

Brian Schaeffer                      District Secretary/Treasurer,  
District Business Manager

OFFICE ISSUING REPORT

Business Office

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Introductory section



**Dr. Steve Gray**  
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**Mrs. Rita Foley**  
Administrative Assistant  
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**Mrs. Lori Arends**  
Administrative Assistant  
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December 31, 2014

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

The comprehensive annual financial report (CAFR) of the Nevada Community School District (the “District”) for the fiscal year ended June 30, 2014, is submitted as follows here. The District is an independent entity governed by a five-member board. Responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the management of the District. We believe the data presented is accurate in all material respects; the data is presented to fairly set forth the financial position and results of operation of the entire District as measured by the financial activity of the various funds; and all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District’s financial affairs. The District is not included in any other reporting entity, nor are any other entities included within this report.

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

Hunt & Associates, P.C., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the District’s financial statements for the year ended June 30, 2014. This firm performs the annual audit in accordance with Chapter 11 of the Code of Iowa. The independent auditor’s report is located at the front of the financial section of this report.

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

1. The **introductory section**, which is unaudited, includes this letter of transmittal, a list of the Board of Education, a list of principal District officials and an organizational chart.
2. The **financial section** includes the independent auditor’s report, Management’s Discussion and Analysis, audited basic financial statements, required supplementary information, and combining and individual fund statements and schedules.
3. The **statistical section**, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year bases.

*“Preparing learners today for tomorrow”*

4. The **single audit section** includes the schedules and various independent auditors' reports required by the Single Audit Amendment of 1996.

## **The Reporting Entity**

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

The District was established in 1867 and is governed by a five-member elected Board of Education who all serve at-large four-year terms. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The enrollment of the District is approximately 1,549 students, the 62<sup>nd</sup> largest school district in Iowa. The District operates a high school, a middle school, and an elementary school. The District provides a full range of educational services appropriate to students in early childhood and grades pre-kindergarten through twelve. These services include basic, regular and enriched academic education, special education for children with special needs, vocational education, and individualized programs such as specialized instruction for students at-risk.

## **Economic Condition and Outlook**

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

Story County's 2013 population is estimated to be 92,406. This was an increase of 18,152 residents over the 1990 census figure. Story County's unemployment rate of 3.8% compares favorably to the state's average rate of 4.4% and the national rate of 6.3%. Overall employment in the Nevada area is strong and has been for several years.

## **Long-Term Financial Planning**

The "solvency ratio" (Assigned and Unassigned General Fund Balance divided by Total General Fund Revenues less the AEA Flow-Through amount) used by school districts in the State of Iowa is 12.02% for the District, well above the 5% stated in the Board of Education Policy 703.3 "General Fund Financial Policies". The condition of facilities in the District is good, with both the elementary and high school facilities having undergone extensive renovations and ventilation updates (including geothermal heating and cooling systems) within the past ten years (see below for current work on the High School facility). The Middle School was constructed in 1990 and will need extensive repairs on its roof and ventilation system soon.

Superintendent Dr. Steve Gray prepared a five-year plan for the future which includes improvements to facilities and new initiatives for the education program. He compiled this information based upon a review of the District at the time and with input from the Board of Education, administration, management, teachers and classified staff. Estimated cost information for the five-year plan was included. This plan was presented to the Board of Education in November 2013.

## **Major Initiatives for the Year**

The Board of Education continued with expansion and improvement of school facilities during the 2013-14 school year. Work continued on the remaining portions of the High School that were not renovated during the 2011-12 school year after a bond issue was approved by taxpayers in February 2012. Areas in the High School

to be improved included the instrumental and vocal music room, the commons and kitchen, art room, and other adjacent areas. These areas were completed and opened to student in December 2013.

Work started on using Authentic Intellectual Work to teach at the High School was extended to the Elementary School. Authentic Intellectual Work is defined by three criteria: *construction of knowledge, through disciplined inquiry, to produce discourse, products, and performance that have value beyond school.*

Joe Wakeman, Technology Director, reported to the Board of Education in October 2013 about the District's "Digital Footprint". The "Digital Footprint" included installation of a new digital sign along H Avenue outside of the High School and installation of digital signage which has a Twitter feed for the District along left side of the signage and school events and announcements along the right side of the signage.

Six Nevada High School students attended the Iowa Student Leadership Institute in the Fall 2013. The Institute was produced by two students at the Waukee School District and its goal was to raise the student voice and improve communications. The Nevada students discussed District academics and reported to the Board of Education that the District is good at Advanced Placement and college credit courses but not all courses can transfer to all colleges. To this end, High School administration began discussions with Des Moines Area Community College for concurrent college courses which would transfer to most colleges. The students from the Institute stated that the Nevada students discussed competency-based coursework more than anyone else at the Institute. Competency-based coursework was started by one High School instructor during the 2012-13 school year and is being used by seven instructors during the 2013-14 year.

The Board of Education received information in the Spring 2014 from instructors who are reviewing Standards-Based Grading. Standards-Based Grading involves measuring students' proficiency on well-defined course objectives.

In June, the Board of Education approved a bid for Chromebooks, which would be distributed to each student in the Middle School. In 2014-15, both the Middle and the High School students would have one-to-one computers.

## **Financial Information**

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

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

Annually, the District's Board of Education adopts a budget and approves the appropriations for the general fund, special revenue funds, capital projects fund, debt service fund, enterprise fund, and

expendable trust funds in accordance with provisions outlined in the Statutes of the State of Iowa. The budgets prepared on an accrual basis list estimates of receipts and disbursements.

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

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

## **Certificate of Excellence in Financial Reporting**

The Association of School Business Officials (ASBO) awards the Certificate of Excellence in Financial Reporting. The Nevada Community School District received this certificate for the 14th time in 14 years for its comprehensive annual financial report for the fiscal year ending June 30, 2013, one of 16 Iowa schools to receive this award. The certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

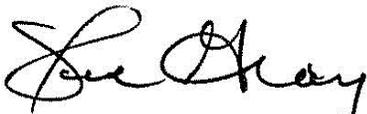
In order to be eligible to receive the certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable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

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

## **Acknowledgement**

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

Respectfully submitted,



Steve Gray  
Superintendent



Brian Schaeffer  
Board Secretary/Treasurer/Business Manager

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## **Nevada Community School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Terrie S. Simmons".

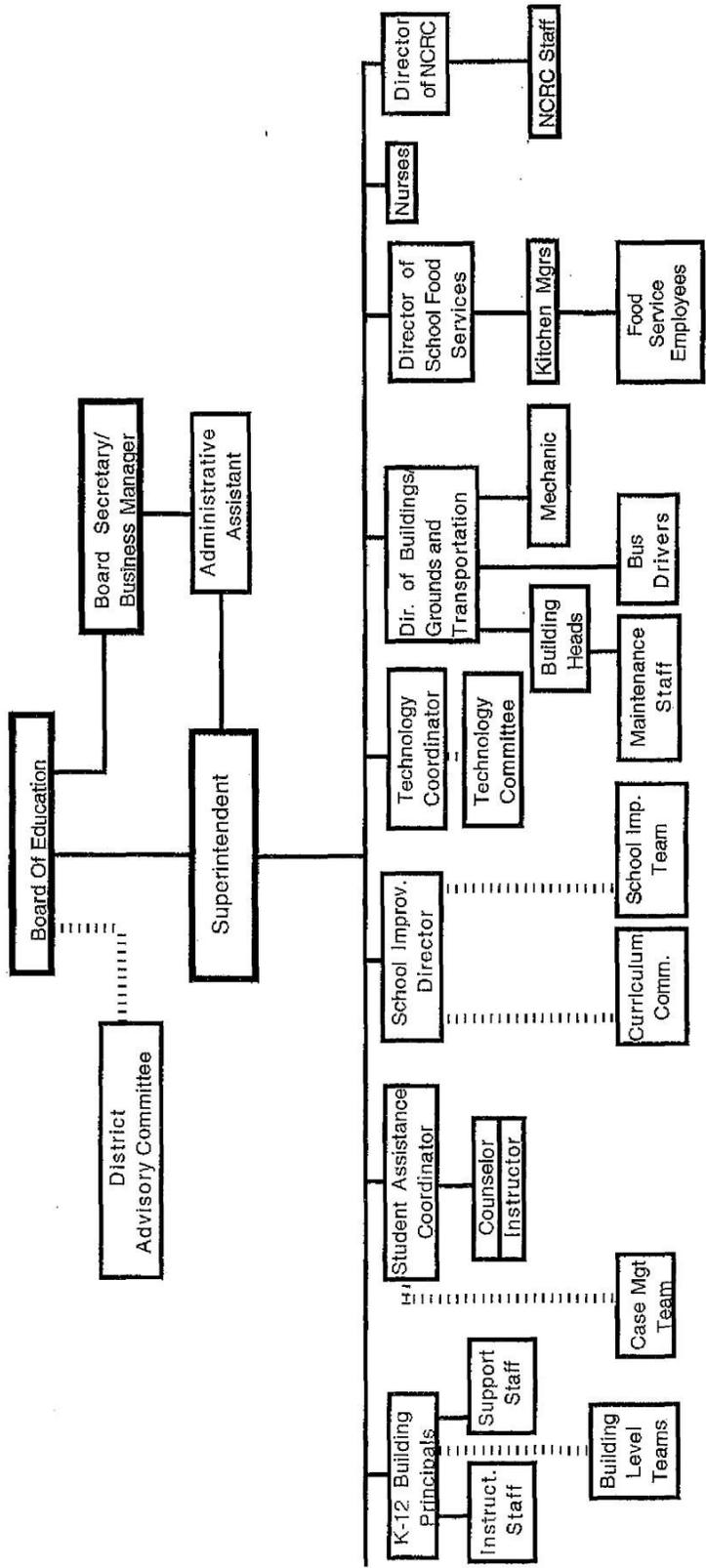
Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA  
Executive Director

NEVADA COMMUNITY SCHOOL DISTRICT  
Nevada, Iowa

**ORGANIZATIONAL PLAN**



NEVADA COMMUNITY SCHOOL DISTRICT  
Board of Education and School District Administration

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 23, 2013)		
Marty Chitty	President	2015
Mike Bates	Vice-President	2013
Tom Maier	Board Member	2015
David Sutherland	Board Member	2013
Laura West	Board Member	2015
(After September 23, 2013)		
Marty Chitty	President	2015
Laura West	Vice-President	2015
Tori Carsrud	Board Member	2017
Tom Maier	Board Member	2015
David Sutherland	Board Member	2017
<u>School Officials</u>		
Steve Gray	Superintendent of Schools	2014
Justin Gross	Principal, Nevada High School	2014
Christine Schmidt	Principal, Nevada Middle School	2014
Kathy Goecke	Principal, Central Elementary School	2014
Nancy Port	School Improvement Director	2014
Brian Schaeffer	Board Secretary/Treasurer & District Business Manager	2014
Joe Wakeman	Director, Technology	2014
David Kroese	Director, Maintenance & Transportation	2014
Candice Anderson	Director, Food Service	2014
Andrew Bracken	Attorney	Indefinite

Financial Section

DOUGLAS T. HUNT, CPA  
DONALD D. KAIN  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Nevada Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nevada Community School District, Nevada, Iowa, 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 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa. Those standards require that we 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, we 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.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our 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 Nevada Community School District at 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*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 16 through 22 and 64 through 66 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. We 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 our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nevada Community School District's basic financial statements. The supplementary information included in Schedules 1 through 5 and 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 financials statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying introductory and statistical sections are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2014 on our consideration of Nevada Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Nevada Community School District's internal control over financial reporting and compliance.

Oskaloosa, Iowa  
December 31, 2014

*Hunt & Associates, P.C.*

# NEVADA COMMUNITY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Nevada Community School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in this report.

### FINANCIAL HIGHLIGHTS

- The District's total net position for governmental activities was \$22,496,502 at June 30, 2014 compared to \$21,755,501 at June 30, 2013, an increase of 3.41%.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,612,155 or 10.41% of total general fund revenues compared to the prior year's unassigned fund balance of \$1,564,549 or 10.62% of total general fund revenues.
- The District showed an increase in certified enrollment of 44 students from 1,505 in 2012 to 1,549 in 2013.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

### Government-wide statements

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

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

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

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

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

### **Fund Financial Statements**

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

The District has three types of funds:

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

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

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

### **Notes to the financial statements**

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position is an indicator of the fiscal health of the District. The District's net position was \$22,496,502 at June 30, 2014 compared to \$21,755,501 at June 30, 2013 (see Table 1).

Table 1  
Condensed Statement of Net Position

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 15,247,948	17,791,130	27,201	12,727	15,275,149	17,803,857	-14.20%
Capital assets	33,772,839	31,717,895	498,340	72,840	34,271,179	31,790,735	7.80%
Long-term obligations	18,490,520	19,632,615	-	-	18,490,520	19,632,615	-5.82%
Other liabilities	2,091,206	2,450,223	33,797	26,544	2,125,003	2,476,767	-14.20%
Total liabilities	20,581,726	22,082,838	33,797	26,544	20,615,523	22,109,382	-6.76%
Deferred inflows of resources	5,942,559	5,670,686	-	-	5,942,559	5,670,686	4.79%
Net position:							
Net investment in capital assets	16,280,078	15,986,691	498,340	72,840	16,778,418	16,059,531	4.48%
Restricted	4,394,978	3,907,390	-	-	4,394,978	3,907,390	12.48%
Unrestricted	1,821,446	1,861,420	(6,596)	(13,817)	1,814,850	1,847,603	-1.77%
Total net position	\$ 22,496,502	21,755,501	491,744	59,023	22,988,246	21,814,524	5.38%

Net investment in capital assets (e.g., land, buildings, machinery and equipment) less any outstanding debt used to acquire those assets is \$16,778,418. These assets are not available for future spending since they represent capital assets used to provide services to students. The resources needed to pay the debt related to these capital assets must be provided from other resources. Approximately \$4,394,978 of net position reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$1,814,850 represents unrestricted net position which may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The following table shows changes in net position for the year ended June 30, 2014 compared to June 30, 2013

Table 2  
Changes of Net Position

	Governmental		Business-type		Total		Total Change 2013-14
	Activities		Activities				
	2014	2013	2014	2013	2014	2013	
Revenues:							
Program revenues:							
Charges for services	\$ 1,587,175	1,513,266	393,612	353,840	1,980,787	1,867,106	6.09%
Operating grants and contributions	2,661,300	2,342,535	376,625	340,062	3,037,925	2,682,597	13.25%
Capital grants and contributions and restricted interest	-	476,612	434,686	15,407	434,686	492,019	-11.65%
General revenues:							
Property tax	5,707,782	5,339,964	-	-	5,707,782	5,339,964	6.89%
Income surtax	451,403	380,484	-	-	451,403	380,484	18.64%
Statewide sales, services and use tax	1,298,640	1,683,338	-	-	1,298,640	1,683,338	-22.85%
Unrestricted state grants	7,139,410	6,803,318	-	-	7,139,410	6,803,318	4.94%
Other	69,239	211,732	188	288	69,427	212,020	-67.25%
Total revenues	18,914,949	18,751,249	1,205,111	709,597	20,120,060	19,460,846	3.39%
Program expenses:							
Governmental activities:							
Instructional	10,348,540	10,344,934	-	-	10,348,540	10,344,934	0.03%
Support services	5,658,889	5,289,144	4,244	6,116	5,663,133	5,295,260	6.95%
Non-instructional programs	435,656	-	768,146	772,810	1,203,802	772,810	55.77%
Other expenses	1,730,863	1,681,878	-	-	1,730,863	1,681,878	2.91%
Total expenses	18,173,948	17,315,956	772,390	778,926	18,946,338	18,094,882	4.71%
Changes in net position	741,001	1,435,293	432,721	(69,329)	1,173,722	1,365,964	-14.07%
Beginning net position, as restated	21,755,501	20,320,208	59,023	128,352	21,814,524	20,448,560	6.68%
Ending net position	\$ 22,496,502	21,755,501	491,744	59,023	22,988,246	21,814,524	5.38%

Property tax, income surtax, local option sales and services tax and unrestricted state grants account for 72.56% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 88.08% of the total governmental activities expenses.

### Governmental Activities

Revenues for governmental activities were \$18,914,949 and expenses were \$18,173,948.

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

Table 3  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 10,348,540	10,344,934	0.03%	\$ 7,065,804	7,203,604	-1.91%
Support services	5,658,889	5,289,144	6.99%	5,482,417	5,108,221	7.33%
Non-instructional programs	435,656	-	100.00%	435,656	-	100.00%
Other expenses	1,730,863	1,681,878	2.91%	941,596	671,718	40.18%
Totals	\$ 18,173,948	17,315,956	4.95%	\$ 13,925,473	12,983,543	7.25%

- The cost financed by users of the District's programs was \$1,587,175.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,661,300.
- The net cost of governmental activities was financed with \$5,707,782 in property tax, \$451,403 in income surtax, \$1,298,640 in statewide sales, services and use tax, \$7,139,410 in unrestricted state grants, and \$69,239 in other income.

### Business Type Activities

Revenues of the District's business type activities were \$1,205,111 and expenses were \$772,390. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2014, the District's net position increased in the business type activities by \$432,721 due to the capital equipment contributions from the Capital Projects fund.

### Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2014, the District's governmental funds reported combined ending fund balances of \$7,076,980, a decrease of \$2,477,111 in comparison with the prior year. This decrease was primarily the result of the expenditure of bond funds for the High School remodel project.

### Governmental Fund Highlights

The District's General Fund financial position increased to \$2,259,532 at June 30, 2014 from \$2,017,657 at June 30, 2013, representing a 11.99% increase. This increase was primarily a result of an increase in all non-cash assets.

The Capital Projects fund balance decreased \$2,509,474 during the year. In this fund, cash assets decreased as the result of the expenditure of bond funds for the High School remodel project.

The Debt Service fund balance decreased \$194,118 due to a lower principal amount being due on the District's revenue bonds in the upcoming year.

### Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over

the course of the year, the District amended its annual operating budget one time to reflect additional expenditures incurred with the High School remodel project. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 64.

The District's total actual receipts were \$759,349 more than the total budgeted receipts, a variance of 3.92%. The most significant change resulted in the District receiving more state sources revenue than originally anticipated.

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

In spite of the District's practice, expenditures in support services functional area exceeded the certified budget.

## Capital Asset and Debt Administration

### Capital Assets

The District's invested in capital assets for its governmental and business type activities as of June 30, 2014, amounts to \$34,271,179 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles and equipment. Detailed information regarding the District's capital assets can be found in Note 7 of the notes to the basic financial statements.

During the year ended June 30, 2014, the District accepted construction work on the Safe Room and Auditorium projects which decreased construction in progress and increased buildings. The increase in machinery and equipment for the business-type activities was the new food service equipment acquired with the High School remodel project.

Table 4  
Capital Assets, Net of Depreciation

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 231,244	231,244	-	-	231,244	231,244	-
Construction in progress	14,415,534	18,582,820	-	-	14,415,534	18,582,820	-22.43%
Buildings	18,457,096	12,266,462	-	-	18,457,096	12,266,462	50.47%
Land improvements	221,865	242,318	-	-	221,865	242,318	-8.44%
Machinery and equipment	447,100	395,051	498,340	72,840	945,440	467,891	102.06%
Total	\$ 33,772,839	31,717,895	498,340	72,840	34,271,179	31,790,735	7.80%

### Long-Term Debt

At the end of June 30, 2014, the District had total long-term debt of \$18,490,520, a decrease of \$1,142,095 from the prior fiscal year. Of the total amount of long-term debt, \$1,163,763 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 8 of the notes to the basic financial statements.

Table 5  
Outstanding Long-Term Obligations

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
General Obligation Bonds	\$ 8,330,000	8,885,000	-	-	8,330,000	8,885,000	-6.25%
Revenue Bonds	9,815,000	10,465,000	-	-	9,815,000	10,465,000	-6.21%
Early Retirement	116,354	105,998	-	-	116,354	105,998	9.77%
Compensated Absences	31,932	17,231	-	-	31,932	17,231	85.32%
Net OPEB Obligation	197,234	159,386	-	-	197,234	159,386	23.75%
Total	\$ 18,490,520	19,632,615	-	-	18,490,520	19,632,615	-5.82%

### Economic Factors and Next Year's Budgets and Rates

- The 2013 State Legislature set the rate of increase for supplemental aid for state aid and property taxes for schools for the 2013-14 school year at 2%. Furthermore, the Legislature set the rate of increase for supplemental aid for the 2014-15 school year at 4%. There has been no decision as to the increase for supplemental aid for 2015-16. What happens in the future with supplemental aid for state aid and property taxes will have an impact on the District's General Fund budget.
- District enrollment increased in fiscal year 2014 by 44 students, 2.92% of the enrollment of 1,505 in fiscal year 2013. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation. The Board of Education and administration of the District believe that the commitment to improving facilities will be an attraction to future enrollment growth.
- The District has a one-year contract with the Nevada Community Education Association (NCEA) which included an overall increase in salary and benefits for certified teaching staff of 3.31% for fiscal year 2014. Staff represented by NCEA make up \$7.6 million in wages and benefits or 62% of all General Fund expenditures. Settlements with employee groups that exceed the rate of growth in state funding will have an adverse impact upon the District's General Fund budget.

### Requests for Information

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

## Basic Financial Statements

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 8,240,410	\$ 69,012	\$ 8,309,422
Receivables:			
Property tax:			
Delinquent	38,441	-	38,441
Succeeding year	5,942,559	-	5,942,559
Income surtax	390,103	-	390,103
Accounts	2,782	9,921	12,703
Due from other governments	552,120	13,703	565,823
Internal balances	75,716	(75,716)	-
Prepaid expenses	5,817	-	5,817
Inventories	-	10,281	10,281
Capital assets not being depreciated:			
Land	231,244	-	231,244
Construction in progress	14,415,534	-	14,415,534
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	18,457,096	-	18,457,096
Land improvements	221,865	-	221,865
Machinery and equipment	447,100	498,340	945,440
Total assets	<u>49,020,787</u>	<u>525,541</u>	<u>49,546,328</u>

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Accounts payable	314,737	6,384	321,121
Salaries and benefits payable	98,020	15,158	113,178
Due to other governments	1,424,779	-	1,424,779
Deposits payable	770	-	770
Interest payable	252,900	-	252,900
Unearned revenue	-	12,255	12,255
Long-term liabilities:			
Portion due within one year:			
Bonds payable	575,000	-	575,000
Revenue bonds payable	470,000	-	470,000
Early retirement payable	86,831	-	86,831
Compensated absences payable	31,932	-	31,932
Portion due after one year:			
Bonds payable	7,755,000	-	7,755,000
Revenue bonds payable	9,345,000	-	9,345,000
Early retirement payable	29,523	-	29,523
Net OPEB liability	197,234	-	197,234
Total liabilities	<u>20,581,726</u>	<u>33,797</u>	<u>20,615,523</u>
 Deferred Inflows of Resources			
Unavailable property tax revenue	<u>5,942,559</u>	-	<u>5,942,559</u>
 Net Position			
Net investment in capital assets	16,280,078	498,340	16,778,418
Restricted for:			
Categorical funding	432,818	-	432,818
Debt service	1,572,193	-	1,572,193
School infrastructure	1,891,214	-	1,891,214
Physical plant and equipment levy	319,207	-	319,207
Student activities	179,546	-	179,546
Unrestricted	<u>1,821,446</u>	<u>(6,596)</u>	<u>1,814,850</u>
 Total net position	 <u>\$ 22,496,502</u>	 <u>\$ 491,744</u>	 <u>\$ 22,988,246</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	\$ 6,575,595	\$ 790,912	\$ 1,083,296	\$ -
Special instruction	1,914,863	277,683	82,944	-
Other instruction	1,858,082	445,317	602,584	-
	<u>10,348,540</u>	<u>1,513,912</u>	<u>1,768,824</u>	<u>-</u>
Support services:				
Student services	982,690	5,172	86,793	-
Instructional staff services	855,627	2,828	8,193	-
Administration services	1,471,692	-	3,500	-
Operation and maintenance of plant services	1,741,410	14,685	-	-
Transportation services	607,470	50,578	4,723	-
	<u>5,658,889</u>	<u>73,263</u>	<u>103,209</u>	<u>-</u>
Non-instructional programs	<u>435,656</u>	-	-	-
Other expenses:				
Facilities acquisition	-	-	225,467	-
Long-term debt interest and fiscal charges	706,685	-	-	-
AEA flowthrough	563,800	-	563,800	-
Depreciation (unallocated) *	460,378	-	-	-
	<u>1,730,863</u>	<u>-</u>	<u>789,267</u>	<u>-</u>
Total governmental activities	<u>18,173,948</u>	<u>1,587,175</u>	<u>2,661,300</u>	<u>-</u>

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,701,387)	\$ -	\$ (4,701,387)
(1,554,236)	-	(1,554,236)
(810,181)	-	(810,181)
<u>(7,065,804)</u>	<u>-</u>	<u>(7,065,804)</u>
(890,725)	-	(890,725)
(844,606)	-	(844,606)
(1,468,192)	-	(1,468,192)
(1,726,725)	-	(1,726,725)
(552,169)	-	(552,169)
<u>(5,482,417)</u>	<u>-</u>	<u>(5,482,417)</u>
<u>(435,656)</u>	<u>-</u>	<u>(435,656)</u>
225,467	-	225,467
(706,685)	-	(706,685)
-	-	-
(460,378)	-	(460,378)
<u>(941,596)</u>	<u>-</u>	<u>(941,596)</u>
<u>(13,925,473)</u>	<u>-</u>	<u>(13,925,473)</u>

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Operation and maintenance of plant services	\$ 4,244	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	768,146	393,612	376,625	434,686
Total business-type activities	772,390	393,612	376,625	434,686
Total	\$ 18,946,338	\$ 1,980,787	\$ 3,037,925	\$ 434,686

General revenues:

Property tax levied for:  
    General purposes  
    Debt service  
    Capital outlay  
Income surtax  
Statewide sales, services, and use tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

\* = This amount excludes the depreciation included  
in the direct expenses of the various programs.

See notes to the basic financial statements.

Net (Expense) Revenue  
and Changes in Net Position

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ -	\$ (4,244)	\$ (4,244)
-	436,777	436,777
-	432,533	432,533
<u>(13,925,473)</u>	<u>432,533</u>	<u>(13,492,940)</u>
\$ 4,519,309	\$ -	\$ 4,519,309
798,646	-	798,646
389,827	-	389,827
451,403	-	451,403
1,298,640	-	1,298,640
7,139,410	-	7,139,410
40,812	188	41,000
28,427	-	28,427
<u>14,666,474</u>	<u>188</u>	<u>14,666,662</u>
741,001	432,721	1,173,722
<u>21,755,501</u>	<u>59,023</u>	<u>21,814,524</u>
<u>\$ 22,496,502</u>	<u>\$ 491,744</u>	<u>\$ 22,988,246</u>

NEVADA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 3,353,670	\$ 2,869,922	\$ 1,819,403	\$ 197,415	\$ 8,240,410
Receivables:					
Property tax:					
Delinquent	28,345	2,777	5,690	1,629	38,441
Succeeding year	4,390,662	404,777	796,548	350,572	5,942,559
Income surtax	390,103	-	-	-	390,103
Accounts	2,210	-	-	572	2,782
Interfund	130,099	-	-	-	130,099
Due from other governments	344,828	207,083	-	209	552,120
Prepaid expenses	5,817	-	-	-	5,817
	<u>8,645,734</u>	<u>3,484,559</u>	<u>2,621,641</u>	<u>550,397</u>	<u>15,302,331</u>
Total assets	<u>\$ 8,645,734</u>	<u>\$ 3,484,559</u>	<u>\$ 2,621,641</u>	<u>\$ 550,397</u>	<u>\$ 15,302,331</u>

NEVADA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 84,128	\$ 217,122	\$ -	\$ 13,487	\$ 314,737
Due to other governments	95,760	-	-	2,260	98,020
Salaries and benefits payable	1,424,779	-	-	-	1,424,779
Interfund payable	-	-	-	54,383	54,383
Deposits payable	770	-	-	-	770
Total liabilities	<u>1,605,437</u>	<u>217,122</u>	<u>-</u>	<u>70,130</u>	<u>1,892,689</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,390,662	404,777	796,548	350,572	5,942,559
Other	390,103	-	-	-	390,103
Total deferred inflows of resources	<u>4,780,765</u>	<u>404,777</u>	<u>796,548</u>	<u>350,572</u>	<u>6,332,662</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	5,817	-	-	-	5,817
Restricted for:					
Categorical funding	432,818	-	-	-	432,818
Debt service	-	-	1,825,093	-	1,825,093
School infrastructure	-	2,543,453	-	-	2,543,453
Physical plant and equipment	-	319,207	-	-	319,207
Student activities	-	-	-	179,546	179,546
Committed for wind turbine maintenance	26,962	-	-	-	26,962
Assigned for activity based accounts	181,780	-	-	-	181,780
Unassigned	1,612,155	-	-	(49,851)	1,562,304
Total fund balances	<u>2,259,532</u>	<u>2,862,660</u>	<u>1,825,093</u>	<u>129,695</u>	<u>7,076,980</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,645,734</u>	<u>\$ 3,484,559</u>	<u>\$ 2,621,641</u>	<u>\$ 550,397</u>	<u>\$ 15,302,331</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 June 30, 2014

Total fund balances of governmental funds	\$ 7,076,980
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	33,772,839
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(252,900)
Income surtax receivable is not yet available to finance expenditures of the current period and, therefore, is recognized as deferred inflows of resources in the governmental funds.	390,103
Long-term liabilities, including bonds payable, early retirement, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(18,490,520)</u>
Net position of governmental activities	<u><u>\$ 22,496,502</u></u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 4,717,443	\$ 389,673	\$ 798,330	\$ 244,816	\$ 6,150,262
Tuition	877,552	-	-	-	877,552
Other	327,198	178,687	9,099	441,141	956,125
State sources	9,105,576	1,305,673	316	106	10,411,671
Federal sources	457,030	51,589	-	-	508,619
Total revenues	<u>15,484,799</u>	<u>1,925,622</u>	<u>807,745</u>	<u>686,063</u>	<u>18,904,229</u>
Expenditures:					
Current:					
Instruction	9,843,429	1,830	-	510,862	10,356,121
Support services:					
Student services	980,105	-	-	-	980,105
Instructional staff services	687,103	122,432	-	-	809,535
Administration services	1,425,972	-	2,500	20,775	1,449,247
Operation and maintenance of plant services	1,204,652	8,860	-	153,900	1,367,412
Transportation services	520,763	135,105	-	15,920	671,788
	<u>4,818,595</u>	<u>266,397</u>	<u>2,500</u>	<u>190,595</u>	<u>5,278,087</u>
Non-instructional programs	970	-	-	-	970
Other expenditures:					
Facilities acquisition	-	3,260,324	-	-	3,260,324
Long term debt:					
Principal	-	-	1,205,000	-	1,205,000
Interest and fiscal charges	-	-	721,163	-	721,163
AEA flowthrough	563,800	-	-	-	563,800
	<u>563,800</u>	<u>3,260,324</u>	<u>1,926,163</u>	<u>-</u>	<u>5,750,287</u>
Total expenditures	<u>15,226,794</u>	<u>3,528,551</u>	<u>1,928,663</u>	<u>701,457</u>	<u>21,385,465</u>
Excess (deficiency) of revenues over (under) expenditures	<u>258,005</u>	<u>(1,602,929)</u>	<u>(1,120,918)</u>	<u>(15,394)</u>	<u>(2,481,236)</u>

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):					
Sale of equipment	\$ 4,125	\$ -	\$ -	\$ -	\$ 4,125
Transfers in	-	20,255	926,800	-	947,055
Transfers out	(20,255)	(926,800)	-	-	(947,055)
Total other financing sources (uses)	<u>(16,130)</u>	<u>(906,545)</u>	<u>926,800</u>	<u>-</u>	<u>4,125</u>
Net change in fund balances	241,875	(2,509,474)	(194,118)	(15,394)	(2,477,111)
Fund balances beginning of year	<u>2,017,657</u>	<u>5,372,134</u>	<u>2,019,211</u>	<u>145,089</u>	<u>9,554,091</u>
Fund balances end of year	<u>\$ 2,259,532</u>	<u>\$ 2,862,660</u>	<u>\$ 1,825,093</u>	<u>\$ 129,695</u>	<u>\$ 7,076,980</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (2,477,111)

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

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

Capital outlays	\$ 2,587,909	
Depreciation expense	<u>(532,965)</u>	2,054,944

Income surtax receivable is not available to finance expenditures of the current period and is recognized as deferred inflows of resources in the governmental funds. 6,595

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 1,205,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 14,478

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

Early retirement	(10,356)	
Compensated absences	(14,701)	
Net OPEB liability	<u>(37,848)</u>	<u>(62,905)</u>

Change in net position of governmental activities \$ 741,001

See notes to the basic financial statements.

## NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
PROPRIETARY FUND

June 30, 2014

	<u>School Nutrition</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 69,012
Accounts receivable	9,921
Due from other governments	13,703
Inventories	10,281
Total current assets	<u>102,917</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	<u>498,340</u>
Total assets	<u>601,257</u>
Liabilities	
Current liabilities:	
Accounts payable	6,384
Salaries and benefits payable	15,158
Interfund payable	75,716
Unearned revenue	12,255
Total liabilities	<u>109,513</u>
Net Position	
Net investment in capital assets	498,340
Unrestricted	<u>(6,596)</u>
Total net position	<u>\$ 491,744</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
Year Ended June 30, 2014

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>393,612</u>
Operating expenses:	
Support services:	
Operation and maintenance of plant services:	
Supplies	<u>4,244</u>
Non-instructional programs:	
Food service operations:	
Salaries	298,345
Benefits	52,535
Purchased services	4,558
Supplies	402,682
Depreciation	9,186
Other	<u>840</u>
Total non-instructional programs	<u>768,146</u>
Total operating expenses	<u>772,390</u>
Operating loss	(378,778)
Non-operating revenues:	
Interest on investments	188
Capital contributions	434,686
State sources	5,712
Federal sources	<u>370,913</u>
Total non-operating revenues	<u>811,499</u>
Change in net position	432,721
Net position beginning of year	<u>59,023</u>
Net position end of year	\$ <u><u>491,744</u></u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2014

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 352,092
Cash received from miscellaneous operating activities	28,426
Cash payments to employees for services	(298,221)
Cash payments to suppliers for goods or services	<u>(345,010)</u>
Net cash used by operating activities	<u>(262,713)</u>
Cash flows from non-capital financing activities:	
State grants received	5,712
Federal grants received	<u>300,485</u>
Net cash provided by non-capital financing activities	<u>306,197</u>
Cash flows from investing activities:	
Interest on investments	<u>188</u>
Net increase in cash and cash equivalents	43,672
Cash and cash equivalents beginning of year	<u>25,340</u>
Cash and cash equivalents end of year	<u>\$ 69,012</u>

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2014

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (378,778)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	9,186
Commodities used	56,725
(Increase) in accounts receivable	(1,655)
Decrease in inventories	6,852
Increase in accounts payable	3,534
Increase in salaries and benefits payable	15,158
Increase in interfund payable	37,704
(Decrease) in unearned revenue	<u>(11,439)</u>
Net cash used by operating activities	<u>\$ (262,713)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, the District received \$56,725 of federal commodities. In addition, the Enterprise, School Nutrition Fund received \$434,686 of equipment which was purchased and contributed by the Capital Projects: Building Project Fund.

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2014

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Cash and pooled investments	\$ 24,727	\$ 21,142
Accounts receivable	<u>-</u>	<u>278</u>
Total assets	<u>24,727</u>	<u>21,420</u>
<b>Liabilities:</b>		
Accounts payable	-	294
Due to other groups	<u>-</u>	<u>21,126</u>
Total liabilities	<u>-</u>	<u>21,420</u>
<b>Net position:</b>		
Held in trust for other purposes	<u>\$ 24,727</u>	<u>\$ -</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
Year Ended June 30, 2014

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ <u>18,583</u>
Deductions:	
Instructional:	
Supplies	2,600
Scholarships awarded	6,900
Student services:	
Supplies	3,160
Transfer to Nevada Community School Foundation	<u>30,000</u>
Total deductions	<u>42,660</u>
Change in net position	(24,077)
Net position beginning of year	<u>48,804</u>
Net position end of year	\$ <u><u>24,727</u></u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 1. Summary of Significant Accounting Policies

The Nevada Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Nevada, Iowa, and portions of the agricultural territory in Story County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but 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 Story 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three 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 by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are 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 District-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 nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the main 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.

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

The District also reports the following major proprietary fund:

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

The District also reports the following fiduciary funds:

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

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

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary and fiduciary fund financial statements, except for agency funds, 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. Agency funds do not have a measurement focus due to their custodial nature.

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 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.

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

The District maintains its financial records on the accrual basis.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Cash, Pooled Investments and Cash Equivalents

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

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

E. Property Taxes

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 that the tax asking is certified by the Board of Education. Current year delinquent property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% 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.

F. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transfers between funds had not been received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded. Any balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

G. Inventories

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

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net 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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of one year.

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

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

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

I. Salaries and Benefits Payable

Payroll and related expenses for teachers with annual contracts corresponding to the school year, which have balances payable in July and August 2014, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2014.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

J. Unearned Revenues

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

K. Long-term Obligations

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

L. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. There are currently four members of the District's Management Team who are paid out for their unused vacation days at their daily pay rate. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The full balance is shown as due within a year using first-in, first-out basis.

M. Deferred Inflows of Resources

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

N. Fund Equity

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

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

N. Fund Equity (continued)

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

Assigned – Amounts the Board of Education intends to use for specific purposes.

Unassigned – All amounts not included in other classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Deficit amounts of other governmental funds would also be reported as unassigned.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications within the same fund, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Note 2. Budgets and Budgetary Accounting

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

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

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

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the function level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.

NEVADA COMMUNITY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2014

Note 2. Budgets and Budgetary Accounting (continued)

4. Management is authorized to transfer budgeted amounts between departments within any function, however, any revisions that alter the total expenditures or expenses of any function must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.
6. Encumbrances are not recognized in the budgetary process and appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balances lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 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 as follows:

Type	Amortized Cost
Diversified Portfolio	\$ <u>12,055</u>

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

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

NEVADA COMMUNITY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2014

Note 3. Deposits and Pooled Investments (continued)

Credit Risk – The investments in the Iowa Schools Joint Investment Trust (ISJIT) were rated AAAm by Standard and Poor’s Financial Services. ISJIT is sponsored by the Iowa Association of School Boards (IASB), governed by a representative board of trustees and served by a dedicated team of professionals.

Custodial Credit Risk (deposits) – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District does not have a policy for custodial credit risk of deposits. As of June 30, 2014, the carrying amount of the District’s bank deposits totaled \$8,536,318. Of the bank balances, \$1,000,000 was covered by federal depository insurance and \$7,536,318 was uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the District’s name. These amounts are included in the cash and pooled investments on the combined balance sheet.

Custodial Credit Risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District’s policy relating to custodial credit risk of investments is to allow the treasurer to invest funds in excess of current needs in depositories authorized by the Board. The amount that can be held by counterparties is established annually by the Board. As of June 30, 2014, the carrying amount of the District’s investments totaled \$12,055. The entire amount is exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the District’s investment firm which is also the counterparty for the securities held.

The District does not have a policy regarding concentration risk.

Note 4. Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects: Building Project	General	\$ 20,255
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>926,800</u>
Total		<u>\$ 947,055</u>

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

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

The General Fund is transferring money to correct a prior year receipt recorded in the incorrect fund.

NEVADA COMMUNITY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2014

Note 5. Interfund Receivables and Payables

At June 30, 2014, interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
Interfund balances between governmental funds:		
Pooled cash balances:		
General	Special Revenue: Management Levy	\$ <u>44,325</u>
Other receivables:		
General	Special Revenue: Management Levy	5,006
General	Special Revenue: Student Activity	<u>5,052</u>
		<u>10,058</u>
		<u>54,383</u>
Interfund balances between governmental and proprietary funds:		
Other receivables:		
General	Enterprise: School Nutrition	<u>75,716</u>
Total		<u>\$ 130,099</u>

Pooled cash balances are temporary financing between funds which is necessary due to the timing of expected revenues from the collection of property taxes and the related expenditures.

The other receivable interfund balances are due to timing differences involved in payroll and early retirement reimbursements at year end.

The balances between governmental funds are not included on the government-wide Statement of Net Position. The balances between governmental and proprietary funds have been eliminated on the face of the government-wide Statement of Net Position.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 6. Due From Other Governments

Details of amounts due from various other governments by fund at June 30, 2014, are as follows:

Governmental Funds:

General Fund:

Tuition from other Districts	\$ 216,200
Non-public transportation reimbursement	4,723
Title I grants	42,723
Career and technical education grants	10,827
Medicaid	51,343
Other	19,012
	<u>344,828</u>

Capital Projects Fund:

Statewide sales, services and use tax	<u>207,083</u>
---------------------------------------	----------------

Special Revenue: Student Activity Fund:

Fees from other Districts	209
	<u>552,120</u>

Proprietary Funds:

Enterprise: School Nutrition Fund:

Child nutrition grants	<u>13,703</u>
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Total due from other governments	<u><u>\$ 565,823</u></u>
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NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 7. Capital Assets

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 231,244	\$ -	\$ -	\$ 231,244
Construction in progress	18,582,820	2,456,038	6,623,324	14,415,534
Total capital assets not being depreciated	<u>18,814,064</u>	<u>2,456,038</u>	<u>6,623,324</u>	<u>14,646,778</u>
Capital assets being depreciated:				
Buildings	18,911,040	6,623,324	112,500	25,421,864
Land improvements	733,591	-	-	733,591
Machinery and equipment	2,070,009	131,871	80,490	2,121,390
Total capital assets being depreciated	<u>21,714,640</u>	<u>6,755,195</u>	<u>192,990</u>	<u>28,276,845</u>
Less accumulated depreciation for:				
Buildings	6,644,578	432,690	112,500	6,964,768
Land improvements	491,273	20,453	-	511,726
Machinery and equipment	1,674,958	79,822	80,490	1,674,290
Total accumulated depreciation	<u>8,810,809</u>	<u>532,965</u>	<u>192,990</u>	<u>9,150,784</u>
Total capital assets being depreciated, net	<u>12,903,831</u>	<u>6,222,230</u>	<u>-</u>	<u>19,126,061</u>
Governmental activities capital assets, net	<u>\$ 31,717,895</u>	<u>\$ 8,678,268</u>	<u>\$ 6,623,324</u>	<u>\$ 33,772,839</u>
Business-type activities:				
Machinery and equipment	\$ 288,845	\$ 434,686	\$ -	\$ 723,531
Less accumulated depreciation	<u>216,005</u>	<u>9,186</u>	<u>-</u>	<u>225,191</u>
Business-type activities capital assets, net	<u>\$ 72,840</u>	<u>\$ 425,500</u>	<u>\$ -</u>	<u>\$ 498,340</u>

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 7. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Support services:

Administration	\$ 3,908
Operation and maintenance of plant	1,958
Transportation	<u>66,721</u>
	72,587

Unallocated depreciation	<u>460,378</u>
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Total governmental activities depreciation expense	<u><u>\$ 532,965</u></u>
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Business-type activities:

Food service operations	<u><u>\$ 9,186</u></u>
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NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 8. Long-Term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 8,885,000	\$ -	\$ 555,000	\$ 8,330,000	\$ 575,000
Revenue bonds	10,465,000	-	650,000	9,815,000	470,000
Early retirement	105,998	100,000	89,644	116,354	86,831
Compensated absences	17,231	31,932	17,231	31,932	31,932
Net OPEB liability	159,386	37,848	-	197,234	-
<b>Total</b>	<b>\$ 19,632,615</b>	<b>\$ 169,780</b>	<b>\$ 1,311,875</b>	<b>\$ 18,490,520</b>	<b>\$ 1,163,763</b>

Bonded Debt

On June 27, 2006, the District issued general obligation bonds of \$4,100,000 for capital facility construction. On December 1, 2012, the District issued general obligation bonds of \$6,400,000 for the high school remodel project construction. The General Obligation Bonds will be paid with property taxes collected in the Debt Service Fund. Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 27, 2006				
	Interest Rates	Principal	Interest	Total	
2015	4.25 %	\$ 310,000	\$ 101,585	\$ 411,585	
2016	4.00	325,000	88,410	413,410	
2017	4.00	340,000	75,410	415,410	
2018	4.00	360,000	61,810	421,810	
2019	4.00	375,000	47,410	422,410	
2020-2021	4.00-4.10	800,000	49,220	849,220	
<b>Total</b>		<b>\$ 2,510,000</b>	<b>\$ 423,845</b>	<b>\$ 2,933,845</b>	

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 8. Long-Term Liabilities (continued)

Bonded Debt (continued)

Year Ending June 30,	Bond Issue of December 1, 2012			
	Interest Rates	Principal	Interest	Total
2015	2.00 %	\$ 265,000	\$ 119,965	\$ 384,965
2016	2.00	265,000	114,665	379,665
2017	2.00	25,000	109,365	134,365
2018	2.00	25,000	108,865	133,865
2019	2.00	25,000	108,365	133,365
2020-2024	2.00	1,350,000	510,125	1,860,125
2025-2029	2.00	2,345,000	312,325	2,657,325
2030-2032	2.15-2.30	1,520,000	69,248	1,589,248
Total		<u>\$ 5,820,000</u>	<u>\$ 1,452,923</u>	<u>\$ 6,887,958</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2015	\$ 575,000	\$ 221,550	\$ 796,550
2016	590,000	203,075	793,075
2017	365,000	184,775	549,775
2018	385,000	170,675	555,675
2019	400,000	155,775	555,775
2020-2024	2,150,000	559,345	2,709,345
2025-2029	2,345,000	312,325	2,657,325
2030-2032	1,520,000	69,248	1,589,248
Total	<u>\$ 8,330,000</u>	<u>\$ 1,876,768</u>	<u>\$ 10,206,768</u>

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 8. Long-Term Liabilities (continued)

Bonded Debt (continued)

On July 1, 2009, the District issued statewide sales, services and use tax revenue bonds of \$11,100,000 for school infrastructure. The Revenue Bonds will be paid with statewide sales, services and use taxes collected in the Capital Projects Fund. Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 1, 2009			
	Interest Rates	Principal	Interest	Total
2015	4.00 %	\$ 470,000	\$ 459,475	\$ 929,475
2016	4.00	430,000	441,475	871,475
2017	4.00	445,000	423,975	868,975
2018	4.00	465,000	405,775	870,775
2019	4.25	480,000	386,275	866,275
2020-2024	4.50-5.00	2,755,000	1,576,750	4,331,750
2025-2029	5.00-5.30	3,510,000	807,945	4,317,945
2030	5.30	1,260,000	45,182	1,305,182
Total		<u>\$ 9,815,000</u>	<u>\$ 4,546,852</u>	<u>\$ 14,361,852</u>

The District has pledged future statewide sales, services and use tax revenues to repay the bonds. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District in accordance with Chapter 423E of the Code of Iowa and are payable through 2030. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitations of the District. Annual principal and interest payments on the bonds are expected to require approximately 72 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$14,361,852. For the current year, \$650,000 in principal and \$481,875 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,298,640.

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

- a) The bonds will only be redeemed from the future earnings of the statewide sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made into a sinking fund for the purpose of making the bond principal and interest payments when due.
- c) A separate bond reserve fund will be maintained in the amount of \$1,095,946 to be used solely for the purpose of paying principal and interest in the event the sinking fund does not have sufficient funds for that purpose.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 8. Long-Term Liabilities (continued)

Early Retirement

The District offers a voluntary early retirement plan to its certified and support staff employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 45% of the employee's base salary. The employee's base salary is calculated by using the current year regular salary schedule, excluding any other additional pay. Early retirement benefits will be paid to a tax-sheltered annuity in annual payments not to exceed three years.

At June 30, 2014, the District has obligations to six participants with a total liability of \$116,354. Early retirement benefits paid during the year ended June 30, 2014, totaled \$89,644. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

Note 9. 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 158 active and 16 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is 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 subsidy and an OPEB liability.

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

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

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 9. Other Postemployment Benefits (OPEB) (continued)

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 obligation:

Annual required contribution	\$	118,415
Interest on net OPEB obligation		7,172
Adjustment to annual required contribution		<u>(9,785)</u>
Annual OPEB cost		115,802
Contributions made		<u>(77,954)</u>
Increase in net OPEB obligation		37,848
Net OPEB obligation beginning of year		<u>159,386</u>
 Net OPEB obligation end of year	 \$	 <u><u>197,234</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$77,954 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 117,014	68.69%	\$ 122,059
2013	116,415	67.94%	159,386
2014	115,802	67.32%	197,234

**Funded Status and Funding Progress** – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2014, the actuarial accrued liability was \$1,099,633, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,099,633. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$10,085,000, and the ratio of the UAAL to covered payroll was 10.90%. 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 9. Other Postemployment Benefits (OPEB) (continued)

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, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP 2000 Mortality Tables, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type. Termination (turnover) probabilities were based on Scale T-6 of the Actuary's Pension Handbook for certified employees and Scale T-5 of the Actuary's Pension Handbook for classified employees.

Projected claim costs of the medical plan are as follows: \$743 per month for retirees and \$817 per month for spouses with the \$500 deductible plan; \$764 per month for retirees and \$840 per month for spouses with the \$750 deductible plan; and \$701 per month for retirees and \$771 for spouses with the \$1,000 deductible plan. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

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

A stand-alone financial report has not been issued for the OPEB plan.

Note 10. 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 salary for the year ended June 30, 2014. Contribution requirements are established and may be amended by State statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$882,294, \$825,441, and \$738,515, respectively, equal to the required contributions for each year.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 11. Risk Management

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

Note 12. Categorical Funding

The District's ending restricted balances for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Limited English proficiency	\$ 203
Home school assistance program	72,269
At-risk programs	1,589
Gifted and talented programs	13,554
Four year old preschool state aid	232,480
Iowa early intervention block grant	1,884
Successful progression for early readers	22,856
Professional development for model core curriculum	962
Professional development	78,602
Teacher leadership grants	<u>8,419</u>
Total	<u>\$ 432,818</u>

Note 13. 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 \$563,800 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.

Note 14. Budget Overexpenditure

Per the Code of Iowa, expenditures/expenses may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2014, expenditures/expenses in the support services function exceeded the certified budget.

Note 15. Deficit Balances

The Management Levy Fund within the nonmajor governmental funds had a deficit unassigned fund balance of \$49,851 and the Enterprise, School Nutrition Fund had a deficit unrestricted net position of \$6,596 at June 30, 2014.

NEVADA COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2014

Note 16. Construction Commitments

The District has one active construction project as of June 30, 2014. The project is the High School remodel and renovation project. The District has entered into contracts totaling \$12,169,549. As of June 30, 2014, costs of \$12,115,149 had been incurred against the contracts. The balance of \$54,400 remaining at June 30, 2014 will be paid as work on the project progresses.

Note 17. 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 disclosures 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

NEVADA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –  
 Budget and Actual – All Governmental Funds  
 and Proprietary Fund  
 Required Supplementary Information  
 Year Ended June 30, 2014

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 7,983,939	\$ 828,486	\$ 8,812,425	\$ 9,736,626	\$ 9,736,626	\$ (924,201)
State sources	10,411,671	5,712	10,417,383	8,828,603	8,828,603	1,588,780
Federal sources	508,619	370,913	879,532	784,762	784,762	94,770
<b>Total revenues</b>	<b>18,904,229</b>	<b>1,205,111</b>	<b>20,109,340</b>	<b>19,349,991</b>	<b>19,349,991</b>	<b>759,349</b>
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	10,356,121	-	10,356,121	10,822,500	10,822,500	466,379
Support services	5,278,087	4,244	5,282,331	5,244,447	5,244,447	(37,884)
Non-instructional programs	970	768,146	769,116	825,600	825,600	56,484
Other expenditures	5,750,287	-	5,750,287	5,422,901	5,822,901	72,614
<b>Total expenditures/expenses</b>	<b>21,385,465</b>	<b>772,390</b>	<b>22,157,855</b>	<b>22,315,448</b>	<b>22,715,448</b>	<b>557,593</b>
Excess (deficiency) of revenues over (under) expenditures/ expenses	(2,481,236)	432,721	(2,048,515)	(2,965,457)	(3,365,457)	1,316,942
Other financing sources, net	4,125	-	4,125	-	-	4,125
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(2,477,111)	432,721	(2,044,390)	(2,965,457)	(3,365,457)	1,321,067
Balance beginning of year	9,554,091	59,023	9,613,114	10,077,026	10,077,026	(463,912)
Balance end of year	<u>\$ 7,076,980</u>	<u>\$ 491,744</u>	<u>\$ 7,568,724</u>	<u>\$ 7,111,569</u>	<u>\$ 6,711,569</u>	<u>\$ 857,155</u>

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

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 the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$400,000.

During the year ended June 30, 2014, expenditures/expenses in the support services function exceeded the certified budget.

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS FOR THE RETIREE HEALTH PLAN  
(In Thousands)  
Required Supplementary Information  
Year Ended June 30, 2014

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets ( a )</u>	<u>Actuarial Accrued Liability (AAL) ( b )</u>	<u>Unfunded AAL (UAAL) ( b-a )</u>	<u>Funded Ratio ( a/b )</u>	<u>Covered Payroll ( c )</u>	<u>UAAL as a Percentage of Covered Payroll ( (b-a)/c )</u>	<u>Employer Contributions</u>
2009	July 1, 2008	\$ -	\$ 910	\$ 910	0.0%	\$ 6,959	13.08%	\$ 53
2010	July 1, 2008	-	910	910	0.0%	7,767	11.72%	69
2011	July 1, 2008	-	910	910	0.0%	9,290	9.80%	53
2012	July 1, 2011	-	1,100	1,100	0.0%	9,404	11.69%	80
2013	July 1, 2011	-	1,100	1,100	0.0%	9,703	11.33%	79
2014	July 1, 2011	-	1,100	1,100	0.0%	10,085	10.90%	78

See note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Nevada Community School District

Nonmajor Governmental Funds

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

Management Levy Fund

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

Student Activity Fund

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

## NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	Special Revenue		Total
	Management Levy	Student Activity	
Assets			
Cash and pooled investments	\$ -	\$ 197,415	\$ 197,415
Receivables:			
Property tax:			
Delinquent	1,629	-	1,629
Succeeding year	350,572	-	350,572
Accounts	-	572	572
Due from other governments	-	209	209
<b>Total assets</b>	<b>\$ 352,201</b>	<b>\$ 198,196</b>	<b>\$ 550,397</b>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 13,487	\$ 13,487
Due to other governments	2,149	111	2,260
Interfund payable	49,331	5,052	54,383
<b>Total liabilities</b>	<b>51,480</b>	<b>18,650</b>	<b>70,130</b>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	350,572	-	350,572
Fund balances:			
Restricted for:			
Student activities	-	179,546	179,546
Unassigned	(49,851)	-	(49,851)
<b>Total fund balances</b>	<b>(49,851)</b>	<b>179,546</b>	<b>129,695</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 352,201</b>	<b>\$ 198,196</b>	<b>\$ 550,397</b>

See accompanying independent auditor's report.

## NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	Special Revenue		Total
	Management	Student	
	Levy	Activity	
Revenues:			
Local sources:			
Local tax	\$ 244,816	\$ -	\$ 244,816
Other	7,622	433,519	441,141
State sources	106	-	106
Total revenues	252,544	433,519	686,063
Expenditures:			
Current:			
Instruction	109,947	400,915	510,862
Support services:			
Administration services	20,775	-	20,775
Operation and maintenance of plant services	153,729	171	153,900
Transportation services	15,920	-	15,920
Total expenditures	300,371	401,086	701,457
Excess (deficiency) of revenues over (under) expenditures	(47,827)	32,433	(15,394)
Fund balances beginning of year	(2,024)	147,113	145,089
Fund balances end of year	\$ (49,851)	\$ 179,546	\$ 129,695

See accompanying independent auditor's report.

## NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS ACCOUNTS  
June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
Assets				
Cash and pooled investments	\$ 1,685,788	\$ 327,174	\$ 856,960	\$ 2,869,922
Receivables:				
Property tax:				
Delinquent	-	2,777	-	2,777
Succeeding year	-	404,777	-	404,777
Due from other governments	207,083	-	-	207,083
	<u>\$ 1,892,871</u>	<u>\$ 734,728</u>	<u>\$ 856,960</u>	<u>\$ 3,484,559</u>
Total assets				
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 10,744	\$ 206,378	\$ 217,122
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	404,777	-	404,777
	<u>-</u>	<u>404,777</u>	<u>-</u>	<u>404,777</u>
Fund balances:				
Restricted for:				
School infrastructure	1,892,871	-	650,582	2,543,453
Physical plant and equipment	-	319,207	-	319,207
Total fund balances	<u>1,892,871</u>	<u>319,207</u>	<u>650,582</u>	<u>2,862,660</u>
Total liabilities, deferred inflows of resources and fund balances				
	<u>\$ 1,892,871</u>	<u>\$ 734,728</u>	<u>\$ 856,960</u>	<u>\$ 3,484,559</u>

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 Year Ended June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
<b>Revenues:</b>				
Local sources:				
Local tax	\$ -	\$ 389,673	\$ -	\$ 389,673
Other	167,000	-	11,687	178,687
State sources	1,298,640	154	6,879	1,305,673
Federal sources	-	-	51,589	51,589
Total revenues	<u>1,465,640</u>	<u>389,827</u>	<u>70,155</u>	<u>1,925,622</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	1,830	-	1,830
Support services:				
Instructional staff services	81,626	40,806	-	122,432
Operation and maintenance of plant services	-	8,860	-	8,860
Transportation services	-	135,105	-	135,105
Other expenditures:				
Facilities acquisition	47,430	182,105	3,030,789	3,260,324
Total expenditures	<u>129,056</u>	<u>368,706</u>	<u>3,030,789</u>	<u>3,528,551</u>
Excess (deficiency) of revenues over (under) expenditures	1,336,584	21,121	(2,960,634)	(1,602,929)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	20,255	20,255
Transfers out	(926,800)	-	-	(926,800)
Total other financing sources (uses)	<u>(926,800)</u>	<u>-</u>	<u>20,255</u>	<u>(906,545)</u>
Net change in fund balances	409,784	21,121	(2,940,379)	(2,509,474)
Fund balances beginning of year	<u>1,483,087</u>	<u>298,086</u>	<u>3,590,961</u>	<u>5,372,134</u>
Fund balances end of year	<u>\$ 1,892,871</u>	<u>\$ 319,207</u>	<u>\$ 650,582</u>	<u>\$ 2,862,660</u>

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>Assets</b>				
Cash and pooled investments	\$ 16,391	\$ 10,824	\$ 6,073	\$ 21,142
Accounts receivable	536	10	268	278
	<u>\$ 16,927</u>	<u>\$ 10,834</u>	<u>\$ 6,341</u>	<u>\$ 21,420</u>
<b>Liabilities</b>				
Accounts payable	\$ 268	\$ 294	\$ 268	\$ 294
Due to other groups	16,659	10,540	6,073	21,126
	<u>\$ 16,927</u>	<u>\$ 10,834</u>	<u>\$ 6,341</u>	<u>\$ 21,420</u>

See accompanying independent auditor's report.

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Statistical Section

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NEVADA COMMUNITY SCHOOL DISTRICT

Statistical Section

(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	78-93
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District’s ability to generate its property taxes.	94-97
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	98-104
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s operations take place and to help make comparisons over time and with other governments.	105-109
Operating Information These schedules contain information about the District’s operations and resources to help the reader understand how the District’s financial information relates to the services the District provides and the activities it performs.	110-113

NEVADA COMMUNITY SCHOOL DISTRICT

NET POSITION BY COMPONENT  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
<b>Governmental activities</b>				
Net investment in capital assets	\$ 5,231,775	\$ 6,676,587	\$ 5,686,850	\$ 6,355,513
Restricted	1,185,554	266,512	2,988,643	3,059,113
Unrestricted	677,416	736,244	1,062,085	1,737,253
<b>Total governmental activities net position</b>	<b>7,094,745</b>	<b>7,679,343</b>	<b>9,737,578</b>	<b>11,151,879</b>
<b>Business-type activities</b>				
Net investment in capital assets	60,063	57,531	66,718	63,778
Restricted	-	-	-	-
Unrestricted	26,114	31,074	71,550	65,693
<b>Total business-type activities net position</b>	<b>86,177</b>	<b>88,605</b>	<b>138,268</b>	<b>129,471</b>
<b>Primary government</b>				
Net investment in capital assets	5,291,838	6,734,118	5,753,568	6,419,291
Restricted	1,185,554	266,512	2,988,643	3,059,113
Unrestricted	703,530	767,318	1,133,635	1,802,946
<b>Total primary government net position</b>	<b>7,180,922</b>	<b>7,767,948</b>	<b>9,875,846</b>	<b>11,281,350</b>

Source: School District Financial Records

	2009	2010	2011	2012	2013	2014
\$	7,115,034	\$ 2,504,113	\$ 6,882,710	\$ 14,567,782	\$ 15,986,691	\$ 16,280,078
	3,899,173	9,681,107	6,945,794	3,760,529	3,907,390	4,394,978
	602,609	519,637	1,287,665	2,083,344	1,861,420	1,821,446
	11,616,816	12,704,857	15,116,169	20,411,655	21,755,501	22,496,502
	57,877	58,047	53,203	66,647	72,840	498,340
	-	-	-	-	-	-
	55,682	105,790	140,617	61,705	(13,817)	(6,596)
	113,559	163,837	193,820	128,352	59,023	491,744
	7,172,911	2,562,160	6,935,913	14,634,429	16,059,531	16,778,418
	3,899,173	9,681,107	6,945,794	3,760,529	3,907,390	4,394,978
	658,291	625,427	1,428,282	2,145,049	1,847,603	1,814,850
	11,730,375	12,868,694	15,309,989	20,540,007	21,814,524	22,988,246

NEVADA COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$ 8,648,727	\$ 8,566,639	\$ 8,819,553	\$ 9,465,919
Student Services	629,174	553,116	562,967	704,624
Instructional Staff Services	427,449	485,660	561,912	608,542
Administration Services	856,527	925,429	1,074,906	1,073,190
Operation and Maintenance of Plant Services	972,783	1,114,833	1,162,466	1,757,438
Transportation Services	472,413	442,531	492,330	426,668
Non-Instructional Programs	29,210	19,210	28,606	26,332
Facilities Acquisition	392,253	810,283	-	-
Long-term debt interest and fiscal charges	65,052	306,149	382,249	307,300
AEA Flowthrough	412,669	427,831	462,464	493,418
Depreciation (unallocated)	211,923	599,916	257,450	396,840
Total governmental activities expenses	<u>13,118,180</u>	<u>14,251,597</u>	<u>13,804,903</u>	<u>15,260,271</u>
Business-Type Activities:				
Administration Services	-	-	-	349
Operation and Maintenance of Plant Services	-	-	17,389	19,417
Food Service Operations	561,991	558,632	563,754	615,942
Total business-type activities expenses	<u>561,991</u>	<u>558,632</u>	<u>581,143</u>	<u>635,708</u>
Total primary government expenses	<u>13,680,171</u>	<u>14,810,229</u>	<u>14,386,046</u>	<u>15,895,979</u>

	2009	2010	2011	2012	2013	2014
\$	9,597,385	\$ 9,345,206	\$ 9,443,658	\$ 10,362,498	\$ 10,344,934	\$ 10,348,540
	726,992	722,101	756,836	767,057	894,291	982,690
	530,941	589,891	752,446	680,026	916,823	855,627
	1,274,126	1,140,944	1,215,724	1,245,889	1,331,779	1,471,692
	1,565,012	1,199,756	1,363,732	1,162,153	1,495,870	1,741,410
	620,423	489,593	482,232	567,134	650,381	607,470
	14,535	4,622	1,897	-	-	435,656
	-	327,584	-	212,015	-	-
	321,037	826,855	823,115	658,890	795,901	706,685
	506,098	553,617	560,349	508,759	533,548	563,800
	737,289	207,263	398,604	373,519	352,429	460,378
	<u>15,893,838</u>	<u>15,407,432</u>	<u>15,798,593</u>	<u>16,537,940</u>	<u>17,315,956</u>	<u>18,173,948</u>
	202	-	-	194	-	-
	13,358	13,700	13,899	13,059	6,116	4,244
	<u>648,810</u>	<u>643,261</u>	<u>653,428</u>	<u>771,782</u>	<u>772,810</u>	<u>768,146</u>
	<u>662,370</u>	<u>656,961</u>	<u>667,327</u>	<u>785,035</u>	<u>778,926</u>	<u>772,390</u>
	<u>16,556,208</u>	<u>16,064,393</u>	<u>16,465,920</u>	<u>17,322,975</u>	<u>18,094,882</u>	<u>18,946,338</u>

NEVADA COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 1,074,285	\$ 1,154,109	\$ 1,078,361	\$ 1,134,381
Support Services	33,643	5,680	1,963	1,984
Operating Grants and Contributions	1,184,031	1,164,797	1,429,221	1,972,974
Capital Grants and Contributions	117,088	-	19,940	62,196
Total governmental activities program revenues	<u>2,409,047</u>	<u>2,324,586</u>	<u>2,529,485</u>	<u>3,171,535</u>
Business-Type Activities:				
Food Service Operations:				
Charges for Services	347,314	367,572	361,080	370,583
Operating Grants and Contributions	190,492	204,845	239,455	253,139
Capital Grants and Contributions	-	-	-	-
Total business-type activities program revenues	<u>537,806</u>	<u>572,417</u>	<u>600,535</u>	<u>623,722</u>
Total primary government program revenues	<u>2,946,853</u>	<u>2,897,003</u>	<u>3,130,020</u>	<u>3,795,257</u>
<b>Net (Expense)/Revenue</b>				
Total governmental activities net expense	(10,709,133)	(11,927,011)	(11,275,418)	(12,088,736)
Total business-type activities net (expense) revenue	<u>(24,185)</u>	<u>13,785</u>	<u>19,392</u>	<u>(11,986)</u>
Total primary government net expense	<u>\$ (10,733,318)</u>	<u>\$ (11,913,226)</u>	<u>\$ (11,256,026)</u>	<u>\$ (12,100,722)</u>

Source: School District Financial Records

	2009	2010	2011	2012	2013	2014
\$	1,082,449	\$ 1,030,208	\$ 1,020,925	\$ 1,293,350	\$ 1,409,639	\$ 1,513,912
	43,473	20,907	45,968	79,110	103,627	73,263
	1,910,991	2,897,484	2,082,308	2,308,371	2,342,535	2,661,300
	-	-	759,124	4,136,811	476,612	-
	<u>3,036,913</u>	<u>3,948,599</u>	<u>3,908,325</u>	<u>7,817,642</u>	<u>4,332,413</u>	<u>4,248,475</u>
	389,375	394,698	363,456	375,585	353,840	393,612
	256,107	312,259	329,311	343,378	340,062	376,625
	-	-	-	-	15,407	434,686
	<u>645,482</u>	<u>706,957</u>	<u>692,767</u>	<u>718,963</u>	<u>709,309</u>	<u>1,204,923</u>
	<u>3,682,395</u>	<u>4,655,556</u>	<u>4,601,092</u>	<u>8,536,605</u>	<u>5,041,722</u>	<u>5,453,398</u>
	(12,856,925)	(11,458,833)	(11,890,268)	(8,720,298)	(12,983,543)	(13,925,473)
	(16,888)	49,996	25,440	(66,072)	(69,617)	432,533
\$	<u>(12,873,813)</u>	<u>(11,408,837)</u>	<u>(11,864,828)</u>	<u>(8,786,370)</u>	<u>(13,053,160)</u>	<u>(13,492,940)</u>

NEVADA COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
<b>Net (Expense)/Revenue</b>				
Total Governmental Activities net expense	\$ (10,709,133)	\$ (11,927,011)	\$ (11,275,418)	\$ (12,088,736)
Total business-type activities net revenue (expense)	(24,185)	13,785	19,392	(11,986)
Total primary government net expense	<u>\$ (10,733,318)</u>	<u>\$ (11,913,226)</u>	<u>\$ (11,256,026)</u>	<u>\$ (12,100,722)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property tax levied for:				
General purposes	\$ 3,739,413	\$ 4,106,936	\$ 3,778,248	\$ 3,756,206
Debt service	444,929	438,498	439,108	447,359
Capital outlay	274,973	279,787	285,331	297,244
Income surtax	-	-	405,401	327,752
Sales tax	1,514,873	1,362,867	1,545,767	1,504,206
Unrestricted grants and contributions	5,794,091	6,020,105	6,419,498	6,733,643
Nonspecific program federal grants	-	-	-	-
Miscellaneous	42,720	46,514	85,161	229,554
Investment earnings	73,848	242,954	375,139	207,223
Transfers	-	13,948	-	(150)
Extraordinary items	-	-	-	-
Total governmental activities general revenues	<u>11,884,847</u>	<u>12,511,609</u>	<u>13,333,653</u>	<u>13,503,037</u>
Business-type activities:				
Miscellaneous	-	-	26,404	-
Investment earnings	1,775	2,591	3,867	3,039
Transfers	-	(13,948)	-	150
Total business-type activities general revenues	<u>1,775</u>	<u>(11,357)</u>	<u>30,271</u>	<u>3,189</u>
Total primary government	<u>11,886,622</u>	<u>12,500,252</u>	<u>13,363,924</u>	<u>13,506,226</u>
<b>Changes in Net Position</b>				
Governmental activities	1,175,714	584,598	2,058,235	1,414,301
Business-type activities	(22,410)	2,428	49,663	(8,797)
Total primary government	<u>\$ 1,153,304</u>	<u>\$ 587,026</u>	<u>\$ 2,107,898</u>	<u>\$ 1,405,504</u>

Source: School District Financial Records

	2009	2010	2011	2012	2013	2014
\$	(12,856,925)	\$ (11,458,833)	\$ (11,890,268)	\$ (8,720,298)	\$ (12,983,543)	\$ (13,925,473)
	(16,888)	49,996	25,440	(66,072)	(69,617)	432,533
\$	<u>(12,873,813)</u>	<u>(11,408,837)</u>	<u>(11,864,828)</u>	<u>(8,786,370)</u>	<u>(13,053,160)</u>	<u>(13,492,940)</u>
\$	3,648,552	\$ 3,972,925	\$ 4,468,324	\$ 4,218,791	\$ 4,163,355	\$ 4,519,309
	408,359	407,479	411,979	409,776	804,333	798,646
	310,904	323,783	342,385	356,414	372,276	389,827
	367,425	381,785	403,325	395,075	380,484	451,403
	1,549,800	1,467,841	1,470,798	1,658,000	1,683,338	1,298,640
	6,806,429	5,777,496	6,642,372	6,652,762	6,803,318	7,139,410
	-	-	340,684	213,809	-	-
	161,698	75,179	119,446	34,134	152,973	28,427
	105,977	140,386	102,267	77,023	58,759	40,812
	-	-	-	-	-	-
	(37,282)	-	-	-	-	-
	<u>13,321,862</u>	<u>12,546,874</u>	<u>14,301,580</u>	<u>14,015,784</u>	<u>14,418,836</u>	<u>14,666,474</u>
	-	-	3,813	-	-	-
	976	282	730	604	288	188
	-	-	-	-	-	-
	<u>976</u>	<u>282</u>	<u>4,543</u>	<u>604</u>	<u>288</u>	<u>188</u>
	<u>13,322,838</u>	<u>12,547,156</u>	<u>14,306,123</u>	<u>14,016,388</u>	<u>14,419,124</u>	<u>14,666,662</u>
	464,937	1,088,041	2,411,312	5,295,486	1,435,293	741,001
	(15,912)	50,278	29,983	(65,468)	(69,329)	432,721
\$	<u>449,025</u>	<u>1,138,319</u>	<u>2,441,295</u>	<u>5,230,018</u>	<u>1,365,964</u>	<u>1,173,722</u>

NEVADA COMMUNITY SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
General Fund:				
Reserved	\$ 51,872	\$ 42,953	\$ 63,394	\$ 70,527
Unreserved	555,314	580,670	806,162	719,898
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 607,186</u>	<u>\$ 623,623</u>	<u>\$ 869,556</u>	<u>\$ 790,425</u>
All Other Governmental Funds:				
Reserved:				
Debt service funds	\$ 99,190	\$ 1,661,818	\$ 2,161,963	\$ 2,030,288
Other reserved	-	-	-	-
Unreserved, reported in:				
Capital projects funds	6,861,916	5,088,600	1,502,874	1,453,287
Special revenue funds	53,780	223,223	243,431	307,641
Restricted for the following purposes:				
Debt service	-	-	-	-
School infrastructure	-	-	-	-
Physical plant and equipment	-	-	-	-
Management levy purposes	-	-	-	-
Student activity	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 7,014,886</u>	<u>\$ 6,973,641</u>	<u>\$ 3,908,268</u>	<u>\$ 3,791,216</u>

Notes: For the fiscal year ending 2011 the District implemented Government Accounting Standards Board Statement 54 which now classifies fund balance into nonspendable, restricted, committed, assigned and unassigned categories.

Source: School District Financial Records

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	139,028	\$ 284,756	\$ -	\$ -	\$ -	-
	588,479	570,918	-	-	-	-
	-	-	-	-	-	5,817
	-	-	328,749	401,934	255,106	432,818
	-	-	54,000	26,961	26,962	26,962
	-	-	98,862	102,280	171,040	181,780
	-	-	1,274,047	1,686,656	1,564,549	1,612,155
\$	<u>727,507</u>	<u>855,674</u>	<u>1,755,658</u>	<u>2,217,831</u>	<u>2,017,657</u>	<u>2,259,532</u>
\$	2,024,502	\$ 5,785,423	\$ -	\$ -	\$ -	-
	-	-	-	-	-	-
	1,507,892	3,269,576	-	-	-	-
	222,615	305,693	-	-	-	-
	-	-	4,953,232	2,013,206	2,019,211	1,825,093
	-	-	1,219,992	1,175,513	5,074,048	2,543,453
	-	-	283,287	250,564	298,086	319,207
	-	-	11,208	175,466	-	-
	-	-	160,534	140,174	147,113	179,546
	-	-	-	(47,759)	(2,024)	(49,851)
\$	<u>3,755,009</u>	<u>9,360,692</u>	<u>6,628,253</u>	<u>3,707,164</u>	<u>7,536,434</u>	<u>4,817,448</u>

NEVADA COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
Federal sources:				
Federal sources	\$ 286,117	\$ 261,805	\$ 275,655	\$ 302,886
State sources:				
State sources	6,599,717	6,923,097	7,464,747	8,230,951
Intermediate sources:				
Intermediate sources	-	2,000	35,252	10,378
Local sources:				
Local taxes	5,946,502	6,188,088	6,380,883	6,371,211
Tuition	605,500	561,729	570,688	612,406
Other revenues	799,971	839,014	1,060,102	1,169,612
Total local sources	7,351,973	7,588,831	8,011,673	8,153,229
Total Revenues	\$ 14,237,807	\$ 14,775,733	\$ 15,787,327	\$ 16,697,444

Source: School District Financial Records

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	<u>368,105</u>	<u>\$ 1,333,583</u>	<u>\$ 1,590,824</u>	<u>\$ 1,084,570</u>	<u>\$ 439,632</u>	<u>\$ 508,619</u>
	<u>8,306,423</u>	<u>7,279,946</u>	<u>8,144,467</u>	<u>8,686,429</u>	<u>8,666,541</u>	<u>10,411,671</u>
	<u>11,793</u>	<u>9,509</u>	<u>10,491</u>	<u>11,843</u>	<u>354</u>	<u>-</u>
	<u>6,289,506</u>	<u>6,509,565</u>	<u>7,086,356</u>	<u>7,024,048</u>	<u>7,411,008</u>	<u>6,150,262</u>
	<u>660,237</u>	<u>666,435</u>	<u>627,440</u>	<u>805,606</u>	<u>802,661</u>	<u>877,552</u>
	<u>761,336</u>	<u>641,018</u>	<u>738,972</u>	<u>4,209,427</u>	<u>1,328,460</u>	<u>956,125</u>
	<u>7,711,079</u>	<u>7,817,018</u>	<u>8,452,768</u>	<u>12,039,081</u>	<u>9,542,129</u>	<u>7,983,939</u>
\$	<u><u>16,397,400</u></u>	<u><u>16,440,056</u></u>	<u><u>18,198,550</u></u>	<u><u>21,821,923</u></u>	<u><u>18,648,656</u></u>	<u><u>18,904,229</u></u>

NEVADA COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
Instruction	\$ 8,662,269	\$ 8,338,486	\$ 8,833,840	\$ 9,473,916
Student services	629,174	553,116	562,967	704,624
Instructional staff services	427,449	485,660	561,912	608,542
Administration services	850,800	920,449	968,569	1,068,481
Operations and maintenance of plant services	945,924	1,114,473	1,171,874	1,213,458
Pupil transportation services	456,739	440,249	578,190	742,370
Non-instructional programs	29,210	19,210	28,606	26,332
AEA flowthrough	412,669	427,831	462,464	493,418
Capital outlay:				
Facilities acquisition/construction	1,827,335	5,867,298	4,016,239	1,277,204
Debt service:				
Principal	522,337	583,833	1,240,977	1,121,526
Interest and fiscal charges	48,668	214,048	382,445	318,246
	<u>\$ 14,812,574</u>	<u>\$ 18,964,653</u>	<u>\$ 18,808,083</u>	<u>\$ 17,048,117</u>
Debt service as a percentage of noncapital expenditures	4.01%	4.39%	9.45%	9.22%

Source: School District Financial Records

	2009	2010	2011	2012	2013	2014
\$	9,472,683	\$ 9,439,695	\$ 9,329,002	\$ 10,354,718	\$ 10,364,216	\$ 10,356,121
	721,981	723,389	755,352	767,385	889,923	980,105
	530,324	589,576	752,153	680,026	902,037	809,535
	1,145,952	1,130,226	1,188,237	1,253,032	1,288,736	1,449,247
	1,254,225	1,198,608	1,237,995	1,160,057	1,345,642	1,367,412
	616,057	476,125	498,694	516,590	688,525	671,788
	14,535	4,622	1,897	-	-	970
	506,098	553,617	560,349	508,759	533,548	563,800
	927,262	6,037,039	3,871,655	5,499,364	3,362,682	3,260,324
	1,023,434	1,023,796	1,130,884	2,834,821	1,265,900	1,205,000
	330,569	561,658	783,386	706,112	799,180	721,163
\$	<u>16,543,120</u>	<u>\$ 21,738,351</u>	<u>\$ 20,109,604</u>	<u>\$ 24,280,864</u>	<u>\$ 21,440,389</u>	<u>\$ 21,385,465</u>
	8.91%	7.87%	10.52%	17.07%	10.66%	9.90%

NEVADA COMMUNITY SCHOOL DISTRICT

OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Excess of revenues over (under) expenditures</b>	\$ <u>(574,767)</u>	\$ <u>(4,188,920)</u>	\$ <u>(3,020,756)</u>	\$ <u>(350,673)</u>
<b>Other financing sources (uses)</b>				
Issuance of general obligation bonds	-	4,100,000	-	-
Issuance of revenue bonds	6,000,000	-	-	-
Capital lease purchase agreement	140,999	-	198,477	87,918
Issuance of anticipatory warrants	-	-	-	-
Redemption of anticipatory warrants	-	-	-	-
Refunding debt issued	-	-	-	-
Payment to refunding escrow agent	-	-	-	-
Premium on bonds	31,220	46,514	-	-
Sale of capital assets	-	3,650	2,839	66,722
Transfers in	127,443	1,879,742	1,118,837	947,206
Transfers out	(127,443)	(1,865,794)	(1,118,837)	(947,356)
Extraordinary items	-	-	-	-
Total other financing sources (uses)	<u>6,172,219</u>	<u>4,164,112</u>	<u>201,316</u>	<u>154,490</u>
Net change in fund balances	\$ <u><u>5,597,452</u></u>	\$ <u><u>(24,808)</u></u>	\$ <u><u>(2,819,440)</u></u>	\$ <u><u>(196,183)</u></u>

Source: School District Financial Records

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	<u>(145,720)</u>	<u>(5,298,295)</u>	<u>(1,911,054)</u>	<u>(2,458,941)</u>	<u>(2,791,733)</u>	<u>(2,481,236)</u>
	-	-	-	-	6,400,000	-
	-	10,981,587	77,699	-	-	-
	80,754	-	-	-	-	-
	-	-	-	1,000,000	-	-
	-	-	-	(1,000,000)	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	39,389	-	-	112,236	-
	3,123	11,169	900	25	40	4,125
	939,732	4,392,514	730,477	1,252,989	1,152,080	947,055
	(939,732)	(4,392,514)	(730,477)	(1,252,989)	(1,152,080)	(947,055)
	(37,282)	-	-	-	-	-
	<u>46,595</u>	<u>11,032,145</u>	<u>78,599</u>	<u>25</u>	<u>6,512,276</u>	<u>4,125</u>
\$	<u>(99,125)</u>	<u>5,733,850</u>	<u>(1,832,455)</u>	<u>(2,458,916)</u>	<u>3,720,543</u>	<u>(2,477,111)</u>

NEVADA COMMUNITY SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30,	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2005	\$ 267,623,886	\$ 47,286,724	\$ 66,172,976	\$ 146,572,129	\$ 234,511,457	\$ 16.59480
2006	274,600,449	46,620,972	66,546,901	151,266,981	236,501,341	17.76519
2007	302,790,752	47,679,083	60,227,881	172,954,503	237,743,213	17.75500
2008	310,544,423	47,470,233	60,498,524	179,031,956	239,481,224	17.72244
2009	338,485,981	46,399,192	64,625,968	200,558,626	248,952,515	16.43213
2010	344,747,412	47,107,600	77,673,871	202,587,794	266,941,089	16.45943
2011	353,353,416	47,196,143	90,826,200	199,641,447	291,734,312	17.03265
2012	371,578,600	46,348,330	149,325,107	212,636,319	354,615,718	15.61389
2013	374,910,200	62,826,600	183,901,861	251,116,024	370,522,637	15.61527
2014	378,413,000	64,611,500	193,095,960	248,421,490	387,698,970	15.71000

Source: Story County Auditor

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

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

NEVADA COMMUNITY SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 Last Ten Fiscal Years  
 (Rate per \$1,000 of assessed value)  
 (Unaudited)

Fiscal Year Ended June 30,	District Direct Rates			Overlapping Rates		
	General Purposes	Capital Purposes	Total	Story County	City of Nevada	Community College
2005	\$ 13.97663	\$ 2.61817	\$ 16.59480	\$ 6.43930	\$ 14.87863	\$ 0.59856
2006	15.19793	2.56726	17.76519	6.61371	14.88108	0.68408
2007	15.25833	2.49667	17.75500	6.74790	14.87874	0.68688
2008	15.22244	2.50000	17.72244	6.61712	14.87874	0.60276
2009	14.11868	2.31345	16.43213	6.75930	15.12870	0.56386
2010	14.20095	2.25848	16.45943	6.89497	15.12870	0.56778
2011	14.82939	2.20326	17.03265	6.73556	15.00435	0.56008
2012	13.46417	2.14972	15.61389	6.53519	15.00435	0.59018
2013	12.45469	3.16058	15.61527	6.70208	15.42934	0.58466
2014	12.66128	3.04872	15.71000	6.68297	15.32974	0.69120

Source: Story County Auditor

Notes: Assessed value equals estimated actual value.

NEVADA COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS  
 Current Year and Nine Years Ago  
 (Unaudited)

Taxpayer	2014			2005		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
E I duPont deNemours & Company	\$ 34,200,000	1	9.69%	\$ -	-	-
Union Pacific Corporation	16,065,090	2	4.55%	-	-	-
Lincolnway Energy LLC	9,992,385	3	2.83%	-	-	-
Heart of Iowa Coop	5,575,570	4	1.58%	4,096,420	1	1.45%
Burke Marketing Corporation	4,843,350	5	1.37%	2,579,400	2	0.91%
Vetter Equipment Company	4,788,199	6	1.36%	-	-	-
Van Houweling Property LLC	2,528,370	7	0.72%	-	-	-
GMC Real Estate LLC	2,390,738	8	0.68%	-	-	-
Agrigentics Inc.	2,324,031	9	0.66%	-	-	-
PR Investments LLC	2,298,960	10	0.65%	-	-	-
Flexi-Coil Inc-Ctr	-	-	-	2,295,939	3	0.81%
Heart of Iowa Coop	-	-	-	1,563,610	4	0.55%
Hubert Family Trust	-	-	-	1,508,600	5	0.53%
Fareway Stores, Inc.	-	-	-	1,372,645	6	0.49%
Meadows Apartment Ltd.	-	-	-	1,349,543	7	0.48%
Northridge Invetments LLC	-	-	-	1,318,303	8	0.47%
Iowa Falls Nursing Corp	-	-	-	1,305,520	9	0.46%
Flummerfelt's Country Club Estates	-	-	-	1,104,343	10	0.39%
Total	<u>\$ 85,006,693</u>		<u>24.09%</u>	<u>\$ 18,494,323</u>		<u>6.54%</u>

Source: Story County Auditor

NEVADA COMMUNITY SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of the Levy		Amount	Percentage of the Levy
2005	\$ 4,113,720	\$ 4,071,818	98.98%	\$ 10,184	\$ 4,082,002	99.23%
2006	4,433,104	4,457,388	100.55%	-	4,457,388	100.55%
2007	4,456,193	4,505,212	101.10%	198	4,505,410	101.10%
2008	4,541,972	4,538,358	99.92%	3,614	4,541,972	100.00%
2009	4,338,131	4,370,394	100.74%	7,768	4,378,162	100.92%
2010	4,631,954	4,659,939	100.60%	-	4,659,939	100.60%
2011	5,184,295	5,067,736	97.75%	561	5,068,297	97.76%
2012	4,847,252	4,843,492	99.92%	1,212	4,844,704	99.95%
2013	5,311,216	5,339,964	100.54%	853	5,340,817	100.56%
2014	5,673,313	5,705,454	100.57%	757	5,706,210	100.58%

Source: Story County Treasurer and District records.

NEVADA COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Capital Loan Notes	Early Retirement	Compensated Absences	Net OPEB Liability
2005	1,185,000	6,000,000	140,999	204,323	35,499	-	-
2006	4,870,000	6,000,000	91,489	85,000	43,864	-	-
2007	4,450,000	5,335,000	218,989	-	16,181	-	-
2008	4,100,000	4,650,000	220,381	-	15,241	-	-
2009	3,865,000	3,940,000	222,701	-	114,641	66,978	34,147
2010	3,620,000	14,310,000	173,905	-	7,320	49,932	51,477
2011	3,360,000	13,550,000	140,720	-	98,643	30,581	85,061
2012	3,090,000	11,100,000	25,900	-	77,912	3,685	122,059
2013	8,885,000	10,465,000	-	-	105,998	17,231	159,386
2014	8,330,000	9,815,000	-	-	116,354	31,932	197,234

Source: School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 8 in the notes to the financial statements.

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

<u>Business Type Activities</u>	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
Net OPEB Liability			
-	7,565,821	0.31%	\$ 94
-	11,090,353	0.43%	138
-	10,020,170	0.37%	125
-	8,985,622	0.31%	113
206	8,243,673	0.27%	98
305	18,212,939	0.59%	215
362	17,265,367	0.55%	199
-	14,419,556	0.43%	162
-	19,632,615	0.48%	219
-	18,490,520	0.48%	206

NEVADA COMMUNITY SCHOOL DISTRICT

RATIO OF NET BONDED DEBT TO ASSESSED VALUES  
Last Ten Fiscal Years  
(Unaudited)

<u>Year of Collection</u>	<u>Population (a)</u>	<u>Assessed Property Value</u>	<u>Legal Debt Limit</u>	<u>Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Bonded Debt per Capita</u>
2004-05	80,239	\$ 381,083,586	\$ 21,109,701	\$ 7,185,000	1.89%	89.54
2005-06	79,787	387,768,322	21,761,450	10,870,000	2.80%	136.24
2006-07	83,804	410,697,716	23,021,473	9,875,000	2.40%	117.83
2007-08	84,752	418,513,180	24,064,336	8,750,000	2.09%	103.24
2008-09	86,754	449,511,141	26,020,293	7,805,000	1.74%	89.97
2009-10	89,285	469,528,883	25,881,662	17,930,000	3.82%	200.82
2010-11	89,575	491,375,759	24,568,779	16,910,000	3.44%	188.78
2011-12	89,663	567,252,037	28,362,602	14,190,000	2.50%	158.26
2012-13	91,140	621,638,661	31,081,933	19,350,000	3.11%	212.31
2013-14	92,406	636,120,460	31,806,023	18,145,000	2.86%	196.36

Source: School District financial records.

Notes: Assessed Property Value is total of Residential, Commercial, and Other Property Value on Statistical Schedule for Assessed Value and Actual Value of Taxable Property.

(a) U S Census Web Site

NEVADA COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2014

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Story County	\$ 6,640,212	10.36%	\$ 688,231
City of Nevada	19,301,306	100.00%	19,301,306
Area XI Community College	69,105,000	1.10%	<u>757,774</u>
Subtotal, overlapping debt			20,747,311
District direct debt			<u>18,490,520</u>
Total direct and overlapping debt			<u>\$ 39,237,831</u>

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

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

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

NEVADA COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years  
(Unaudited)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 21,109,701	\$ 21,761,450	\$ 23,021,473	\$ 24,064,336
Total net debt applicable to limit	<u>204,323</u>	<u>85,000</u>	-	-
Legal debt margin	<u>\$ 20,905,378</u>	<u>\$ 21,676,450</u>	<u>\$ 23,021,473</u>	<u>\$ 24,064,336</u>
Total net debt applicable to the limit as a percentage of debt limit	0.97%	0.39%	0.00%	0.00%

Source: School District financial records and Story County Auditor.

Notes:

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

Legal Debt Margin Calculation for Fiscal Year 2014

Actual assessed value (a)	\$ 636,120,460
Debt limit (5% of assessed value) (b)	\$ 31,806,023
Debt applicable to limit	<u>18,490,520</u>
Legal debt margin	<u><u>13,315,503</u></u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	26,020,293	\$ 25,881,662	\$ 24,568,779	\$ 28,362,602	\$ 31,081,933	\$ 31,806,023
	-	18,103,905	17,050,720	14,419,556	19,632,615	18,490,520
\$	<u>26,020,293</u>	<u>7,777,757</u>	<u>7,518,059</u>	<u>13,943,046</u>	<u>11,449,318</u>	<u>13,315,503</u>
	0.00%	69.95%	69.40%	50.84%	63.16%	58.14%

NEVADA COMMUNITY SCHOOL DISTRICT

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds			Coverage
	Revenue	Debt Service		
		Principal	Interest	
2005	1,514,873	-	-	-
2006	1,362,867	-	122,710	11.11
2007	1,545,767	665,000	200,053	1.79
2008	1,504,206	685,000	178,784	1.74
2009	1,549,800	710,000	155,045	1.79
2010	1,467,841	730,000	389,262	1.31
2011	1,470,798	760,000	622,580	1.06
2012	1,658,000	785,000	594,770	1.20
2013	1,683,338	635,000	507,575	1.47
2014	1,298,640	650,000	481,875	1.15

Source: School District financial records.

Notes: Details regarding the District's outstanding debt can be found in Note 8 of the notes to the financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 Last Ten Calendar Years  
 (Unaudited)

Calendar Year	Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income	Unemployment Rate (c)
2004	80,239	2,417,680	30,131	3.00%
2005	79,787	2,553,304	32,002	3.30%
2006	83,804	2,728,284	32,556	3.50%
2007	84,752	2,895,000	33,942	3.70%
2008	86,754	3,052,147	35,400	5.70%
2009	89,285	3,106,000	34,790	4.80%
2010	89,575	3,143,000	35,087	5.30%
2011	89,663	3,356,023	37,429	4.50%
2012	91,140	4,061,918	44,568	4.60%
2013	92,406	3,820,886	41,349	3.80%

Notes:

The data provided is for Story County, Iowa

(a) U S Census Web Site

(b) Bureau of Economic Analysis Web Site

(c) Iowa Workforce Development Web Site

NEVADA COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago  
(Unaudited)

Employer	2014			2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Story County	373	1	3.77%	373	1	3.55%
Burke Marketing	350	2	3.53%	360	2	3.43%
Nevada Community School District	220	3	2.22%	220	3	2.10%
Story County Medical Center	200	4	2.02%	200	4	1.90%
ALMACO	150	5	1.51%	95	6	0.90%
General Financial Supply	115	6	1.16%	125	5	1.19%
Mid-America Manufacturing	75	7	0.76%	75	9	0.71%
Paragon International	56	8	0.57%	56	10	0.53%
Printgraphics	55	9	0.56%	55	7	0.52%
City of Nevada	45	10	0.45%	44	8	0.42%
Total	<u>1,639</u>		<u>16.55%</u>	<u>1,603</u>		<u>15.25%</u>

Source: Nevada Economic Development Council web site

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NEVADA COMMUNITY SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE

Last Ten Fiscal Years  
(Unaudited)

	Full-Time Equivalent Employees as of June 30,				
	2005	2006	2007	2008	2009
<b>Supervisory:</b>					
Superintendent	1.0	1.0	1.0	1.0	1.0
Principals	3.0	3.0	3.0	3.0	3.0
Assistant principals	0.5	0.5	0.3	0.3	0.7
All other administrators	4.5	4.5	4.8	4.8	4.8
Total supervisory	<u>9.0</u>	<u>9.0</u>	<u>9.1</u>	<u>9.1</u>	<u>9.5</u>
<b>Instruction:</b>					
Teachers	106.3	110.7	101.9	111.4	105.6
Teachers' Aides	20.5	25.0	24.0	26.0	39.0
Other	1.5	1.5	1.5	0.5	0.0
Total instruction	<u>128.3</u>	<u>137.2</u>	<u>127.4</u>	<u>137.9</u>	<u>144.6</u>
<b>Student services:</b>					
Counselors	3.3	3.3	3.3	3.3	5.3
Nurses	2.0	2.0	2.0	2.1	2.1
Librarians	2.5	2.5	2.0	2.0	2.0
Total student services	<u>7.8</u>	<u>7.8</u>	<u>7.3</u>	<u>7.4</u>	<u>9.4</u>
<b>Support and administration:</b>					
Office/Clerical	7.0	6.5	10.5	9.7	9.7
Operative	10.0	12.0	12.0	15.0	11.0
Service	34.5	35.0	19.2	25.0	16.0
Other support	7.5	2.0	9.5	12.0	6.0
Total support and administration	<u>59.0</u>	<u>55.5</u>	<u>51.2</u>	<u>61.7</u>	<u>42.7</u>
<b>Total</b>	<u><u>204.1</u></u>	<u><u>209.5</u></u>	<u><u>195.0</u></u>	<u><u>216.1</u></u>	<u><u>206.2</u></u>

Source: District records

Full-Time Equivalent Employees as of June 30,					Percentage
2010	2011	2012	2013	2014	Change 2005-2014
1.0	1.0	1.0	1.0	1.0	0.0%
3.0	3.0	3.0	3.0	3.0	0.0%
0.7	0.7	0.7	0.7	1.2	140.0%
4.8	4.8	4.8	7.0	6.3	40.0%
9.5	9.5	9.5	11.7	11.5	27.8%
105.7	100.7	102.8	112.4	104.5	-1.7%
38.0	43.0	43.0	43.5	46.0	124.4%
0.0	8.0	0.0	0.0	0.0	-100.0%
143.7	151.7	145.8	155.9	150.5	17.3%
5.3	5.0	5.0	5.0	3.5	6.1%
2.1	2.0	2.0	2.0	2.0	0.0%
2.0	2.0	2.0	2.0	1.0	-60.0%
9.4	9.0	9.0	9.0	6.5	-16.7%
9.5	9.4	8.0	9.0	9.0	28.6%
26.0	22.0	25.0	19.0	19.0	90.0%
21.0	25.0	22.0	34.0	17.0	-50.7%
6.0	0.0	0.0	1.5	4.5	-40.0%
62.5	56.4	55.0	63.5	49.5	-16.1%
<u>225.1</u>	<u>226.6</u>	<u>219.3</u>	<u>240.1</u>	<u>218.0</u>	6.8%

NEVADA COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Enrollment (1)</u>	<u>Operating Expenditures (2)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>
2005	1,443	12,414,234	8,603	(4.76)%
2006	1,417	12,299,474	8,680	0.89%
2007	1,404	13,168,422	9,379	8.06%
2008	1,505	14,331,141	9,522	1.53%
2009	1,485	14,261,855	9,604	0.86%
2010	1,470	14,144,431	9,622	0.19%
2011	1,481	14,134,506	9,544	(0.81)%
2012	1,461	14,619,994	10,007	4.85%
2013	1,482	15,622,108	10,541	5.34%
2014	1,533	15,928,251	10,390	(1.43)%

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

Notes: N/A = not available.

(1) Average daily membership

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

<u>Expenses</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Priced Meals</u>
13,680,171	9,480	(1.47)%	106.30	13.57	23.4%
14,810,229	10,452	10.25%	105.60	13.42	21.9%
14,386,046	10,246	(1.96)%	101.90	13.78	26.0%
15,895,979	10,562	3.08%	113.45	13.27	27.0%
16,556,208	11,149	5.56%	112.90	13.15	24.0%
16,064,394	10,928	(1.98)%	105.70	13.91	24.0%
16,465,920	11,118	1.74%	100.70	14.71	32.0%
17,322,975	11,857	6.65%	102.80	14.21	35.0%
18,094,882	12,210	2.98%	112.40	13.19	35.0%
18,946,333	12,359	1.22%	104.50	14.67	36.0%

NEVADA COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2005	2006	2007	2008
<b>Elementary:</b>				
Central (2006)				
Square feet	91,000	53,000	103,000	103,000
Capacity	700	400	800	800
Enrollment	548	298	595	595
North Central (2006)				
Square feet	-	12,000	12,000	12,000
Capacity	-	200	200	200
Enrollment	-	131	15	15
<b>Middle:</b>				
Nevada Middle School (1991)				
Square feet	73,000	73,000	73,000	73,000
Capacity	600	600	600	600
Enrollment	446	546	546	546
<b>High:</b>				
Nevada High School (1962 / 2011)				
Square feet	115,000	115,000	115,000	115,000
Capacity	750	750	750	750
Enrollment	641	676	676	676
<b>Other District Facilities:</b>				
Bus Garage (1988)				

Source: District Records

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
103,000	103,000	103,000	103,000	103,000	103,000
800	800	800	800	800	800
595	602	688	688	617	617
12,000	12,000	12,000	12,000	12,000	12,000
200	200	200	200	200	200
15	15	15	15	15	15
73,000	73,000	73,000	73,000	73,000	73,000
600	600	600	600	600	600
546	410	431	431	450	450
115,000	115,000	125,790	125,790	148,574	148,574
750	750	870	870	870	870
676	428	438	438	421	421

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Single Audit Section

NEVADA COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2014

Grantor / Program	CFDA Number	Pass-through Grantor Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	4617-14	\$ 34,493
National School Lunch Program	10.555	4617-14	328,486 *
Special Milk Program for Children	10.556	4617-14	2,796
Summer Food Service Program for Children	10.559	4617-14	5,138
			<u>370,913</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	4617-G	170,892
Title I Grants to Local Educational Agencies	84.010	4617-GC	20,143
			<u>191,035</u>
Advanced Placement Program	84.330	4617-13	948
Advanced Placement Program	84.330	4617-14	490
			<u>1,438</u>
Improving Teacher Quality State Grants	84.367	4617-14	34,336
Grants for State Assessments and Related Activities	84.369	4617-14	8,085
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	4617-14	70,211
English Language Acquisition State Grants	84.365	4617-14	431
Ames Community School District:			
Career and Technical Education - Basic Grants to States	84.048	4617-14	10,827
U. S. Department of Homeland Security:			
Iowa Department of Homeland Security:		HMGP-	
Hazard Mitigation Grant	97.039	DR1763-0065	51,589
Total			<u>\$ 738,865</u>

\*Includes \$56,725 of non-cash awards

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Nevada 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.

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Nevada Community School District:

We have audited 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 Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nevada Community School District as of and for the year ended June 30, 2014 and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nevada Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nevada Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Nevada Community School District's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that haven't been identified. We did identify certain deficiencies in internal control over financial reporting, described in Part II of the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about Nevada Community School District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Nevada Community School District's Responses to Findings

Nevada Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Nevada Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

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

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

Oskaloosa, Iowa  
December 31, 2014

*Hunt & Associates, P.C.*

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Education of  
Nevada Community School District:

Report on Compliance for Each Major Federal Program

We have audited Nevada Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2014. Nevada Community School District's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Nevada Community School District's compliance.

Opinion on The Major Federal Program

In our opinion, Nevada 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 its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of Nevada 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 our audit of compliance, we considered Nevada Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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, we do not express an opinion on the effectiveness of Nevada Community School District's internal control over compliance.

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 is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our 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.

Oskaloosa, Iowa  
December 31, 2014

*Hunt & Associates, P.C.*

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

- (a) Unmodified opinions were issued on all opinion units.
- (b) No material weaknesses in internal control over financial reporting were reported. However, significant deficiencies in internal control over financial reporting were reported.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was as follows:
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
    - CFDA Number 10.556 – Special Milk Program for Children
    - CFDA Number 10.559 – Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Nevada Community School District did not qualify as a low-risk auditee.

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

- II-A-14 Financial Reporting – During the audit, we identified capital asset additions and disposals not recorded in the District’s financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all capital asset additions and disposals are identified and properly recorded in the District’s financial statements to ensure the accuracy of capital assets. The additions, disposals, and final listing should be reviewed each year and reconciled to the prior year listing and to the general ledger to ensure accuracy.

Response – We will double check these in the future to avoid missing any capital asset transactions and to ensure the accuracy of capital assets.

Conclusion – Response accepted.

- II-B-14 Fundraisers – We noted in our testing of Special Revenue, Student Activity Fund fundraisers that no fundraiser reconciliations are prepared by the activity sponsors.

Recommendation – The District should adopt and enforce a policy which requires a fundraiser reconciliation to be completed by sponsors for all fundraisers. This reconciliation should tie total sales receipts to the related bank deposits and reconcile receipts to the related invoices. This would help to determine if the fundraiser met the expected profit margin and to ensure all sales money has been collected and deposited.

Response – We will consider implementing these recommended fundraiser procedures.

Conclusion – Response accepted.

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget – District expenditures/expenses for the year ended June 30, 2014 exceeded the certified amount in the support services function.

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

Response – We will more carefully monitor expenses and modify the budget where appropriate in the future.

Conclusion – Response accepted.

IV-B-14 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

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.

IV-D-14 Business Transactions – No business transactions between the District and District officials were noted.

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 that 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 – The District’s supplementary weighting certified to the Iowa Department of Education for October 1, 2013 was overstated by 0.074 due to a course that should not have been claimed as a fall start session.

Recommendation – The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Response – We have contacted the Iowa Department of Education and the Iowa Department of Management by means of a letter from our auditor.

Conclusion – Response accepted.

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.

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

- 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.
- IV-L-14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable use of the statewide sales, services and use tax revenue provided in 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		\$	1,483,087
Revenues:			
Statewide sales, services and use tax	\$	1,298,640	
Contributions		<u>167,000</u>	1,465,640
Expenditures/transfers out:			
School infrastructure construction		47,430	
Equipment		81,626	
Transfers to other funds:			
Debt Service Fund		<u>926,800</u>	<u>1,055,856</u>
Ending balance		\$	<u><u>1,892,871</u></u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

NEVADA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

IV-M-14 Financial Condition – At June 30, 2014, the Special Revenue, Management Levy Fund had a deficit fund balance of \$49,851 and the Enterprise, School Nutrition Fund had an unrestricted net position deficit of \$6,596.

Recommendation – The District should investigate alternatives to eliminate these deficits and return the funds to a sound financial condition.

Response – For fiscal year 2015, we increased our management property tax levy by \$107,174. We will also continue to investigate alternatives to eliminate the School Nutrition Fund deficit balance.

Conclusion – Response accepted.

IV-N-14 Interfund Loans – We noted during our audit that the District had an implicit interfund loan between the Special Revenue, Management Levy Fund and the General Fund to cover the negative cash balance in the Management Levy Fund.

According to declaratory order number 4672 issued by the Iowa Department of Education to the Iowa Auditor of State, interfund loans must be approved by Board resolution, include interest on the unpaid balance, and be repaid by October 1 of the following year.

Recommendation – The negative cash balance in the Management Levy Fund should have been covered by an interfund loan approved by the Board including the interest rate and repayment plan.

Response – We will follow the Iowa Department of Education’s declaratory order in the future when applicable.

Conclusion – Response accepted.