

Nashua-Plainfield Community School District

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

June 30, 2015

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Nashua-Plainfield Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Brian Bierschenk	President	2017
Gail Zwanziger	Vice President	2015
Jeff Ulrichs	Board Member	2017
Rhonda Poppe	Board Member	2017
Dawn Koob	Board Member	2015

School Officials

Randy Strabala	Superintendent	2015
Michael Kalvig	District Secretary and Business Manager	2015
Beth Hansen	Attorney	2015

Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District, Nashua, Iowa, as of and for the year ended June 30, 2015, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Nashua-Plainfield Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. My opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 38 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

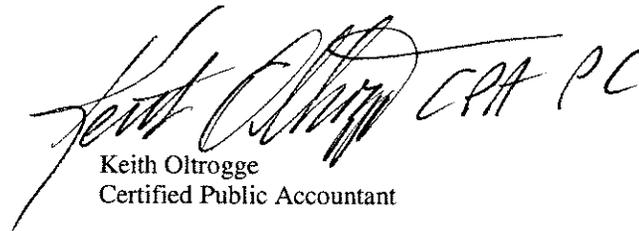
Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nashua-Plainfield Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 9, 2016 on my consideration of Nashua-Plainfield Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Nashua-Plainfield Community School District's internal control over financial reporting and compliance.



Keith Oltrogge
Certified Public Accountant

March 9, 2016

Nashua-Plainfield Community School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Nashua-Plainfield Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$6,637,399 in fiscal 2014 to \$6,532,299 in fiscal 2015, while General Fund expenditures decreased from \$6,642,248 in fiscal 2014 to \$6,486,208 in fiscal 2015. The District's General Fund balance increased from \$1,385,678 in fiscal 2014 to \$1,431,769 in fiscal 2015, a 3.0% increase.
- The decrease in General Fund revenues was attributable to a decrease in local and state sources in fiscal year 2015. The decrease in expenditures was due primarily to a decrease in instruction and support services functional areas.
- The District's solvency ratio has increased from 16.2% at June 30, 2014 to 16.7 % in fiscal 2015. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

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

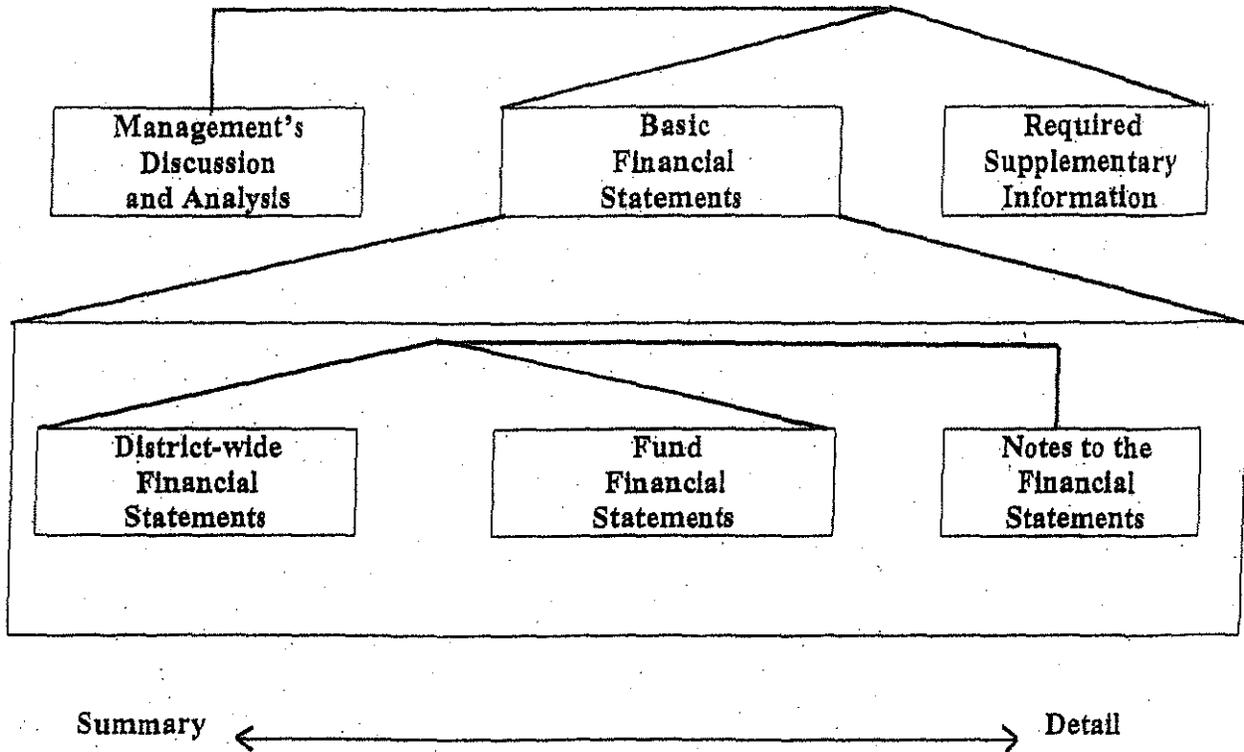


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

Figure A-2
Major Features of the Government-wide and Fund Financial Statements (continued):

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for proprietary funds include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
	(Not restated)		(Not restated)		(Not restated)		
Current and other assets	\$7,155,754	\$6,978,134	\$77,167	\$58,417	\$7,232,921	\$7,036,551	2.8%
Capital assets	7,467,732	7,630,680	26,048	31,691	7,493,780	7,662,371	-2.2%
Total assets	\$14,623,486	\$14,608,814	\$103,215	\$90,108	\$14,726,701	\$14,698,922	1.5%
Deferred outflows of resources	\$807,709	\$-	\$25,921	\$-	\$833,630	\$-	100.0%
Long-term liabilities	\$6,855,612	\$4,492,008	\$85,691	\$-	\$6,941,303	\$4,492,008	54.5%
Other liabilities	854,359	817,116	33,678	25,965	888,037	843,081	5.3%
Total liabilities	\$7,709,971	\$5,309,124	\$119,369	\$25,965	\$7,829,340	\$5,335,089	46.8%
Deferred inflows of resources	\$3,629,782	\$2,480,461	\$32,680	\$-	\$3,662,462	\$2,480,461	47.7%
Net position:							
Net investment in capital assets	\$3,297,300	\$3,149,737	\$26,048	\$31,691	\$3,323,348	\$3,181,428	4.5%
Restricted	2,314,798	2,310,245	-	-	2,314,798	2,310,245	0.2%
Unrestricted	-1,520,546	1,359,247	-49,071	32,452	-1,569,617	1,391,699	-212.8%
Total net position	\$4,091,552	\$6,819,229	-\$23,023	\$64,143	\$4,068,529	\$6,883,372	-40.9%

The District's total net position decreased by approximately 40.9%, or \$2,814,843, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$4,553 or 0.2% over the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$2,961,316, or 112.8%. This reduction in unrestricted net position was primarily a result of the District's net pension liability and net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,328,605 and \$106,822, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4
Changes in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
Revenues:							
Program revenues:							
Charges for service	\$473,561	\$476,008	\$241,830	\$222,733	\$715,391	\$698,741	2.4%
Operating grants, contributions and restricted interest	1,034,823	1,145,143	224,134	169,670	1,258,957	1,314,813	-4.3%
Capital grants, contributions and restricted interest	6,172	281,170	-	-	6,172	281,170	-97.8%
General revenues:							
Property tax	2,480,850	2,553,990	-	-	2,480,850	2,553,990	-2.9%
Income surtax	343,688	406,897	-	-	343,688	406,897	-15.5%
Statewide sales, service and use tax	612,158	561,024	-	-	612,158	561,024	9.1%
Unrestricted state grants	2,797,673	2,667,960	-	-	2,797,673	2,667,960	4.9%
Unrestricted investment earnings	14,631	14,990	85	38	14,716	15,028	-2.1%
Other	49,671	120,028	935	424	50,606	120,452	-58.0%
Total revenues	\$7,813,227	\$8,227,210	\$466,984	\$392,865	\$8,280,211	\$8,620,075	-3.9%
Program expenses:							
Governmental activities:							
Instruction	\$4,917,608	\$5,328,910	\$5,237	\$-	\$4,922,845	\$5,328,910	-7.6%
Support services	1,861,683	2,135,761	-	-	1,861,683	2,135,761	-12.8%
Non-instructional programs	3,924	13,556	442,091	380,082	446,015	393,638	13.3%
Other expenses	429,084	735,927	-	-	429,084	735,927	-41.7%
Total expenses	\$7,212,299	\$8,214,154	\$447,328	\$380,082	\$7,659,627	\$8,594,236	-10.9%
Change in net position before other sources	\$600,928	\$13,056	\$19,656	\$12,783	\$620,584	\$25,839	2,301.7%
Operating transfers	-	-135	-	135	-	-	-
Change in net position	\$600,928	\$12,921	\$19,656	\$12,918	\$620,584	\$25,839	2,301.7%
Net position, beginning of year, as restated	3,490,624	6,806,308	-42,679	51,225	3,447,945	6,857,533	-49.7%
Net position, end of year	\$4,091,552	\$6,819,229	-\$23,023	\$64,143	\$4,068,529	\$6,883,372	-40.9%

In fiscal year 2015, property tax and unrestricted state grants account for 67.6% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.8% of business type activities revenue.

The District's total revenues were approximately \$8.3 million, of which approximately \$7.8 million was for governmental activities and less than \$0.5 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.9% decrease in revenues and a 10.9% decrease in expenses. Property tax decreased approximately \$73,140.

Governmental Activities

Revenues for governmental activities were \$7,813,227 and expenses were \$7,212,299 for the year ended June 30, 2015. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District’s major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2015 compared to the year ended June 30, 2014.

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

	Total Cost of Services		Change 2014-2015	Net Cost of Services		Change 2014-2015
	2015	2014 (Not restated)		2015	2014 (Not restated)	
Instruction	\$4,917,608	\$5,328,910	-7.7%	\$3,458,681	\$3,753,323	-7.9%
Support services	1,861,683	2,135,761	-12.8%	1,812,226	2,090,197	-13.3%
Non-instructional programs	3,924	13,556	-71.1%	3,924	13,556	-71.1%
Other expenses	429,084	735,927	-41.7%	422,912	454,757	-7.0%
Totals	\$7,212,299	\$8,214,154	-12.2%	\$5,697,743	\$6,311,833	-9.7%

For the year ended June 30, 2015:

- The cost financed by users of the District’s programs was \$715,391.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,258,951.
- The net cost of governmental activities was financed with \$3,436,696 in property and other taxes and \$2,797,673 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$466,984 and expenses were \$447,328. The District’s business type activities include the School Nutrition Fund, Community Education Fund and Preschool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,091,552, well above last year’s ending adjusted fund balances of \$3,490,624.

Governmental Fund Highlights

- The General Fund balance increased from \$1,385,679 to \$1,431,769, due to the revenue exceeding expenditures.
- The Capital Projects Fund balance decreased from \$1,568,358 to \$1,451,993 due to the expenditures exceeding revenues.

Proprietary Fund Highlights

- School Nutrition Fund net position increased from restated -\$54,219 at June 30, 2014 to -\$45,625 at June 30, 2015, representing an increase of approximately 18.8%.
- Community Education Fund net position increased from restated \$13,585 at June 30, 2014 to \$23,689 at June 30, 2015, representing an increase of approximately 74%.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$258,931 more than total budgeted revenues, a variance of 3.2%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$7,493,780, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 2.2% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation/amortization expense for the year was \$591,936.

The original cost of the District's capital assets was \$18,149,402. Governmental funds account for \$18,065,388, with the remainder of \$84,014 accounted for in the Proprietary, School Nutrition and Community Educations Funds.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$546,303	\$546,303	\$-	\$-	\$546,563	\$546,303	-
Buildings	5,658,563	5,840,041	-	-	5,658,563	5,840,041	-3.1%
Improvements other than buildings	114,166	72,893	-	-	114,166	72,893	56.6%
Furniture and equipment	1,148,700	1,171,443	26,048	31,691	1,174,748	1,203,134	-2.4%
Totals	\$7,467,732	\$7,630,680	\$26,048	\$31,691	\$7,493,780	\$7,662,371	-2.2%

Long-Term Debt

At June 30, 2015, the District had \$4,170,432 in total long-term debt outstanding. This represents a decrease of 6.9% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$22.2 million.

Figure A-7

Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2015	2014	2014-2015
Capital leases	\$131,213	\$188,310	-30.3%
Revenue bonds	3,830,000	4,055,000	-5.6%
Iowa Energy Bank loan	209,219	237,633	-12.0%
Totals	\$4,170,432	\$4,480,943	-6.9%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

.

Nashua-Plainfield Community School District

Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 3,962,894	\$ 56,408	\$ 4,019,302
Receivables:			
Property tax:			
Delinquent	26,904	-	26,904
Succeeding year	2,611,460	-	2,611,460
Income surtax	298,637	-	298,637
Accounts	63,771	3,532	67,303
Due from other governments	185,597	6,845	192,442
Prepaid expenses	6,491	-	6,491
Inventories	-	10,382	10,382
Capital assets, net of accumulated depreciation/amortization	7,467,732	26,048	7,493,780
Total Assets	\$ 14,623,486	\$ 103,215	\$ 14,726,701
Deferred Outflows of Resources			
Pension related deferred outflows	\$ 807,709	\$ 25,921	\$ 833,630
Liabilities			
Accounts payable	\$ 139,001	\$ 2,316	\$ 141,317
Salaries and benefits payable	706,301	25,963	732,264
Unearned revenue	-	5,399	5,399
Accrued interest payable	9,057	-	9,057
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	230,000	-	230,000
Notes	28,771	-	28,771
Capital leases	105,350	-	105,350
Portion due after one year:			
Capital leases	25,863	-	25,863
Revenue bonds	3,600,000	-	3,600,000
Notes	180,448	-	180,448
Net pension liability	2,670,159	85,691	2,755,850
Net OPEB liability	15,021	-	15,021
Total Liabilities	\$ 7,709,971	\$ 119,369	\$ 7,829,340
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 2,611,460	\$ -	\$ 2,611,460
Pension related deferred inflows	1,018,322	32,680	1,051,002
Total deferred inflows of resources	\$ 3,629,782	\$ 32,680	\$ 3,662,462

See notes to financial statements.

Nashua-Plainfield Community School District

Statement of Net Position

June 30, 2015

	Govern- mental Activities	Business Type Activities	Total
Net Position			
Net investment in capital assets	\$ 3,297,300	\$ 26,048	\$ 3,323,348
Restricted for:			
Categorical funding	346,102	-	346,102
Debt service	346,222	-	346,222
School infrastructure	902,361	-	902,361
Management levy purposes	397,836	-	397,836
Student activities	118,867	-	118,867
Physical plant and equipment	203,410	-	203,410
Unrestricted	-1,520,546	-49,071	-1,569,617
Total Net Position	\$ 4,091,552	\$ -23,023	\$ 4,068,529

Nashua-Plainfield Community School District

Statement of Activities

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 3,335,151	\$ 126,877	\$ 841,695	\$ -
Special instruction	565,792	22,200	106,385	-
Other instruction	1,016,665	281,077	80,693	-
	<u>\$ 4,917,608</u>	<u>\$ 430,154</u>	<u>\$ 1,028,773</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 184,612	\$ -	\$ 6,050	\$ -
Instructional staff services	199,948	-	-	-
Administration services	654,789	43,407	-	-
Operation and maintenance of plant services	472,426	-	-	-
Transportation services	349,908	-	-	-
	<u>\$ 1,861,683</u>	<u>\$ 43,407</u>	<u>\$ 6,050</u>	<u>\$ -</u>
Non-instructional programs	\$ 3,924	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ 51,778	\$ -	\$ -	\$ 6,172
Long-term debt interest	112,644	-	-	-
AEA flow-through	264,662	-	-	-
	<u>\$ 429,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,172</u>
Total Governmental Activities	<u>\$ 7,212,299</u>	<u>\$ 473,561</u>	<u>\$ 1,034,823</u>	<u>\$ 6,172</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 393,748	\$ 178,136	\$ 224,134	\$ -
Community education	48,343	57,499	-	-
	<u>\$ 442,091</u>	<u>\$ 235,635</u>	<u>\$ 224,134</u>	<u>\$ -</u>
Instructional Program:				
Preschool	\$ 5,237	6,195	-	-
Total Business Activities	<u>\$ 447,328</u>	<u>\$ 241,830</u>	<u>\$ 224,134</u>	<u>\$ -</u>
Total	<u>\$ 7,659,627</u>	<u>\$ 715,391</u>	<u>\$ 1,258,957</u>	<u>\$ 6,172</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -2,366,579	\$ -	\$ -2,366,579
-437,207	-	-437,207
-654,895	-	-654,895
\$ -3,458,681	\$ -	\$ -3,458,681
\$ -178,562	\$ -	\$ -178,562
-199,948	-	-199,948
-611,382	-	-611,382
-472,426	-	-472,426
-349,908	-	-349,908
\$ -1,812,226	\$ -	\$ -1,812,226
\$ -3,924	\$ -	\$ -3,924
\$ -45,606	\$ -	\$ -45,606
-112,644	-	-112,644
-264,662	-	-264,662
\$ -422,912	\$ -	\$ -422,912
\$ -5,697,743	\$ -	\$ -5,697,743
\$ -	\$ 8,522	\$ 8,522
-	9,156	9,156
\$ -	\$ 17,678	\$ 17,678
\$ -	\$ 958	\$ 958
\$ -	\$ 18,636	\$ 18,636
\$ -5,697,743	\$ 18,636	\$ -5,679,107

Nashua-Plainfield Community School District

Statement of Activities

Year Ended June 30, 2015

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

General Revenues:

Property Tax Levied For:

General purposes

Capital outlay

Income surtax

Statewide sales, services and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total General Revenues

Change in net position

Net Position, beginning of year, as restated

Net Position End of Year

Net (Expense) Revenue
And Changes in Net Position

	Governmental Activities	Business Type Activities		Total
\$	2,331,316	-	\$	2,331,316
	149,534	-		149,534
	343,688	-		343,688
	612,158	-		612,158
	2,797,673	-		2,797,673
	14,631	85		14,716
	49,671	935		50,606
<hr/>				
\$	6,298,671	\$	1,020	\$
				6,299,691
<hr/>				
\$	600,928	\$	19,656	\$
				620,584
<hr/>				
	3,490,624	-42,679		3,447,945
<hr/>				
\$	4,091,552	\$	-23,023	\$
				4,068,529

Nashua-Plainfield Community School District

Balance Sheet
Governmental Funds

June 30, 2015

Assets	General	Capital Projects	Non-Major Funds	Total
Cash, Cash Equivalents and Pooled Investments	\$ 2,064,516	\$ 1,366,670	\$ 531,708	\$ 3,962,894
Receivables:				
Property Tax:				
Delinquent	22,791	1,618	2,495	26,904
Succeeding year	2,308,970	157,489	145,001	2,611,460
Income surtax	298,637	-	-	298,637
Accounts	62,484	-	1,287	63,771
Due from other governments	90,516	95,081	-	185,597
Prepaid expenses	6,491	-	-	6,491
Due from other funds	-	19,011	-	19,011
Total assets	\$ 4,854,405	\$ 1,639,869	\$ 680,491	\$ 7,174,765
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 89,827	\$ 30,387	\$ 18,787	\$ 139,001
Salaries and benefits payable	706,301	-	-	706,301
Due to other funds	18,901	-	-	18,901
Total liabilities	\$ 815,029	\$ 30,387	\$ 18,787	\$ 864,203
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ 2,308,970	\$ 157,489	\$ 145,001	\$ 2,611,460
Other	298,637	-	-	298,637
Total deferred inflows of resources	\$ 2,607,607	\$ 157,489	\$ 145,001	\$ 2,910,097
Fund Balances:				
Restricted for:				
Categorical funding	\$ 346,102	\$ -	\$ -	\$ 346,102
Debt service – sinking	-	346,222	-	346,222
Management levy purposes	-	-	397,836	397,836
Student activities	-	-	118,867	118,867
School infrastructure	-	902,361	-	902,361
Physical plant and equipment	-	203,410	-	203,410
Unrestricted	1,085,667	-	-	1,085,667
Total fund balances	\$ 1,431,769	\$ 1,451,993	\$ 516,703	\$ 3,400,465
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,854,405	\$ 1,639,869	\$ 680,491	\$ 7,174,765

See notes to financial statements.

Nashua-Plainfield Community School District

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

June 30, 2015

Total fund balances of governmental funds (page 18)		\$ 3,400,465
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		7,467,732
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		298,637
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds		-9,057
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 807,709	
Deferred inflows of resources	<u>-1,018,322</u>	-210,613
Long-term liabilities, including bonds and notes payable, compensated absences payable, and other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds		<u>-6,855,612</u>
Net position of governmental activities (page 15)		<u>\$ 4,091,552</u>

See notes to financial statements.

Nashua-Plainfield Community School District

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

Year Ended June 30, 2015

	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Local Sources:				
Local tax	\$ 2,448,457	\$ 149,534	\$ 230,036	\$ 2,828,027
Tuition	119,670	-	-	119,670
Other	128,917	4,693	280,258	413,868
Intermediate sources	4,325	-	-	4,325
State sources	3,585,797	612,774	950	4,199,521
Federal sources	245,133	6,172	-	251,305
Total Revenues	\$ 6,532,299	\$ 773,173	\$ 511,244	\$ 7,816,716
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,036,567	\$ 289,209	\$ 48,072	\$ 3,373,848
Special instruction	606,011	-	-	606,011
Other instruction	740,046	-	281,487	1,021,533
	\$ 4,382,624	\$ 289,209	\$ 329,559	\$ 5,001,392
Support Services:				
Student services	\$ 201,181	\$ -	\$ -	\$ 201,181
Instructional staff services	198,171	3,068	-	201,239
Administration services	721,969	52,828	-	774,797
Operation and maintenance of plant services	399,316	3,936	73,488	476,740
Transportation services	318,285	608	10,947	329,840
	\$ 1,838,922	\$ 60,440	\$ 84,435	\$ 1,983,797
Non-instructional programs	\$ -	\$ 1,768	\$ -	\$ 1,768
Other Expenditures:				
Facilities acquisition	\$ -	\$ 128,964	\$ -	\$ 128,964
Long-Term Debt:				
Principal	-	-	355,772	355,772
Interest and fiscal charges	-	338	112,667	113,005
AEA flow-through	264,662	-	-	264,662
	\$ 264,662	\$ 129,302	\$ 468,439	\$ 862,403
Total Expenditures	\$ 6,486,208	\$ 480,719	\$ 882,433	\$ 7,849,360
Excess (deficiency) of revenues over (under) expenditures	\$ 46,091	\$ 292,454	\$ -371,189	\$ -32,644
Other Financing Sources (Uses):				
Operating transfers in (out)	\$ -	\$ -454,079	\$ 454,079	\$ -
Proceeds from capital lease	-	45,260	-	45,260
Total Other Financing Sources (Uses)	\$ -	\$ -408,819	\$ 454,079	\$ 45,260
Change in fund balances	\$ 46,091	\$ -116,365	\$ 82,890	\$ 12,616
Fund balances beginning of year	1,385,678	1,568,358	433,813	3,387,849
Fund balances end of year	\$ 1,431,769	\$ 1,451,993	\$ 516,703	\$ 3,400,465

Nashua-Plainfield Community School District

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities

Year Ended June 30, 2015

Change in fund balances – total governmental funds (page 20) \$ 12,616

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

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

Expenditures for capital assets	\$ 421,901	
Depreciation expense	-584,849	-162,948

Income surtax revenue not received until several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		-3,489
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Proceeds from the issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Issued	\$ -45,260	
Repaid	355,772	310,512

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		361
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The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		402,711
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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:

Pension expense	\$ 45,121	
Other postemployment benefits	-3,956	41,165

Change in Net Position of Governmental Activities (page 17)		<u>\$ 600,928</u>
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See notes to financial statements.

Nashua-Plainfield Community School District

Statement of Net Position
Proprietary Funds

June 30, 2015

	School Nutrition	Community Education	Non- Major Preschool	Total
Assets				
Current Assets:				
Cash, cash equivalents and pooled investments	\$ 23,730	\$ 30,195	\$ 2,483	\$ 56,408
Accounts receivable	3,532	-	-	3,532
Due from other governments	6,845	-	-	6,845
Inventories	10,382	-	-	10,382
Total current assets	\$ 44,489	\$ 30,195	\$ 2,483	\$ 77,167
Non-Current Assets:				
Capital assets, net of accumulated depreciation	\$ 19,693	\$ 6,355	\$ -	\$ 26,048
Total Assets	\$ 64,182	\$ 36,550	\$ 2,483	\$ 103,215
Deferred Outflows of Resources				
Pension related deferred outflows	\$ 22,198	\$ 2,722	\$ 1,001	\$ 25,921
Liabilities				
Current Liabilities:				
Due to other funds	\$ 110	\$ -	\$ -	\$ 110
Accounts payable	1,743	573	-	2,316
Salaries and benefits payable	23,382	2,581	-	25,963
Unearned revenue	5,399	-	-	5,399
Total current liabilities	\$ 30,634	\$ 3,154	\$ -	\$ 33,788
Non-Current Liabilities:				
Net pension liability	\$ 73,384	\$ 8,998	\$ 3,309	\$ 85,691
Total Liabilities	\$ 104,018	\$ 12,152	\$ 3,309	\$ 119,479
Deferred Inflows of Resources				
Pension related deferred inflows	\$ 27,987	\$ 3,431	\$ 1,262	\$ 32,680
Net Position				
Net investment in capital assets	\$ 19,693	\$ 6,355	\$ -	\$ 26,048
Unrestricted	-65,318	17,334	-1,087	-49,071
Total Net Position	\$ -45,625	\$ 23,689	\$ -1,087	\$ -23,023

See notes to financial statements.

Nashua-Plainfield Community School District

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

Year Ended June 30, 2015

	School Nutrition	Community Education	Non- Major Preschool	Total
Operating revenues:				
Local sources:				
Charges for service	\$ 178,136	\$ 57,499	\$ 6,195	\$ 241,830
Donations	-	935	-	935
	<u>\$ 178,136</u>	<u>\$ 58,434</u>	<u>\$ 6,195</u>	<u>\$ 242,765</u>
Operating expenses:				
Instructional programs:				
Preschool operations:				
Salaries	\$ -	\$ -	\$ 4,968	\$ 4,968
Benefits	-	-	269	269
Total instructional expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,237</u>	<u>\$ 5,237</u>
Non-instructional programs:				
Food service operations:				
Salaries	\$ 130,228	\$ 33,175	\$ -	\$ 163,403
Benefits	9,494	3,709	-	13,203
Purchased services	10,087	2,581	-	12,668
Supplies	237,570	8,160	-	245,730
Depreciation	6,369	718	-	7,087
Total non-instructional expenses	<u>\$ 393,748</u>	<u>\$ 48,343</u>	<u>\$ -</u>	<u>\$ 442,091</u>
Total operating expenses	<u>\$ 393,748</u>	<u>\$ 48,343</u>	<u>\$ 5,237</u>	<u>\$ 447,328</u>
Operating income (loss)	<u>\$ -215,612</u>	<u>\$ 10,091</u>	<u>\$ 958</u>	<u>\$ -204,563</u>
Non-operating revenues:				
State sources	\$ 2,848	\$ -	\$ -	\$ 2,848
Federal sources	221,286	-	-	221,286
Interest income	72	13	-	85
Total non-operating revenues	<u>\$ 224,206</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 224,219</u>
Change in net position	<u>\$ 8,594</u>	<u>\$ 10,104</u>	<u>\$ 958</u>	<u>\$ 19,656</u>
Net position beginning of year, as restated	<u>-54,219</u>	<u>13,585</u>	<u>-2,045</u>	<u>-42,679</u>
Net Position End of Year	<u>\$ -45,625</u>	<u>\$ 23,689</u>	<u>\$ -1,087</u>	<u>\$ -23,023</u>

See notes to financial statements.

Nashua-Plainfield Community School District

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2015

	School Nutrition	Community Education	Non-Major Preschool	Total
Cash flows from operating activities:				
Cash received from services/donations	\$ -	\$ 58,433	\$ 6,195	\$ 64,628
Cash received from sale of lunches and breakfasts	176,011	-	-	176,011
Cash paid to employees for services	-146,887	-35,813	-5,792	-188,492
Cash paid to suppliers for goods or services	-170,391	-11,327	-	-181,718
Net cash provided (used) by operating activities	\$ -141,267	\$ 11,293	\$ 403	\$ -129,571
Cash flows from non-capital financing activities:				
State grants received	\$ 2,848	\$ -	\$ -	\$ 2,848
Federal grants received	141,843	-	-	141,843
Net cash provided by non-capital financing activities	\$ 144,691	\$ -	\$ -	\$ 144,691
Cash flows from capital and related financing activities:				
Acquisition of capital assets	\$ -	\$ -1,444	\$ -	\$ -1,444
Cash flows from investing activities:				
Interest on investments	\$ 72	\$ 13	\$ -	\$ 85
Net increase (decrease) in cash and cash equivalents	\$ 3,496	\$ 9,862	\$ 403	\$ 13,761
Cash and cash equivalents beginning of year	20,234	20,333	2,080	42,647
Cash and Cash Equivalents End of Year	\$ 23,730	\$ 30,195	\$ 2,483	\$ 56,408
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ -215,612	\$ 10,091	\$ 958	\$ -204,563
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Commodities used	76,338	-	-	76,338
Depreciation	6,369	718	-	7,087
Decrease in inventories	28	-	-	28
(Increase) in accounts receivable	-1,961	-	-	-1,961
Increase (Decrease) in accounts payable	790	-586	-	204
Increase in salaries and benefits payable	5,091	2,581	-	7,672
Increase in due to other governments	110	-	-	110
(Decrease) in net pension liability	-28,908	-3,545	-1,304	-33,757
(Increase) in deferred outflows of resources	-11,385	-1,397	-513	-13,295
Increase in deferred inflows of resources	27,987	3,431	1,262	32,680
Decrease in prepaid expenses	49	-	-	49
(Decrease) in unearned revenue	-163	-	-	-163
Net Cash Provided (Used) by Operating Activities	\$ -141,267	\$ 11,293	\$ 403	\$ -129,571

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$76,338 of federal commodities.

See notes to financial statements.

Nashua-Plainfield Community School District

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary funds:

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

The Enterprise, Community Education Fund is used to account for the community fitness operations of the District.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

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

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

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

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

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

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plans investments.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2015 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, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$139 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Statewide Sales, Services and Use Tax	\$ 458,741
Debt Service	Capital Projects – Physical Plant and Equipment Levy	9,698
Capital Projects – Physical Plant and Equipment Levy	Special Revenue – Activity Fund	14,360
		<u>\$ 482,799</u>

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

(4) **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects – Physical Plant and Equipment Levy	General Fund	\$ 18,901
Capital Projects – Physical Plant and Equipment Levy	Proprietary – School Nutrition	110
		<u>\$ 19,011</u>

The General and School Nutrition Funds owe the Capital Projects – Physical Plant and Equipment Levy for incorrectly coded expenditures. The balance will be repaid by June 30, 2016.

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 546,303	\$ -	\$ -	\$ 546,303
Total capital assets not being depreciated	<u>\$ 546,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 546,303</u>
Capital assets being depreciated:				
Buildings	\$ 10,289,478	\$ 19,981	\$ -	\$ 10,309,459
Improvements other than buildings	255,709	49,375	-	305,084
Furniture and equipment	6,551,997	352,545	-	6,904,542
Total capital assets being depreciated	<u>\$ 17,097,184</u>	<u>\$ 421,901</u>	<u>\$ -</u>	<u>\$ 17,519,085</u>
Less accumulated depreciation for:				
Buildings	\$ 4,449,437	\$ 201,459	\$ -	\$ 4,650,896
Improvements other than buildings	182,816	8,102	-	190,918
Furniture and equipment	5,380,554	375,288	-	5,755,842
Total accumulated depreciation	<u>\$ 10,012,807</u>	<u>\$ 584,849</u>	<u>\$ -</u>	<u>\$ 10,597,656</u>
Total capital assets being depreciated, net	<u>\$ 7,084,377</u>	<u>\$ -162,948</u>	<u>\$ -</u>	<u>\$ 6,921,429</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,630,680</u>	<u>\$ -162,948</u>	<u>\$ -</u>	<u>\$ 7,467,732</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 82,570	\$ 1,444	\$ -	\$ 84,014
Less accumulated depreciation	50,879	7,087	-	57,966
Business Type Activities Capital Assets, Net	\$ 31,691	\$ -5,643	\$ -	\$ 26,048

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 428,685
Special	982
Other	88,721

Support services:

Instructional support	948
Administration	14,359
Operation and maintenance of plant	10,833
Transportation	38,165
Non-Instructional	2,156

Total Depreciation Expense – Governmental Activities \$ 584,849

Business Type Activities:

Food service operations	\$ 6,369
Community education	718
	<u>\$ 7,087</u>

(6) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Governmental activities:					
Revenue Bonds	\$ 4,055,000	\$ -	\$ 225,000	\$ 3,830,000	\$ 230,000
Capital Lease	188,310	45,260	102,357	131,213	105,350
Iowa Energy Bank Loan	237,633	-	28,414	209,219	28,771
Net OPEB Liability	11,065	3,956	-	15,021	-
Net Pension Liability	3,722,029	-	1,051,870	2,670,159	-
Total	\$ 8,214,037	\$ 49,216	\$ 1,407,641	\$ 6,855,612	\$ 364,121
Business type activities:					
Net Pension Liability	\$ 119,448	\$ -	\$ 33,757	\$ 85,691	\$ -

Computer Lease

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

Copier Lease

The District entered into a capital lease for a copier with monthly payments of \$808.22 for 60 months with no interest.

Iowa Energy Bank Loan

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

Revenue Bonds

Details of the District's June 30, 2015 Statewide Sales, Services and Use Tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 2, 2012			
	Interest Rate	Principal	Interest	Total
2016	2.00%	\$ 230,000	\$ 99,490	\$ 329,490
2017	2.00%	235,000	94,890	329,890
2018	2.00%	240,000	90,190	330,190
2019	2.00%	245,000	85,390	330,390
2020	2.00%	250,000	80,490	330,490
2021	2.20%	255,000	75,490	330,490
2022	2.40%	265,000	69,880	334,880
2023	2.55%	275,000	63,520	338,520
2024	2.70%	280,000	56,508	336,508
2025	2.90%	290,000	48,947	338,947
2026	3.05%	300,000	40,538	340,538
2027	3.15%	310,000	31,387	341,387
2028	3.25%	320,000	21,623	341,623
2029	3.35%	335,000	11,222	346,222
		<u>\$ 3,830,000</u>	<u>\$ 869,565</u>	<u>\$ 4,699,565</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,500,000 of bonds issued on May 2, 2012. The bonds were issued for the purpose of financing the improvements, repairs, renovations, furnishings and equipping of the District's buildings and to improve the site of the buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 66% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$4,699,565. For the current year, principal and interest of \$328,990 was paid on the bonds and total statewide sales, services and use tax revenues were \$612,158.

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

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

The District complied with all of the revenue bond provisions during the year ended June 30, 2015.

During the year ended June 30, 2015 the District made \$355,772 principle and \$112,667 in interest and fee payments.

(7) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing, multiple-employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$402,711.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$2,755,850 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.068095 percent, which was an increase of 0.000248 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the District recognized pension expense of \$208,844. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,951	\$ -
Changes of assumptions	121,622	-
Net difference between projected and actual earnings on pension plan investments	-	1,051,002
Changes in proportion and differences between District contributions and proportionate share of contributions	11,023	-
District contributions subsequent to the measurement date	671,034	-
Total	\$ 833,630	\$ 1,051,002

\$402,711 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ 300,740
2017	300,740
2018	300,740
2019	300,740
2020	10,637
Total	<u>\$ 1,213,597</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	-0.69
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District’s proportionate share of the net pension liability	\$5,207,101	\$2,755,850	\$686,740

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available in IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) **Other Postemployment Benefits (OPEB)**

Plan description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 119 active, 102 waived coverage and 9 terminated for a total of 8 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2015; the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$	4,622
Interest on net OPEB obligation		277
Adjustment to annual required contribution		-943
Annual OPEB cost	\$	3,956
Contributions made		-
Increase in net OPEB obligation	\$	3,956
Net OPEB obligation beginning of year		11,065
Net OPEB obligation end of year	\$	15,021

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$22,145 to the medical plan. Plan members eligible for benefits contributed \$24,789, or 52.8% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$9,444	73.3%	\$2,523
June 30, 2011	\$9,897	87.4%	\$2,736
June 30, 2012	\$10,588	75.9%	\$3,901
June 30, 2013	\$4,396	15.2%	\$7,486
June 30, 2014	\$4,135	0.0%	\$11,065
June 30, 2015	\$4,622	0.0%	\$15,021

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$33,147, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$33,147. The covered payroll (annual payroll of active employees covered by the plan) was \$173,234 and the ratio of the UAAL to covered payroll was 19.1%. As of June 30, 2015, 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District’s funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$234.66 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) 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 \$298,637 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

The District’s reserved fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
Limited English Proficiency	\$ 914
Preschool Grant	93,198
Talented and Gifted	36,593
Market Factor	2,502
Core Curriculum	20,263
Professional Development	21,195
Dropout Prevention	136,512
Mentoring	123
Reading Recovery	63
Early Reading	27,351
Teacher Leadership	7,280
Health Care Trust	108
Total	<u>\$ 346,102</u>

(12) **Subsequent Events**

The District has evaluated subsequent events through March 9, 2016 which is the date that the financial statement were available to be issued.

(13) **Deficit Balances**

The Proprietary Funds – School Nutrition and Preschool had deficit balances of \$45,625 and \$1,087, respectively, at June 30, 2015.

(14) **Related Party Activities**

The District had transactions totaling \$22,244 with District officials and employees.

(15) **Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27 was implemented during fiscal year 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, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 6,819,229	64,143
Net pension liability at June 30, 2014	-3,722,029	-119,448
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	393,424	12,626
Net position July 1, 2014, as restated	\$ 3,490,624	-42,679

Required Supplementary Information

Nashua-Plainfield Community School District

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

Required Supplementary Information

Year Ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual
Revenues:		
Local sources	\$ 3,361,565	\$ 242,850
Intermediate sources	4,325	-
State sources	4,199,521	2,848
Federal sources	251,305	221,286
Total Revenues	<u>\$ 7,816,716</u>	<u>\$ 466,984</u>
Expenditures/Expenses:		
Instruction	\$ 5,001,392	\$ 5,237
Support services	1,983,797	-
Non-instructional programs	1,768	442,091
Other expenditures	862,403	-
Total Expenditures/Expenses	<u>\$ 7,849,360</u>	<u>\$ 447,328</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ -32,644	\$ 19,656
Other financing sources, net	<u>45,260</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	<u>\$ 12,616</u>	<u>\$ 19,656</u>
Balances beginning of year	\$ 3,387,849	\$ 64,143
Prior period adjustment	-	-106,822
Adjusted balance beginning of year	<u>\$ 3,387,849</u>	<u>\$ -42,679</u>
Balances End of Year	<u>\$ 3,400,465</u>	<u>\$ -23,023</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	3,604,415	\$ 3,909,030	\$ -304,615
	4,325	-	4,325
	4,202,369	3,733,739	468,630
	472,591	382,000	90,591
\$	8,283,700	\$ 8,024,769	\$ 258,931
\$	5,006,629	\$ 5,175,600	\$ 168,971
	1,983,797	2,298,000	314,203
	443,859	470,531	26,672
	862,403	1,133,921	271,518
\$	8,296,688	\$ 9,078,052	\$ 781,364
\$	-12,988	\$ -1,053,283	\$ 1,040,295
	45,260	-	45,260
\$	32,272	\$ -1,053,283	\$ 1,085,555
\$	3,451,992	\$ 3,039,399	\$ 412,593
	-106,822	-	-106,822
\$	3,345,170	\$ 3,039,399	\$ 305,771
\$	3,377,442	\$ 1,986,116	\$ 1,391,326

Nashua-Plainfield Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2015

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

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

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

Nashua-Plainfield Community School District

Schedule of the District's Proportionate Share of the Net Pension Liability

**Iowa Public Employees' Retirement System
Last Fiscal Year***

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.068095%
District's proportionate share of the net pension liability	\$ 2,755,850
District's covered-employee payroll	\$ 4,509,639
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.11%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Nashua-Plainfield Community School District

Schedule of District Contributions

**Iowa Public Employees' Retirement System
Last 10 Fiscal Years**

Required Supplementary Information

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 402,711	\$ 406,050	\$ 382,001	\$ 351,950	\$ 305,757
Contributions in relation to the statutorily required contribution	-402,711	-406,050	-382,001	-351,950	-305,757
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,509,639	\$ 4,547,032	\$ 4,406,009	\$ 4,361,214	\$ 4,399,381
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.06%	6.95%

See accompanying independent auditor's report.

2010	2009	2008	2007	2006
\$ 289,955	\$ 279,050	\$ 253,811	\$ 234,261	\$ 213,015
-289,955	-279,050	-253,811	-234,261	-213,015
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,360,226	\$ 4,394,488	\$ 4,195,223	\$ 4,074,104	\$ 3,704,609
6.65%	6.35%	6.05%	5.75%	5.75%

Nashua-Plainfield Community School District

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Nashua-Plainfield Community School District

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$118,315	\$118,315	0.0%	\$824,409	14.4%
2011	July 1, 2009	\$-	\$104,434	\$104,434	0.0%	\$819,674	12.7%
2012	July 1, 2009	\$-	\$87,489	\$87,489	0.0%	\$350,556	25.0%
2013	July 1, 2012	\$-	\$37,692	\$37,692	0.0%	\$260,648	14.4%
2014	July 1, 2012	\$-	\$33,147	\$33,147	0.0%	\$254,252	13.0%
2015	July 1, 2012	\$-	\$33,147	\$33,147	0.0%	\$173,234	19.1%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

Nashua-Plainfield Community School District

Combining Balance Sheet
Non-Major Governmental Funds

June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 395,341	\$ 136,367	\$ 531,708
Receivables:			
Property Tax:			
Delinquent	2,495	-	2,495
Succeeding year	145,001	-	145,001
Accounts	-	1,287	1,287
Total Assets	\$ 542,837	\$ 137,654	\$ 680,491
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 18,787	\$ 18,787
Total liabilities	\$ -	\$ 18,787	\$ 18,787
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ 145,001	\$ -	\$ 145,001
Total deferred inflows of resources	\$ 145,001	\$ -	\$ 145,001
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 397,836	\$ -	\$ 397,836
Student activities	-	118,867	118,867
Total fund balances	\$ 397,836	\$ 118,867	\$ 516,703
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 542,837	\$ 137,654	\$ 680,491

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

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

Year Ended June 30, 2015

	Special Revenue			
	Debt Service	Management Levy	Student Activity	Total
Revenues:				
Local Sources:				
Local tax	\$ -	\$ 230,036	\$ -	\$ 230,036
Other	-	6,419	273,839	280,258
State sources	-	950	-	950
Total Revenues	\$ -	\$ 237,405	\$ 273,839	\$ 511,244
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ 48,072	\$ -	\$ 48,072
Other instruction	-	-	281,487	281,487
Support Services:				
Operation and maintenance of plant services	-	73,488	-	73,488
Transportation services	-	10,947	-	10,947
Other Expenditures:				
Long-term debt:				
Principal	355,772	-	-	355,772
Interest and fiscal charges	112,667	-	-	112,667
Total Expenditures	\$ 468,439	\$ 132,507	\$ 281,487	\$ 882,433
Excess (deficiency) of revenues over (under) expenditures	\$ -468,439	\$ 104,898	\$ -7,648	\$ -371,189
Other financing sources (uses):				
Operating transfers in (out)	468,439	-	-14,360	454,079
Change in fund balances	\$ -	\$ 104,898	\$ -22,008	\$ 82,890
Fund balances beginning of year	-	292,938	140,875	433,813
Fund Balances End of Year	\$ -	\$ 397,836	\$ 118,867	\$ 516,703

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

	Capital Projects			
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 5,871	\$ 1,174,694	\$ 186,105	\$ 1,366,670
Receivables:				
Property Tax:				
Delinquent	-	-	1,618	1,618
Succeeding year	-	-	157,489	157,489
Due from other governments	-	95,081	-	95,081
Due from other funds	-	-	19,011	19,011
Total assets	\$ 5,871	\$ 1,269,775	\$ 364,223	\$ 1,639,869
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts Payable	\$ -	\$ 27,063	\$ 3,324	\$ 30,387
Total liabilities	\$ -	\$ 27,063	\$ 3,324	\$ 30,387
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ -	\$ -	\$ 157,489	\$ 157,489
Total deferred inflows of resources	\$ -	\$ -	\$ 157,489	\$ 157,489
Fund Balances:				
Restricted for:				
Debt service – sinking	\$ -	\$ 346,222	\$ -	\$ 346,222
School infrastructure	5,871	896,490	-	902,361
Physical plant and equipment	-	-	203,410	203,410
Total fund balances	\$ 5,871	\$ 1,242,712	\$ 203,410	\$ 1,451,993
Total liabilities, deferred inflows of resources and fund balances	\$ 5,871	\$ 1,269,775	\$ 364,223	\$ 1,639,869

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

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

Year Ended June 30, 2015

	Capital Projects			
	Other Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:				
Local Sources:				
Local tax	\$ -	\$ -	\$ 149,534	\$ 149,534
Other	26	4,306	361	4,693
State sources	-	612,158	616	612,774
Federal sources	-	-	6,172	6,172
Total Revenues	\$ 26	\$ 616,464	\$ 156,683	\$ 773,173
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ 219,289	\$ 69,920	\$ 289,209
Support Services:				
Instructional staff services	-	-	3,068	3,068
Administrative services	-	29,808	23,020	52,828
Operation and maintenance of plant services	-	-	3,936	3,936
Transportation services	-	-	608	608
Non-instructional programs	-	-	1,768	1,768
Other Expenditures:				
Facilities acquisition	16,378	12,301	100,285	128,964
Interest and fiscal charges	-	338	-	338
Total Expenditures	\$ 16,378	\$ 261,736	\$ 202,605	\$ 480,719
Excess (deficiency) of revenues over (under) expenditures	\$ -16,352	\$ 354,728	\$ -45,922	\$ 292,454
Other Financing Sources (Uses):				
Operating transfers (out)	\$ -	\$ -458,741	\$ -9,698	\$ -468,439
Operating transfers in	-	-	14,360	14,360
Proceeds from capital lease	-	-	45,260	45,260
Total other financing sources (uses)	\$ -	\$ -458,741	\$ 49,922	\$ -408,819
Change in fund balances	\$ -16,352	\$ -104,013	\$ 4,000	\$ -116,365
Fund balances beginning of year	22,223	1,346,725	199,410	1,568,358
Fund Balances End of Year	\$ 5,871	\$ 1,242,712	\$ 203,410	\$ 1,451,993

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2015

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Interfund and Intra-fund Transfers	Balance End of Year
Drama & speech	\$ 5,851	\$ 5,397	\$ 3,318	\$ -	\$ 7,930
Vocal music	-	30	932	902	-
Instrumental music	2,450	6,133	5,276	-	3,307
Golf	14	845	2,935	2,076	-
Basketball	11,223	10,917	10,472	-3,365	8,303
Football	14,894	13,788	9,103	-10,324	9,255
Baseball	124	1,158	3,532	2,250	-
Track	645	10,952	11,756	159	-
Wrestling	92	7,206	7,131	-	167
Volleyball	2,592	10,648	12,928	-	312
Softball	206	1,284	3,317	1,827	-
Annual fund	703	1,895	3,733	1,135	-
FFA	5,293	22,692	24,073	-	3,912
Elementary Musical	-	1,807	381	-	1,426
FCCLA	674	5,190	4,811	-	1,053
FSC-STW	235	18	-	-	253
Cheerleaders	772	9,324	9,230	-	866
Honor Society	110	305	152	-	263
National FFA Conference	3,712	38,427	36,943	-	5,196
History Day	2,922	9,265	9,461	-	2,726
Spanish Club	-	177	-	-177	-
Future Teachers	406	-	-	-	406
High School Teachers	1,884	2,151	1,682	-	2,353
S.A.D.D./Stay-Safe/S.H.A.R.E.	779	-	-	-	779
Elementary Teachers	693	1,231	1,098	-	826
Technology	53	220	220	-	53
Industrial Tech Resale	-	3,511	2,122	-1,389	-
Student pictures	860	-	-	-	860
Interest received	1,333	465	-	-1,798	-
Class of 2018	300	-	-	-	300
Class of 2019	-	207	-	-	207
Class of 2014	2,067	-	149	-28	1,890
Class of 2015	5,199	6,155	7,460	28	3,922
Class of 2016	206	14,373	10,398	-	4,181
Elementary Technology	16,761	-	-	-	16,761
High School Activities	782	779	-	1,452	3,013
Cross Country	96	2,147	3,532	1,289	-
Football Discretionary	1,421	28,110	28,184	-	1,347
Girls Basketball Discretionary	1,748	588	2,746	410	-
Golf Discretionary	60	-	430	370	-
Boys Basketball Discretionary	57	6,999	6,803	-	253
Baseball Discretionary	132	-	-	-	132
Husky Leadership Team	3,823	3,111	3,921	-	3,013
Green Thumb	650	61	388	-	323

Nashua-Plainfield Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2015

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Interfund and Intra-fund Transfers	Balance End of Year
MS Activities	\$ 1,921	\$ 11,353	\$ 11,071	\$ -	\$ 2,203
Athletic Development	238	865	918	-	185
Advanced Drafting	951	300	1,157	-	94
Cross Country Discretionary	123	429	380	-	172
Boys Track Discretionary	-	1,088	3,903	2,815	-
Volleyball Discretionary	41	914	2,593	1,638	-
Softball Discretionary	-	-	-	-	-
Girls Track Discretionary	257	1,617	1,617	-	257
Track maintenance	14,353	1,294	-	-14,360	1,287
Weight room/Fitness center	2,392	-	-	-	2,392
Petty cash	1,527	149	990	-	686
General athletics	3,703	9,933	12,149	-	1,487
Nashua Elementary activities	4,115	12,175	10,929	-	5,361
Athletic store	3,292	14	-	-	3,306
Elementary student store	2,367	1,163	1,143	-	2,387
High School student store	425	-	-	730	1,155
Nashua Elementary playground equipment	4,070	632	-	-	4,702
Middle School Student Council	3,018	222	370	-	2,870
Middle School technology	2,780	30	-	-	2,810
Middle School activities	3,416	3,464	5,650	-	1,230
Character Counts	64	631	-	-	695
Total	\$ 140,875	\$ 273,839	\$ 281,487	\$ -14,360	\$ 118,867

See accompanying independent auditor's report.

Nashua-Plainfield Community School District

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

For the Last Ten Years

	Modified Accrual Basis			
	2015	2014	2013	2012
Revenues:				
Local Sources:				
Local tax	\$ 2,828,027	\$ 3,525,659	\$ 3,575,338	\$ 3,411,778
Tuition	119,670	138,770	145,085	120,686
Other	413,868	472,256	407,680	358,561
Intermediate sources	4,325	-	-	-
State sources	4,199,521	3,573,682	3,512,873	3,576,281
Federal sources	251,305	520,591	446,739	249,350
Total	\$ 7,816,716	\$ 8,230,958	\$ 8,087,715	\$ 7,716,656
Expenditures:				
Instruction:				
Regular instruction	\$ 3,373,848	\$ 3,200,094	\$ 3,092,314	\$ 3,518,000
Special instruction	606,011	642,589	632,688	603,925
Other instruction	1,021,533	1,040,058	899,826	859,989
Support services:				
Student services	201,181	227,262	222,744	238,547
Instructional staff services	201,239	208,491	217,935	211,184
Administrative services	774,797	730,681	717,038	719,425
Operation and maintenance of plant services	476,740	564,917	516,148	433,283
Transportation services	329,840	430,486	375,218	355,047
Non-instructional programs	1,768	8,484	8,548	5,694
Other expenditures:				
Facilities acquisition	128,964	1,191,594	3,249,565	649,481
Principal	355,772	342,735	308,881	-
Interest and fiscal charges	113,005	120,866	123,050	67,019
AEA flow-through	264,662	261,145	252,521	262,337
Total	\$ 7,849,360	\$ 8,969,402	\$ 10,616,476	\$ 7,923,931

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
\$ 3,246,282	\$ 3,025,914	\$ 2,953,018	\$ 2,833,495	\$ 2,765,485	\$ 2,582,090
144,410	184,687	224,523	188,543	160,222	132,310
441,627	305,533	368,198	352,614	344,622	413,969
-	-	-	2,530	3,231	-
3,423,314	3,156,903	3,500,756	3,530,961	3,441,149	3,311,229
335,274	681,756	188,729	185,279	163,886	230,468
<u>\$ 7,590,907</u>	<u>\$ 7,354,793</u>	<u>\$ 7,235,224</u>	<u>\$ 7,093,422</u>	<u>\$ 6,878,595</u>	<u>\$ 6,670,066</u>
\$ 3,233,831	\$ 3,245,865	\$ 3,129,623	\$ 3,086,852	\$ 2,915,064	\$ 2,838,904
630,871	604,452	687,910	589,413	566,118	642,830
842,773	782,544	763,154	706,383	698,995	730,935
229,652	230,768	216,388	195,898	174,235	202,616
239,475	219,197	210,615	175,930	134,243	160,517
646,305	587,679	636,667	611,651	616,741	612,256
435,866	471,973	468,198	465,465	487,242	474,268
275,745	364,008	401,494	346,171	436,742	402,133
14,233	5,018	16,828	5,301	6,261	2,777
459,394	271,175	517,318	260,544	188,616	477,084
-	-	-	-	-	-
-	-	-	-	-	-
292,258	291,059	246,919	240,053	235,999	223,304
<u>\$ 7,400,403</u>	<u>\$ 7,073,738</u>	<u>\$ 7,295,114</u>	<u>\$ 6,683,661</u>	<u>\$ 6,460,256</u>	<u>\$ 6,767,624</u>

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

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

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

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 9, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. I consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-15 through I-H-15 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-I-15 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

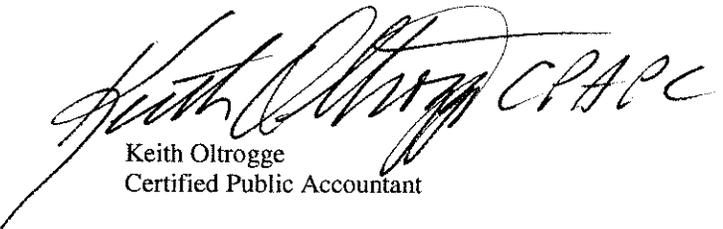
Nashua-Plainfield Community School District's Responses to the Findings

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

Purpose of this Report

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

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



Keith Oltrogge
Certified Public Accountant

March 9, 2016

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2015

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the cash receipts listing, bank deposits, and the posting of the cash receipts to the cash receipts journal were all done by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded and checks are prepared by the same person.

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

Response – We will work on segregating duties whenever possible.

Conclusion – Response accepted.

I-B-15 Disbursement Approval – For 21 of 24 general fund and lunch fund, 22 of 24 activity fund and 26 of 28 capital project fund disbursements tested, there was no evidence to document the date the Superintendent approved the expenditures.

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

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

Conclusion – Response acknowledged.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2015

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

INTERNAL CONTROL DEFICIENCIES:

I-C-15 Supporting Documentation – I noted several instances of checks being written to a vendor without an invoice or supporting documentation.

Recommendation – The District should review their procedures to ensure all bills are supported, approved, and paid from an invoice. The District should adopt processes and procedures to use when an invoice may not be available, such as requiring additional approval and supporting documentation other than the invoice.

Response – We will ensure all expenditures are properly approved and maintain documentation of the approval.

Conclusion – Response acknowledged.

I-D-15 Employees Who Officiate Athletic Events – I noted the District had payroll employees who officiated athletic events for the school. The District paid the employees with Student Activity Fund accounts payable checks instead of paying them through regular payroll where applicable taxes could be applied.

Recommendation – These payments should be paid through the payroll system in order to be included in the quarterly Federal 941 reports and W-2s.

Response – We will pay district employee officials through payroll instead of the Activity Fund.

Conclusion – Response accepted.

I-E-15 Deposit Process – I noted during my audit instances of deposit slips lacking sufficient detail. The lack of sufficient detail on the deposit slip provides a risk of loss due to possible theft, improper use or loss, as well as, lack of reporting of the funds.

Recommendation – The District should review and implement procedures to insure that sufficient detail is on the deposit slip. The District should make sure that the appropriate staff is trained on the process.

Response – The District now writes detail on deposit slips.

Conclusion – Response accepted.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2015

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

INTERNAL CONTROL DEFICIENCIES:

I-F-15 Financial Reporting – During the audit, I identified material amounts of disbursements recorded in incorrect funds. Adjustments were made by the District to properly record the disbursements to the proper fund and inter-fund receivable and payable accounts were created. I also noted several expenditures with wrong object codes reported.

Recommendation – The District should implement procedures to ensure all receipts and disbursements are recorded in the correct fund in the District’s financial statements. The District should transfer \$18,901 from the General Fund and \$110 from the Nutrition Fund to the Capital Project – Physical Plant and Equipment Levy for the incorrect expenditures. The District should refer to the Iowa chart of account codes in the uniform financial accounting manual to properly code expenditures.

Response – We will double check these in the future to make sure all expenditures are recorded in the correct fund and object code. We will make the recommended corrective transfers.

Conclusion – Response accepted.

I-G-15 Supporting Documentation for Meal Money – I noted during my audit instances of students receiving meal money during District sponsored trips. However, there was no documentation as to who received funds and/or the amount of funds received.

Recommendation – The District should document who receives cash when going on trips. The District should have a list of who received the cash and the amount. The students should sign off upon receiving cash for a trip. The District should review the procedures in place and implement controls to ensure documentation is gathered to support the check written for cash needed for the trip.

Response – The District will document who is receiving cash by having the students sign that they have received the money.

Conclusion – Response acknowledged.

I-H-15 Annual Financial Statements – The ability to apply U.S. generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosures is a necessary aspect of internal control over the District’s financial reporting process. The District does not possess an individual with the appropriate expertise to apply U.S. generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with U.S. generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine this is a control deficiency the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2015

Part II - Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 did not exceed the certified budget amounts.

II-B-15 Questionable Expenditures – Certain disbursements were noted I believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

Vendor	Description	Amount
General:		
BMO – Credit Card	Board supplies – oysters	\$83.60
Casey’s	Bus inspection – food	\$21.84
Casey’s	Bus inspection – food	\$16.36
Activity:		
Casey’s	Coaches meeting	\$43.91
K & J Designs	Teacher gift – shirts	\$50.00
Employee	Refund returned – personal purchase	\$45.76
Employee	Reimburse gift cards	\$30.00

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

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

Response – Beginning in fiscal 2016, the District will not make any purchases for gifts, teacher appreciation supplies or other items that are not appropriate.

Conclusion – Response acknowledged.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2015

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

II-C-15 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.

However, I noted during my audit that a payment made with the District’s credit card lacked supporting documentation for the purpose and type of expense. The District has Board Policy that addresses the use of the District issued credit cards by employees for necessary expenses incurred while on District business. If an employee fails to submit a detailed receipt in addition to the credit card receipt indicating the date, purpose and nature of the expense for each item, that expense would become the employee’s expense that would have to be reimbursed to the District within ten days following the use of the District credit card.

Recommendation – The District should review Board Policy with employees and require the documentation required by board policy be given to central office staff.

Response – The District will review Board Policy with employees and require all supporting documentation for purchases on the District’s credit cards are turned into the central office.

Conclusion – Response accepted.

II-D-15 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title & Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
S & T Auto, Owned by spouse of Tami Sudol, Cook	Vehicle, Repairs & Towing	\$2,301
K & J Designs, Owned by Jeff Ulrichs, Board Member	Supplies	19,518
Hanneman-Haberman Construction, Owner employee spouse of Kristi Hannemann	Concrete work	425
		<u>\$22,244</u>

In accordance with Chapter 362.5 of the Code of Iowa, the transactions with K & J Designs and S & T Auto may represent conflicts of interest since the total purchases exceeded \$1,500 for the year and was not entered into through competitive bidding in accordance with Chapter 362.5(4).

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

Response – We will use competitive bidding in the future. The amounts paid to S & T Auto and K & J Designs were paid on various invoices.

II-E-15 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2015

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

II-F-15 Board Minutes – Certain minutes were not published as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

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

Conclusion – Response accepted.

Closed Sessions – I noted instances where the Board entered closed sessions during District meetings, but did not identify and document the specific exemption allowed under Chapter 21.5 of the Code of Iowa.

Recommendation – The District should identify the specific exemption for entering a closed session, and document the exemption allowed under Chapter 21.5 of the Code of Iowa in the District's board minutes.

Response – In the District's board minutes it now lists the specific exemption allowed under Chapter 21.5 of the Code of Iowa for entering a closed session.

Conclusion – Response accepted.

II-G-15 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-15 Supplementary Weighting – I noted variances in the supplementary weighting certified to the Iowa Department of Education. Supplementary weighting was overstated by 0.29.

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

Response – The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion – Response accepted.

II-I-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-J-15 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2015

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

II-K-15 Categorical Funding – Except as noted, no instances of categorical funding being used to supplant rather than supplement other funds were noted.

I noted expenditures for general supplies which may not be allowable uses of special education funds.

Recommendation – The District should contact the Iowa Department of Education to determine if these expenditures are allowable expenditures for the special education program.

Response – We have revised our procedures for identifying categorical expenditures so they will be coded correctly as the costs are incurred. We will contact the Iowa Department of Education to determine if the special education expenditures are allowable.

Conclusion – Response accepted.

II-L-15 Student Activity Fund – In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. More specific examples of these instances of questioned items and recommendations are as follows:

Questionable Revenues and Expenses: I noted during my audit that the District allowed staff to purchase items using the school account for personal use in the resale accounts.

Recommendation – The District should not allow employees to use school accounts for personal use.

Response – No personal purchases will be allowed in the future.

Conclusion – Response accepted.

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2015

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

II-M-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses 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, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,346,725
Revenues/transfers in:		
Sales tax revenues	\$ 612,158	
Other local revenues	4,306	616,464
		\$ 1,963,189
Expenditures/transfers out:		
School infrastructure	\$ 12,301	
Equipment	219,289	
Other	30,146	
Transfers to other funds:		
Debt service fund	458,741	720,477
		720,477
Ending balance		\$ 1,242,712

For the year ended June 30, 2015, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 1.9537	\$ 612,158
Physical plant and equipment levy (PEEL)	-	-201,901
Public educational and recreational levy (PERL)	-	-
Total		\$ 814,059

Nashua-Plainfield Community School District

Schedule of Findings

Year Ended June 30, 2015

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

II-N-15 Sales Tax – Sales tax was paid by the District on several disbursements tested.

Recommendation – Supporting documentation should be reviewed carefully before disbursements are made.

Response – We will review all invoices for sales tax before payments are made.

Conclusion – Response acknowledged

II-O-15 Physical Plant and Equipment Levy (PPEL) Expenditures – I noted during my audit that the District made purchases from the PPEL Fund which do not appear to be in compliance with Chapter 423 and 298.3 of the Code of Iowa. These expenditures were corrected to the proper fund before year end.

Recommendation – Inappropriate uses of the PPEL Fund include any other purpose not expressly authorized in the Iowa Code. The District should review Chapter 423 and Chapter 289 of the Code of Iowa for the allowability of expenditures from the PPEL Fund.

Response – The District will review Chapter 423 and 298 of the Code of Iowa.

Conclusion – Response accepted.

II-P-15 Student Activity Fund – I noted there were account balances for previously graduated classes.

Recommendation – The District should transfer previously graduated class funds to other activities.

Response – We will reallocate these activities.

Conclusion – Response accepted.

II-Q-15 Deficit Balances – At June 30, 2015, the Proprietary Funds – School Nutrition and Preschool Funds had deficit balances of \$45,625 and \$1,087, respectively.

Recommendation – The District should continue to investigate alternatives to eliminate the deficits in order to return these funds to a sound condition.

Response – The deficit balances was due to the recording of the net pension liability and net pension expense recorded in the current year.

Conclusion – Response accepted.