

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

For the fiscal year ended June 30, 2018

OFFICIAL ISSUING REPORT

Brian Schaeffer

District Secretary/Treasurer,
District Business Manager

OFFICE ISSUING REPORT

Business Office

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Introductory section

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March 8, 2019

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

The comprehensive annual financial report (CAFR) of the Nevada Community School District (the “District”) for the fiscal year ended June 30, 2018, is submitted as follows here. The District is an independent entity governed by a five-member board. Responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the management of the District. We believe the data presented is accurate in all material respects; the data is presented to fairly set forth the financial position and results of operation of the entire District as measured by the financial activity of the various funds; and all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District’s financial affairs. The District is not included in any other reporting entity, nor are any other entities included within this report.

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

Hunt & Associates, P.C., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the District’s financial statements for the year ended June 30, 2018. This firm performs the annual audit in accordance with Chapter 11 of the Code of Iowa. The independent auditor’s report is located at the front of the financial section of this report.

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

1. The **introductory section**, which is unaudited, includes this letter of transmittal, a list of the Board of Education, a list of principal District officials and an organizational chart.
2. The **financial section** includes the independent auditor’s report, Management’s Discussion and Analysis, audited basic financial statements, required supplementary information, and combining and individual fund statements and schedules.
3. The **statistical section**, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.
4. The **compliance section** includes the schedules and various independent auditors’ reports required by the Single Audit Amendment of 1996.

The Reporting Entity

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



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nevadacubs.org NevadaCSD @NevadaCSD



The District was established in 1867 and is governed by a five-member elected Board of Education who all serve at-large four-year terms. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The enrollment of the District is approximately 1,548 students, the 65th largest school district in Iowa. The District operates a high school, a middle school, and an elementary school. The District provides a full range of educational services appropriate to students in early childhood and grades pre-kindergarten through twelve. These services include basic, regular and enriched academic education, special education for children with special needs, vocational education, and individualized programs such as specialized instruction for students at-risk.

Economic Condition and Outlook

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

Story County's 2016 population is estimated to be 97,090. This was an increase of 16,963 residents over the 2000 census figure. Story County's unemployment rate of 2% compares favorably to the state's average rate of 2.7% and the national rate of 4%. Overall employment in the Nevada area is strong and has been for several years.

Long-Term Financial Planning

The "solvency ratio" (Assigned and Unassigned General Fund Balance divided by Total General Fund Revenues less the AEA Flow-Through amount) used by school districts in the State of Iowa is 14.92% for the District, well above the 5% stated in the Board of Education Policy 703.3 "General Fund Financial Policies". The condition of facilities in the District is good, with both the elementary and high school facilities having undergone extensive renovations and ventilation updates (including geothermal heating and cooling systems) within the past fifteen years. The Middle School was constructed in 1990 and will need extensive repairs on its roof and ventilation system soon.

Major Initiatives for the Year

These are the major initiatives from the Board of Education during the 2017-18 school year. Back in 2014, community leaders were brought together to review and update the original Nevada Vision plan for the community from the 1990's. Community surveys were taken and analyzed on priorities. These priorities included housing, a recreation center, and community branding. In 2015, a task force was established to explore the possibility of a recreation center. This resulted in the design of a recreation center to cost \$4 - 5 million. Other concerns reviewed were the Gates Hall and Billy Sunday Baseball Field. A new baseball field was being proposed at the SCORE (Story County Recreation for Everyone) facility. Also being proposed is moving Nevada Park & Rec Offices to the new Recreation Center with the District purchasing Gates Hall to use the north portion as administrative offices while maintaining the auditorium portion for community and school activities and rentals. The recreation center, the baseball field, and the change in Gates Hall is being proposed as the Nevada Vision 2020 Capstone Project. The committee proposing Capstone Project held a public forum as a joint Board of Education / City Council meeting on October 23 and received comments.

The District and the City began work on a joint Baseball Field Facility in November by hiring an engineer for the project. Tentative plans for the project were reviewed at the January 22 Board meeting. The Board then approved a contract for the Baseball Field surface in February. Bids for the full Baseball Field Project were approved on April 30 with work beginning shortly thereafter. The Baseball Field is being constructed using \$1,113,000 of Capital Loan Notes from the Physical Plant and Equipment Levy.

In January, students came to the Board of Directors' meeting and updated the Board on Personalized Learning projects that they were participating in. The Launch program started during the 2017-18 year and its mission is to allow students to earn credits toward graduation by working on studies or projects that they are passionate about. The program helps students receive job skills such as communication and problem-solving. Other students are participating in SCALE, or Story County Active Learning Experience, which was also started during the 2017-18 year, via Des Moines Area Community College to give students training in local industry needs related to health and human services, engineering, renewable energy, and business communication and technology.

The Board in February approved a remodel of the Middle School Gymnasium with new paint, installation of new bleachers, a re-do of the floor, and new lights. Repairs on the roof of the gymnasium occurred during Summer 2017.

Financial Information

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

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

Annually, the District's Board of Education adopts a budget and approves the appropriations for the general fund, special revenue funds, capital projects fund, debt service fund, enterprise fund, and expendable trust funds in accordance with provisions outlined in the Statutes of the State of Iowa. The budgets prepared on an accrual basis list estimates of receipts and disbursements.

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

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

Certificate of Excellence in Financial Reporting

The Association of School Business Officials (ASBO) awards the Certificate of Excellence in Financial Reporting. The Nevada Community School District received this certificate for the 18th time in 18 years for its comprehensive annual financial report for the fiscal year ending June 30, 2017, one of 18 Iowa schools to receive this award. The certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

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

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

Acknowledgement

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve Gray". The signature is fluid and cursive, with the first name "Steve" written in a larger, more prominent script than the last name "Gray".

Steve Gray
Superintendent

A handwritten signature in black ink, appearing to read "Brian Schaeffer". The signature is written in a cursive style, with the first name "Brian" and the last name "Schaeffer" clearly distinguishable.

Brian Schaeffer
Board Secretary/Treasurer/Business Manager



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Nevada Community School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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

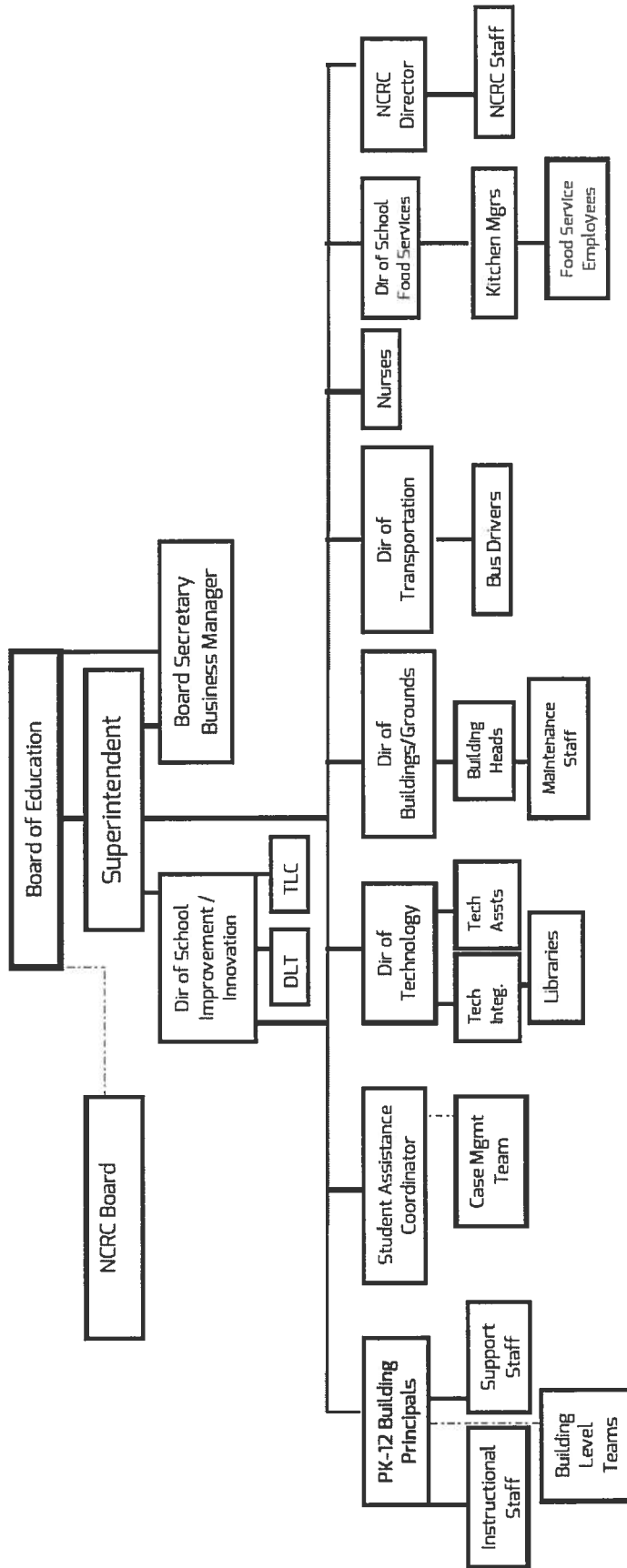


A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

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

John D. Musso, CAE
Executive Director



NEVADA COMMUNITY SCHOOL DISTRICT
Board of Education and School District Administration

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2017 election)		
Tori Carsrud	President	2017
David Sutherland	Vice-President	2017
Mark Crawford	Board Member	2017
Leanne Harter	Board Member	2017
Tom Maier	Board Member	2019
(After September 2017 election)		
Tori Carsrud	President	2021
Tom Maier	Vice-President	2019
Mark Crawford	Board Member	2019
Leanne Harter	Board Member	2019
Joe Anderson	Board Member	2021
<u>School Officials</u>		
Steve Gray	Superintendent of Schools	2018
Kody Asmus	Principal, Nevada High School	2018
Christine Schmidt	Principal, Nevada Middle School	2018
Christina deNeui	Principal, Central Elementary School	2018
Justin Gross	School Improvement Director	2018
Brian Schaeffer	Board Secretary/Treasurer & District Business Manager	2018
Joe Wakeman	Director, Technology	2018
David Kroese	Director, Maintenance & Transportation	2018
David Schmitz	Director, Food Service	2018
Andrew Bracken	Attorney	Indefinite

Financial Section

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

To the Board of Education of
Nevada Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nevada Community School District, Nevada, Iowa, as of and for the year ended June 30, 2018 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nevada Community School District at June 30, 2018, 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 a Matter

As discussed in Note 21 to the financial statements, Nevada Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other*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 Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 17 through 23 and 84 through 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nevada Community School District's basic financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2019 on our consideration of Nevada Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Nevada Community School District's internal control over financial reporting and compliance.

Hunt & Associates, P.C.

Oskaloosa, Iowa
March 5, 2019

NEVADA COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Nevada Community School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in this report.

FINANCIAL HIGHLIGHTS

- The District's total net position for governmental activities was \$18,048,228 at June 30, 2018 compared to \$17,575,904 at June 30, 2017, prior to the restatement, an increase of 2.7%.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$2,508,404 or 13.53% of total general fund revenues compared to the prior year's unassigned fund balance of \$2,217,135 or 11.91% of total general fund revenues.
- The District showed a decrease in certified enrollment of 57 students from 1,548 in 2016 to 1,491 in 2017. The total students served also decreased by 44 students from 1,550 in 2016 to 1,506 in 2017.
- The District issued \$1,113,000 of Capital Loan Notes payable via Physical Plant and Equipment Levy tax receipts in June 2018 at 3.5% interest across the life of the notes. These notes will pay for construction of the new baseball field facility.
- The District placed \$770,000 of debt service tax receipts in escrow to retire the General Obligation Bonds dated December 1, 2012. The interest savings for this future bond retirement will be \$187,810.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide statements

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

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

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

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

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

Fund Financial Statements

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

The District has three types of funds:

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

Proprietary Funds: Services for which the District charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. The District has two proprietary funds – the School Nutrition Fund and the Internal Service Fund for Partial Self-Funded Group Medical Insurance.

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

Notes to the financial statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position is an indicator of the fiscal health of the District. The District's net position was \$17,836,054 at June 30, 2018 compared to \$17,493,538, not restated, at June 30, 2017 (see below).

Table 1
Condensed Statement of Net Position

	Governmental Activ ities		Business-ty pe Activ ities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2018	2017	2018	2017	2018	2017	2017-18
		(not restated)		(not restated)		(not restated)	
Current and other assets	\$ 16,597,062	14,899,457	(370,691)	(302,692)	16,226,371	14,596,765	11.16%
Capital assets	39,142,940	38,886,639	416,371	450,514	39,559,311	39,337,153	0.56%
Total assets	55,740,002	53,786,096	45,680	147,822	55,785,682	53,933,918	3.43%
Deferred outflow s of resouces	3,206,223	2,833,927	90,775	83,506	3,296,998	2,917,433	13.01%
Long-term obligations	30,958,596	29,246,525	310,404	276,783	31,269,000	29,523,308	5.91%
Other liabilities	2,585,107	2,787,328	31,505	33,608	2,616,612	2,820,936	-7.24%
Total liabilities	33,543,703	32,033,853	341,909	310,391	33,885,612	32,344,244	4.77%
Deferred inflow s of resources	7,354,294	7,010,266	6,720	3,303	7,361,014	7,013,569	4.95%
Net position:							
Net Investment in capital assets	20,517,038	19,556,639	416,371	450,514	20,933,409	20,007,153	4.63%
Restricted	2,962,133	2,319,779	-	-	2,962,133	2,319,779	27.69%
Unrestricted	(5,430,943)	(4,300,514)	(628,545)	(532,880)	(6,059,488)	(4,833,394)	-25.37%
Total net position	\$ 18,048,228	17,575,904	(212,174)	(82,366)	17,836,054	17,493,538	1.96%

The District's total net position increased 1.96%, or approximately \$342,516, from the prior year prior to the restatement. 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 resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$642,354, or 27.69%, over the prior year. The increase was primarily a result of an increase in net position for debt service funds.

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 approximately \$1,226,094, or 25.37% prior to the restatement. This decrease in unrestricted net position was primarily a result of the decrease in the District's unrestricted net position for Governmental Activities in the current year.

The table on the next page shows changes in net position for the year ended June 30, 2018 compared to June 30, 2017.

Table 2
Changes of Net Position

	Governmental		Business-type		Total		Total
	Activities		Activities				Change
	2018	2017	2018	2017	2018	2017	2017-18
Program revenues:							
Charges for services	\$ 2,324,899	2,063,507	473,913	439,044	2,798,812	2,502,551	11.84%
Operating grants and contributions	2,985,975	3,003,524	380,254	398,835	3,366,229	3,402,359	-1.06%
Capital grants and contributions and restricted interest	-	-	-	1,284	-	1,284	-100.00%
General revenues:							
Property tax	7,100,455	6,807,388	-	-	7,100,455	6,807,388	4.31%
Income surtax	461,541	446,752	-	-	461,541	446,752	3.31%
Statewide sales, services and use tax	1,441,575	1,472,870	-	-	1,441,575	1,472,870	-2.12%
Unrestricted state grants	8,183,587	7,916,067	-	-	8,183,587	7,916,067	3.38%
Other	367,832	217,338	(25,181)	234	342,651	217,572	57.49%
Total revenues	22,865,864	21,927,446	828,986	839,397	23,694,850	22,766,843	4.08%
Program expenses:							
Governmental activities:							
Instructional	12,346,197	12,189,329	-	-	12,346,197	12,189,329	1.29%
Support services	7,245,695	7,111,749	-	3,901	7,245,695	7,115,650	1.83%
Non-instructional programs	-	2,178	942,265	953,825	942,265	956,003	-1.44%
Other expenses	2,223,672	2,121,793	-	-	2,223,672	2,121,793	4.80%
Total expenses	21,815,564	21,425,049	942,265	957,726	22,757,829	22,382,775	1.68%
Changes in net position	1,050,300	502,397	(113,279)	(118,329)	937,021	384,068	143.97%
Beginning net position, as restated	16,997,928	17,073,507	(98,895)	35,963	16,899,033	17,109,470	-1.23%
Ending net position	\$ 18,048,228	17,575,904	(212,174)	(82,366)	17,836,054	17,493,538	1.96%

Property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 75.17% of the total governmental activities revenue. The District's expenses primarily relate to instruction and support services which account for 89.81% of the total governmental activities expenses.

Governmental Activities

Revenues for governmental activities were \$22,865,864 and expenses were \$21,815,564.

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

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2018	2017	Change 2017-18	2018	2017	Change 2017-18
Instruction	\$ 12,346,197	12,189,329	1.29%	\$ 8,810,723	8,640,612	1.97%
Support services	7,245,695	7,111,749	1.88%	6,120,893	6,213,790	-1.50%
Non-instructional programs	-	2,178	-100.00%	-	2,178	-100.00%
Other expenses	2,223,672	2,121,793	4.80%	1,573,074	1,501,438	4.77%
Totals	\$ 21,815,564	21,425,049	1.82%	\$ 16,504,690	16,358,018	0.90%

- The cost financed by users of the District's programs was \$2,324,899.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,985,975.
- The net cost of governmental activities was financed with \$7,100,455 in property tax, \$461,541 in income surtax, \$1,441,575 in statewide sales, services and use tax, \$8,183,587 in unrestricted state grants, and \$342,651 in other income.

Business Type Activities

Revenues of the District's business type activities were \$854,929 and expenses were \$942,265. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2018, the District's governmental funds reported combined ending fund balances of \$6,444,641, an increase of \$1,642,675 in comparison with the prior year. This increase was primarily the result of the use of Debt Service Fund tax receipts being held and placed in escrow for debt retirement.

Governmental Fund Highlights

The District's General Fund financial position increased to \$3,060,372 at June 30, 2018 from \$2,736,350 at June 30, 2017, representing a 11.84% increase. This increase was primarily a result of the additional General Fund cash reserve taxes levied.

The Capital Projects Fund balance increased \$208,660 during the year. In this fund, cash assets increased as the result of the receipt of Capital Loan Note funds for the Baseball Field Project.

The Debt Service Fund balance increased \$814,691 due to the receipt of taxes that was placed in escrow to retire General Obligation bonds in 2021.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional summer maintenance projects and equipment purchases, for additional expenditures incurred with food service and the new baseball field project. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information

section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 84.

The District's total actual revenues were \$597,182 more than the total budgeted revenues, a variance of 2.6%. The most significant change resulted in the District receiving more local and federal sources revenue than originally anticipated.

Total expenditures were less than budgeted by \$1,884,625 due primarily to the District's budget for the General Fund expenditures being less than expected. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

Capital Asset and Debt Administration

Capital Assets

The District's invested in capital assets for its governmental and business type activities as of June 30, 2018, amounts to \$39,559,311 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles and equipment. Detailed information regarding the District's capital assets can be found in Note 7 of the notes to the basic financial statements.

During the year ended June 30, 2018, the District completed a physical inventory of capital assets which restated beginning capital assets' balance. Construction in progress was increased for the baseball field facility project.

Table 4
Capital Assets, Net of Depreciation

	Governmental Activities June 30,		Business-type Activities June 30,		Total District June 30,		Total Change
	2018	2017 (as restated)	2018	2017	2018	2017 (as restated)	2017-18
Land	\$ 231,244	231,244	-	-	231,244	231,244	-
Construction in progress	485,320	-	-	-	485,320	-	100.00%
Buildings	32,244,500	32,984,096	-	-	32,244,500	32,984,096	-2.24%
Land improvements	5,225,934	5,168,707	-	-	5,225,934	5,168,707	1.11%
Machinery and equipment	955,942	872,249	416,371	450,514	1,372,313	1,322,763	3.75%
Total	\$ 39,142,940	39,256,296	416,371	450,514	39,559,311	39,706,810	-0.37%

Long-Term Debt

At the end of June 30, 2018, the District had total governmental activities long-term debt of \$30,958,596, an increase of \$764,438 from the prior fiscal year as restated. Of the total amount of long-term debt, \$782,787 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 8 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Governmental		Business-type		Total	Total	
	Activities		Activities		District	Change	
	June 30,		June 30,		June 30,	June 30,	
	2018	2017	2018	2017	2018	2017	2017-18
		(as restated)		(as restated)		(as restated)	
General Obligation Bonds	\$ 6,394,000	6,785,000	-	-	6,394,000	6,785,000	-5.76%
Revenue Bonds	11,695,000	12,545,000	-	-	11,695,000	12,545,000	-6.78%
Capital Loan Notes	1,113,000	-	-	-	1,113,000	-	100.00%
Early Retirement	210,369	116,155	-	-	210,369	116,155	81.11%
Compensated Absences	55,540	30,420	-	-	55,540	30,420	82.58%
Net Pension Liability	9,881,337	9,393,096	290,320	276,783	10,171,657	9,669,879	5.19%
Total OPEB Liability	1,609,350	1,324,487	20,084	16,529	1,629,434	1,341,016	21.51%
Total	\$ 30,958,596	30,194,158	310,404	293,312	31,269,000	30,487,470	2.56%

Economic Factors and Next Year's Budgets and Rates

- The 2017 State Legislature set the rate of increase for supplemental aid for state aid and property taxes for schools for the 2017-18 school year at 1.11%. Furthermore, the Legislature set the rate of increase for supplemental aid for the 2018-19 school year at 1% and, for the 2019-20 school year, at 2.06%. What happens in the future with supplement aid for state aid and property taxes will have an impact on the District's General Fund budget.
- District certified enrollment increased in fiscal year 2018 by 11 students, .72% of the enrollment of 1,537 in fiscal year 2017. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation. The Board of Education and administration of the District believe that the commitment to improving facilities and programs will be an attraction to future enrollment growth.
- The District has a two-year contract with the Nevada Community Education Association (NCEA) which included an overall increase in salary and benefits for certified teaching staff of 2.52% for fiscal year 2018. Staff represented by NCEA make up \$8.8 million in wages and benefits or 48% of all General Fund expenditures. Settlements with employee groups that exceed the rate of growth in state funding will have an adverse impact upon the District's General Fund budget.

Requests for Information

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

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Basic Financial Statements

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 7,739,199	\$ 48,157	\$ 7,787,356
Receivables:			
Property tax:			
Delinquent	18,526	-	18,526
Succeeding year	7,125,552	-	7,125,552
Income surtax	446,039	-	446,039
Accounts	17,253	431	17,684
Due from other governments	808,455	6,302	814,757
Internal balances	442,038	(442,038)	-
Inventories	-	16,457	16,457
Capital assets not being depreciated:			
Land	231,244	-	231,244
Construction in progress	485,320	-	485,320
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	32,244,500	-	32,244,500
Land improvements	5,225,934	-	5,225,934
Machinery and equipment	955,942	416,371	1,372,313
Total assets	55,740,002	45,680	55,785,682
Deferred Outflows of Resources			
Pension related deferred outflows	3,003,532	88,245	3,091,777
OPEB related deferred outflows	202,691	2,530	205,221
Total deferred outflows of resources	3,206,223	90,775	3,296,998

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	449,174	11,119	460,293
Due to other governments	227,245	-	227,245
Salaries and benefits payable	1,878,874	5,533	1,884,407
Deposits payable	2,445	-	2,445
Interest payable	27,369	-	27,369
Unearned revenue	-	14,853	14,853
Long-term liabilities:			
Portion due within one year:			
Bonds payable	400,000	-	400,000
Revenue bonds payable	40,000	-	40,000
Capital loan notes payable	115,000	-	115,000
Early retirement payable	172,247	-	172,247
Compensated absences payable	55,540	-	55,540
Portion due after one year:			
Bonds payable	5,994,000	-	5,994,000
Revenue bonds payable	11,655,000	-	11,655,000
Capital loan notes payable	998,000	-	998,000
Early retirement payable	38,122	-	38,122
Net pension liability	9,881,337	290,320	10,171,657
Total OPEB liability	1,609,350	20,084	1,629,434
Total liabilities	33,543,703	341,909	33,885,612
Deferred Inflows of Resources			
Succeeding year property tax	7,125,552	-	7,125,552
Pension related deferred inflows	228,742	6,720	235,462
Total deferred inflows of resources	7,354,294	6,720	7,361,014

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Net Position			
Net investment in capital assets	20,517,038	416,371	20,933,409
Restricted for:			
Categorical funding	391,700	-	391,700
Debt service	1,343,518	-	1,343,518
School infrastructure	874,596	-	874,596
Physical plant and equipment levy	3,666	-	3,666
Management levy	106,044	-	106,044
Student activities	242,609	-	242,609
Unrestricted	(5,430,943)	(628,545)	(6,059,488)
Total net position	<u>\$ 18,048,228</u>	<u>\$ (212,174)</u>	<u>\$ 17,836,054</u>

See notes to the basic financial statements.

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NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular instruction	\$ 7,752,619	\$ 826,437	\$ 1,056,824
Special instruction	2,390,869	539,436	75,117
Other instruction	2,202,709	468,452	569,208
	<u>12,346,197</u>	<u>1,834,325</u>	<u>1,701,149</u>
Support services:			
Student services	955,818	245,218	24,368
Instructional staff services	1,567,400	54,395	607,722
Administration services	2,317,454	80,382	-
Operation and maintenance of plant services	1,851,351	23,215	-
Transportation services	553,672	87,364	2,138
	<u>7,245,695</u>	<u>490,574</u>	<u>634,228</u>
Other expenses:			
Long-term debt interest and fiscal charges	484,690	-	-
AEA flowthrough	650,598	-	650,598
Depreciation (unallocated) *	1,088,384	-	-
	<u>2,223,672</u>	<u>-</u>	<u>650,598</u>
Total governmental activities	21,815,564	2,324,899	2,985,975

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (5,869,358)	\$ -	\$ (5,869,358)
(1,776,316)	-	(1,776,316)
(1,165,049)	-	(1,165,049)
(8,810,723)	-	(8,810,723)
(686,232)	-	(686,232)
(905,283)	-	(905,283)
(2,237,072)	-	(2,237,072)
(1,828,136)	-	(1,828,136)
(464,170)	-	(464,170)
(6,120,893)	-	(6,120,893)
(484,690)	-	(484,690)
-	-	-
(1,088,384)	-	(1,088,384)
(1,573,074)	-	(1,573,074)
(16,504,690)	-	(16,504,690)

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Business-Type Activities:			
Non-instructional programs:			
Food service operations	\$ 942,265	\$ 473,913	\$ 380,254
Total	\$ 22,757,829	\$ 2,798,812	\$ 3,366,229
General revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Income surtax			
Statewide sales, services, and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position beginning of year, as restated			
Net position end of year			

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

See notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ -	\$ (88,098)	\$ (88,098)
(16,504,690)	(88,098)	(16,592,788)
\$ 5,257,729	\$ -	\$ 5,257,729
1,344,462	-	1,344,462
498,264	-	498,264
461,541	-	461,541
1,441,575	-	1,441,575
8,183,587	-	8,183,587
83,154	762	83,916
258,735	-	258,735
25,943	(25,943)	-
17,554,990	(25,181)	17,529,809
1,050,300	(113,279)	937,021
16,997,928	(98,895)	16,899,033
\$ 18,048,228	\$ (212,174)	\$ 17,836,054

NEVADA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 4,092,472	\$ 1,684,786	\$ 1,368,271	\$ 570,578	\$ 7,716,107
Receivables:					
Property tax:					
Delinquent	12,749	1,182	3,189	1,406	18,526
Succeeding year	4,911,607	501,169	1,348,178	364,598	7,125,552
Income surtax	446,039	-	-	-	446,039
Accounts	13,017	-	-	4,236	17,253
Interfund	481,467	-	-	100	481,567
Due from other governments	685,947	122,156	-	352	808,455
Total assets	<u>\$ 10,643,298</u>	<u>\$ 2,309,293</u>	<u>\$ 2,719,638</u>	<u>\$ 941,270</u>	<u>\$ 16,613,499</u>

NEVADA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Capital Projects	Debt Service	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 87,469	\$ 353,337	\$ 1,000	\$ 7,368	\$ 449,174
Due to other governments	226,924	-	-	321	227,245
Salaries and benefits payable	1,878,874	-	-	-	1,878,874
Interfund payable	29,568	-	-	9,961	39,529
Deposits payable	2,445	-	-	-	2,445
Total liabilities	<u>2,225,280</u>	<u>353,337</u>	<u>1,000</u>	<u>17,650</u>	<u>2,597,267</u>
Deferred inflows of resources:					
Succeeding year property tax	4,911,607	501,169	1,348,178	364,598	7,125,552
Income surtax	446,039	-	-	-	446,039
Total deferred inflows of resources	<u>5,357,646</u>	<u>501,169</u>	<u>1,348,178</u>	<u>364,598</u>	<u>7,571,591</u>
Fund balances:					
Restricted for:					
Categorical funding	391,700	-	-	-	391,700
School infrastructure	-	1,450,694	-	-	1,450,694
Physical plant and equipment	-	4,093	-	-	4,093
Debt service	-	-	1,370,460	-	1,370,460
Management levy purposes	-	-	-	316,413	316,413
Student activities	-	-	-	242,609	242,609
Assigned for activity based accounts	160,268	-	-	-	160,268
Unassigned	2,508,404	-	-	-	2,508,404
Total fund balances	<u>3,060,372</u>	<u>1,454,787</u>	<u>1,370,460</u>	<u>559,022</u>	<u>6,444,641</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,643,298</u>	<u>\$ 2,309,293</u>	<u>\$ 2,719,638</u>	<u>\$ 941,270</u>	<u>\$ 16,613,499</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2018

Total fund balances of governmental funds	\$ 6,444,641
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	39,142,940
The Internal Service Fund is used to charge the costs of the District's partial self-funded health insurance plan to the governmental funds. The net position of the Internal Service Fund is therefore included in governmental activities.	23,092
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(27,369)
Income surtax receivable and other receivables not collected within sixty days after year end are not yet available to finance expenditures of the current period and, therefore, are recognized as deferred inflows of resources in the governmental funds.	446,039
Pension and OPEB 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	\$ 3,206,223
Deferred inflows of resources	<u>(228,742)</u>
	2,977,481
Long-term liabilities, including bonds payable, notes payable, early retirement, compensated absences, net pension liability, and total OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(30,958,596)</u>
Net position of governmental activities	<u>\$ 18,048,228</u>
See notes to the basic financial statements.	

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 5,143,214	\$ 491,475	\$ 1,326,144	\$ 513,350	\$ 7,474,183
Tuition	1,256,586	-	-	-	1,256,586
Other	694,630	250	1,085	481,854	1,177,819
State sources	10,826,367	1,448,364	18,318	5,915	12,298,964
Federal sources	619,208	-	-	-	619,208
Total revenues	18,540,005	1,940,089	1,345,547	1,001,119	22,826,760
Expenditures:					
Current:					
Instruction	11,393,671	29,753	-	515,137	11,938,561
Support services:					
Student services	926,739	-	-	-	926,739
Instructional staff services	1,237,481	290,981	-	-	1,528,462
Administration services	2,169,953	7,000	2,312	8,429	2,187,694
Operation and maintenance of plant services	1,440,627	34,371	-	160,835	1,635,833
Transportation services	430,318	143,331	-	21,416	595,065
	6,205,118	475,683	2,312	190,680	6,873,793
Other expenditures:					
Facilities acquisition	-	1,140,877	-	-	1,140,877
Long term debt:					
Principal	-	-	1,241,000	-	1,241,000
Interest and fiscal charges	-	-	485,660	-	485,660
AEA flowthrough	650,598	-	-	-	650,598
	650,598	1,140,877	1,726,660	-	3,518,135
Total expenditures	18,249,387	1,646,313	1,728,972	705,817	22,330,489
Excess (deficiency) of revenues over (under) expenditures	290,618	293,776	(383,425)	295,302	496,271

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General	Capital Projects	Debt Service	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	\$ 7,461	\$ -	\$ -	\$ -	\$ 7,461
Capital loan notes issued	-	1,113,000	-	-	1,113,000
Transfers in	25,943	-	1,198,116	-	1,224,059
Transfers out	-	(1,198,116)	-	-	(1,198,116)
Total other financing sources (uses)	33,404	(85,116)	1,198,116	-	1,146,404
Change in fund balances	324,022	208,660	814,691	295,302	1,642,675
Fund balances beginning of year	2,736,350	1,246,127	555,769	263,720	4,801,966
Fund balances end of year	\$ <u>3,060,372</u>	\$ <u>1,454,787</u>	\$ <u>1,370,460</u>	\$ <u>559,022</u>	\$ <u>6,444,641</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Change in fund balances - total governmental funds	\$ 1,642,675
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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. These costs are not reported in the Statement of Activities but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 1,090,021	
Depreciation expense	<u>(1,203,377)</u>	(113,356)

Income surtax receivable and other receivables not collected within sixty days of year end are not available to finance expenditures of the current period and are recognized as deferred inflows of resources in the governmental funds.	5,700
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The change in net position of the Internal Service Fund represents an overcharge to the governmental funds served and, therefore, decreases expenses in the Statement of Activities.	23,092
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Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(1,113,000)
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Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.	1,241,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	970
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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 deferred outflows of resources in the Statement of Net Position.	12,020
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NEVADA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

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

Early retirement	(94,214)	
Compensated absences	(25,120)	
Pension expense	(447,295)	
OPEB expense	<u>(82,172)</u>	<u>(648,801)</u>

Change in net position of governmental activities		\$ <u>1,050,300</u>
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See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2018

	<u>Enterprise School Nutrition</u>	<u>Internal Service</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 48,157	\$ 23,092
Accounts receivable	431	-
Interfund receivable	29,468	-
Due from other governments	6,302	-
Inventories	16,457	-
Total current assets	<u>100,815</u>	<u>23,092</u>
Non-current assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation	<u>416,371</u>	<u>-</u>
Total assets	<u>517,186</u>	<u>23,092</u>
Deferred Outflows of Resources		
Pension related deferred outflows	88,245	-
OPEB related deferred outflows	2,530	-
Total deferred outflows of resources	<u>90,775</u>	<u>-</u>

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2018

	<u>Enterprise School Nutrition</u>	<u>Internal Service</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 11,119	\$ -
Salaries and benefits payable	5,533	-
Interfund payable	471,506	-
Unearned revenue	14,853	-
Total current liabilities	<u>503,011</u>	<u>-</u>
Non-current liabilities:		
Net pension liability	290,320	-
Total OPEB liability	20,084	-
Total non-current liabilities	<u>310,404</u>	<u>-</u>
Total liabilities	<u>813,415</u>	<u>-</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>6,720</u>	<u>-</u>
Net Position		
Net investment in capital assets	416,371	-
Unrestricted	<u>(628,545)</u>	<u>23,092</u>
Total net position	<u>\$ (212,174)</u>	<u>\$ 23,092</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018

	<u>Enterprise School Nutrition</u>	<u>Internal Service</u>
Operating revenues:		
Local sources:		
Charges for services	\$ 473,913	\$ 23,092
Operating expenses:		
Non-instructional programs:		
Food service operations:		
Salaries	346,610	-
Benefits	91,080	-
Supplies	470,432	-
Depreciation	34,143	-
Total operating expenses	<u>942,265</u>	<u>-</u>
Operating income (loss)	(468,352)	23,092
Non-operating revenues:		
Interest on investments	762	-
State sources	5,664	-
Federal sources	374,590	-
Total non-operating revenues	<u>381,016</u>	<u>-</u>
Non-operating expenses:		
Transfers out	<u>25,943</u>	<u>-</u>
Change in net position	(113,279)	23,092
Net position beginning of year, as restated	<u>(98,895)</u>	<u>-</u>
Net position end of year	<u>\$ (212,174)</u>	<u>\$ 23,092</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	<u>Enterprise School Nutrition</u>	<u>Internal Service</u>
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 456,061	\$ -
Cash received from miscellaneous operating activities	32,139	23,092
Cash payments to employees for services	(353,426)	-
Cash payments to suppliers for goods or services	(444,963)	-
Net cash provided by (used by) operating activities	<u>(310,189)</u>	<u>23,092</u>
Cash flows from non-capital financing activities:		
State grants received	5,664	-
Federal grants received	306,392	-
Indirect costs transfer	(25,943)	-
Net cash provided by non-capital financing activities	<u>286,113</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>762</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(23,314)	23,092
Cash and cash equivalents beginning of year	<u>71,471</u>	<u>-</u>
Cash and cash equivalents end of year	<u>\$ 48,157</u>	<u>\$ 23,092</u>

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2018

	<u>Enterprise</u> <u>School</u> <u>Nutrition</u>	<u>Internal</u> <u>Service</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:		
Operating income (loss)	\$ (468,352)	\$ 23,092
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Depreciation	34,143	-
Commodities used	66,660	-
Decrease in accounts receivable	12,963	-
(Increase) in interfund receivable	(27,757)	-
(Increase) in due from other governments	(343)	-
(Increase) in inventories	(10,212)	-
(Decrease) in accounts payable	(1,511)	-
(Decrease) in salaries and benefits payable	(548)	-
Increase in interfund payable	71,572	-
(Decrease) in unearned revenue	(44)	-
Increase in net pension liability	13,537	-
Increase in total OPEB liability	3,555	-
(Increase) in deferred outflows of resources	(7,269)	-
Increase in deferred inflows of resources	<u>3,417</u>	<u>-</u>
Net cash provided by (used by) operating activities	\$ <u>(310,189)</u>	\$ <u>23,092</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2018, the District received \$66,660 of federal commodities.

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2018

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
Assets:		
Cash and pooled investments	\$ <u>32,509</u>	\$ <u>25,458</u>
Liabilities:		
Due to other groups	<u>-</u>	<u>25,458</u>
Net position:		
Held in trust for other purposes	\$ <u><u>32,509</u></u>	\$ <u><u>-</u></u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 Year Ended June 30, 2018

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ <u>22,601</u>
Deductions:	
Instruction:	
Supplies	7,655
Scholarships awarded	14,200
Student services:	
Supplies	<u>279</u>
Total deductions	<u>22,134</u>
Change in net position	467
Net position beginning of year	<u>32,042</u>
Net position end of year	\$ <u><u>32,509</u></u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the 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 nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

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

The District also reports the following major proprietary fund:

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

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The District also reports the following fiduciary funds:

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

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

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary and fiduciary fund financial statements, except for agency funds, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. Agency funds do not have a measurement focus due to their custodial nature.

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

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

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

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

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

The District maintains its financial records on the accrual basis.

D. Cash, Pooled Investments and Cash Equivalents

The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investments in the Iowa Schools Joint Investment Trust (ISJIT) and money market mutual fund, which are valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

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

E. Property Taxes

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

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2017.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

F. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transfers between funds had not been received as of June 30, 2018, balances of interfund amounts receivable or payable have been recorded. Any balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

G. Inventories

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

H. Capital Assets

Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of one year.

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

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (continued)

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

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

I. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to a future period(s) which 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 and OPEB expense and contributions from the District after the measurement date but before the end of the District's reporting period.

J. Salaries and Benefits Payable

Payroll and related expenses for teachers with annual contracts corresponding to the school year, which have balances payable in July and August 2018, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2018.

K. Unearned Revenues

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

L. Long-term Obligations

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

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

M. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. There are currently thirty-one members of the District's Management Team, administrative staff, and maintenance department who are paid out for their unused vacation days at their daily pay rate. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. The full balance is shown as due within a year using first-in, first-out basis.

N. 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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

- O. Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

P. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future period(s) which 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 represent 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 year 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 receivables that will not be recognized until the year for which it is levied, = the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and other unamortized items not yet charged against pension expense.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Q. Fund Balance

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

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

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

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

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

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

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

Note 2. Budgets and Budgetary Accounting

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

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

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 2. Budgets and Budgetary Accounting (continued)

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

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the function level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any function, however, any revisions that alter the total expenditures or expenses of any function must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.
6. Encumbrances are not recognized in the budgetary process and appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balances lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2018 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.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 3. Deposits and Pooled Investments (continued)

At June 30, 2018, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) as follows:

<u>Investment</u>	<u>Amortized Cost</u>
Iowa Schools Joint Investment Trust, Diversified Portfolio	\$ 22,622
Iowa Schools Joint Investment Trust, Rolling Fixed Deposit Investment (RFDI)	530,377
Money Market Mutual Fund	<u>71,000</u>
	<u>\$ 623,999</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT, Diversified Portfolio or the money market mutual fund investments. The ISJIT, RFDI investments are restricted to one withdrawal per month.

At June 30, 2018, the District had the following investments:

<u>Investment</u>	<u>Fair Value</u>
U.S. Treasury Note	\$ <u>770,000</u>

The District uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the U.S. Treasury Note of \$770,000 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

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

Credit Risk – The investments in the ISJIT, Diversified Portfolio and the Money Market Mutual Fund were rated AAAM by Standard and Poor’s Financial Services.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 3. Deposits and Pooled Investments (continued)

Custodial Credit Risk (deposits) – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District does not have a policy for custodial credit risk of deposits. As of June 30, 2018, the carrying amount of the District’s bank deposits totaled \$6,836,902. Of the bank balances, \$555,844 was covered by federal depository insurance and \$6,281,058 was uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the District’s name. These amounts are included in the cash and pooled investments on the combined balance sheet.

Custodial Credit Risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District’s policy relating to custodial credit risk of investments is to allow the treasurer to invest funds in excess of current needs in depositories authorized by the Board. The amount that can be held by counterparties is established annually by the Board. As of June 30, 2018, the carrying amount of the District’s investments totaled \$1,393,999. The entire amount is exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the District’s investment firm which is also the counterparty for the securities held.

The District does not have a policy regarding concentration risk.

Note 4. Transfers

The detail of transfers for the year ended June 30, 2018 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 1,198,116
General	Enterprise: School Nutrition	<u>25,943</u>
		<u>\$ 1,224,059</u>

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

The Capital Projects: Statewide Sales, Services and Use Tax Fund is transferring money to finance revenue bond payments made from the Debt Service Fund. The Enterprise: School Nutrition Fund transferred money to the General Fund to reimburse indirect costs.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 5. Interfund Receivables and Payables

At June 30, 2018, interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Interfund balances between governmental funds:		
Other receivables:		
General	Special Revenue: Management Levy	\$ 2,087
General	Special Revenue: Student Activity	7,874
Special Revenue: Student Activity	General	<u>100</u>
		<u>10,061</u>
Interfund balances between governmental and proprietary funds:		
Other receivables:		
General	Enterprise: School Nutrition	471,506
Enterprise: School Nutrition	General	<u>29,468</u>
		<u>500,974</u>
Total		\$ <u><u>511,035</u></u>

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

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

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 6. Due from Other Governments

Details of amounts due from various other governments by fund at June 30, 2018, are as follows:

Governmental Funds:

General Fund:

Tuition from other Districts	\$ 554,481
Shared positions with other Districts	48,794
Title I grants	53,610
Career and technical education grants	11,037
Other	18,025
	<u>685,947</u>

Capital Projects Fund:

Statewide sales, services and use tax	<u>122,156</u>
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Student Activity Fund:

Event fees	352
	<u>808,455</u>

Proprietary Funds:

Enterprise: School Nutrition Fund:

Child nutrition grants	<u>6,302</u>
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Total due from other governments	<u><u>\$ 814,757</u></u>
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NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 7. Capital Assets

Capital assets activity for the year ended June 30, 2018 is as follows:

	Balance Beginning of Year, as Restated	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 231,244	\$ -	\$ -	\$ 231,244
Construction in progress	-	485,320	-	485,320
Total capital assets not being depreciated	<u>231,244</u>	<u>485,320</u>	<u>-</u>	<u>716,564</u>
Capital assets being depreciated:				
Buildings	41,430,554	40,287	-	41,470,841
Land improvements	5,897,874	343,580	-	6,241,454
Machinery and equipment	2,316,464	220,834	-	2,537,298
Total capital assets being depreciated	<u>49,644,892</u>	<u>604,701</u>	<u>-</u>	<u>50,249,593</u>
Less accumulated depreciation for:				
Buildings	8,446,458	779,883	-	9,226,341
Land improvements	729,167	286,353	-	1,015,520
Machinery and equipment	1,444,215	137,141	-	1,581,356
Total accumulated depreciation	<u>10,619,840</u>	<u>1,203,377</u>	<u>-</u>	<u>11,823,217</u>
Total capital assets being depreciated, net	<u>39,025,052</u>	<u>(598,676)</u>	<u>-</u>	<u>38,426,376</u>
Governmental activities capital assets, net	<u>\$ 39,256,296</u>	<u>\$ (113,356)</u>	<u>\$ -</u>	<u>\$ 39,142,940</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 768,793	\$ -	\$ -	\$ 768,793
Less accumulated depreciation	318,279	34,143	-	352,422
Business-type activities capital assets, net	<u>\$ 450,514</u>	<u>\$ (34,143)</u>	<u>\$ -</u>	<u>\$ 416,371</u>

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 7. Capital Assets (continued)

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

Governmental activities:

Instruction:

Regular	\$ 23,899
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Support services:

Administration services	4,364
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Operation and maintenance of plant services	3,176
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Transportation services	<u>83,554</u>
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	114,993
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Unallocated depreciation	<u>1,088,384</u>
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Total governmental activities depreciation expense	<u><u>\$ 1,203,377</u></u>
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Business-type activities:

Food service operations	<u><u>\$ 34,143</u></u>
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NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 8. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 6,785,000	\$ -	\$ 391,000	\$ 6,394,000	\$ 400,000
Revenue bonds	12,545,000	-	850,000	11,695,000	40,000
Capital loan notes	-	1,113,000	-	1,113,000	115,000
Early retirement	116,155	210,369	116,155	210,369	172,247
Compensated absences	30,420	55,540	30,420	55,540	55,540
Net pension liability	9,393,096	488,241	-	9,881,337	-
Total OPEB liability	1,324,487	284,863	-	1,609,350	-
Total	<u>\$ 30,194,158</u>	<u>\$ 2,152,013</u>	<u>\$ 1,387,575</u>	<u>\$ 30,958,596</u>	<u>\$ 782,787</u>
Business-type activities:					
Net pension liability	\$ 276,783	\$ 13,537	\$ -	\$ 290,320	\$ -
Total OPEB liability	16,529	3,555	-	20,084	-
Total	<u>\$ 293,312</u>	<u>\$ 17,092</u>	<u>\$ -</u>	<u>\$ 310,404</u>	<u>\$ -</u>

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 8. Long-Term Liabilities (continued)

Bonded Debt

On December 1, 2012, the District issued general obligation bonds of \$6,400,000 for the high school remodel project construction. On November 15, 2016, the District issued general obligation bonds of \$1,912,000 to refund the June 27, 2006 general obligation bonds. The General Obligation Bonds will be paid with property taxes collected in the Debt Service Fund. Details of the District's June 30, 2018 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 1, 2012			
	Interest Rates	Principal	Interest	Total
2019	2.00 %	\$ 25,000	\$ 108,365	\$ 133,365
2020	2.00	25,000	107,865	132,865
2021	2.00	25,000	107,365	132,365
2022	2.00	425,000	106,865	531,865
2023	2.00	435,000	98,365	533,365
2024-2028	2.00	2,300,000	358,325	2,658,325
2029-2032	2.00-2.30	2,005,000	112,913	2,117,913
Total		\$ 5,240,000	\$ 1,000,063	\$ 6,240,063

Year Ending June 30,	Bond Issue of November 15, 2016			
	Interest Rates	Principal	Interest	Total
2019	2.15 %	\$ 375,000	\$ 24,811	\$ 399,811
2020	2.15	383,000	16,749	399,749
2021	2.15	396,000	8,514	404,514
Total		\$ 1,154,000	\$ 50,074	\$ 1,204,074

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 8. Long-Term Liabilities (continued)

Bonded Debt (continued)

Year Ending June 30,	Total		
	Principal	Interest	Total
2019	\$ 400,000	\$ 133,176	\$ 533,176
2020	408,000	124,614	532,614
2021	421,000	115,879	536,879
2022	425,000	106,865	531,865
2023	435,000	98,365	533,365
2024-2028	2,300,000	358,325	2,658,325
2029-2032	2,005,000	112,913	2,117,913
Total	<u>\$ 6,394,000</u>	<u>\$ 1,050,137</u>	<u>\$ 7,444,137</u>

Bond Refunding Escrow - During the year ended June 30, 2018, the District levied for additional debt service tax revenues beyond the current year needs. This additional revenue has been placed in an irrevocable escrow account to advance refund \$770,000 of the principal due on December 1, 2012 general obligation bonds when those bonds become callable on June 1, 2021. The bonds will remain on the District's financial statements until the call date. The balance of the escrow fund at June 30, 2018 was \$770,000.

On July 1, 2009, the District issued statewide sales, services and use tax revenue bonds of \$11,100,000 for school infrastructure. On December 8, 2015, the District issued \$8,415,000 of statewide sales, services and use tax revenue bonds for the partial refunding of the July 1, 2009 statewide sales, services and use tax revenue bonds. On April 13, 2016, the District issued statewide sales, services and use tax revenue bonds of \$4,710,000 to pay the costs of athletic facility improvements and other capital improvement projects.

In the year ended June 30, 2016, the District defeased certain revenue bonds by placing the proceeds of new bonds in escrow to provide for all future debt service payments on a portion of the old bonds until the July 1, 2019 call date. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2018, \$7,795,000 of bonds outstanding are considered defeased.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 8. Long-Term Liabilities (continued)

Bonded Debt (continued)

The Revenue Bonds will be paid with statewide sales, services and use taxes collected in the Capital Projects Fund. Details of the District's June 30, 2018 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 1, 2009			
	Interest Rates	Principal	Interest	Total
2019	4.25 %	\$ 40,000	\$ 30,838	\$ 70,838
2020	4.50	40,000	29,087	69,087
2021	4.50	40,000	27,287	67,287
2022	4.625	45,000	25,347	70,347
2023	4.75	45,000	23,238	68,238
2024-2028	5.00-5.20	270,000	78,181	348,181
2029-2030	5.30	160,000	10,467	170,467
Total		\$ 640,000	\$ 224,445	\$ 864,445

Year Ending June 30,	Bond Issue of December 8, 2015			
	Interest Rates	Principal	Interest	Total
2019	2.60 %	\$ -	\$ 90,025	\$ 90,025
2020	2.60	520,000	173,290	693,290
2021	2.60	535,000	159,575	694,575
2022	2.60	550,000	145,470	695,470
2023	2.60	565,000	130,975	695,975
2024-2028	2.60	3,035,000	424,775	3,459,775
2029-2030	2.60	1,720,000	57,070	1,777,070
Total		\$ 6,925,000	\$ 1,181,180	\$ 8,106,180

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 8. Long-Term Liabilities (continued)

Bonded Debt (continued)

Year Ending June 30,	Bond Issue of April 13, 2016			
	Interest Rates	Principal	Interest	Total
2019	2.67 %	\$ -	\$ 55,135	\$ 55,135
2020	2.67	315,000	106,066	421,066
2021	2.67	325,000	97,522	422,522
2022	2.67	330,000	88,777	418,777
2023	2.67	340,000	79,833	419,833
2024-2028	2.67	1,855,000	255,586	2,110,586
2029-2030	2.67	965,000	27,835	992,835
Total		\$ 4,130,000	\$ 710,754	\$ 4,840,754

Year Ending June 30,	Total		
	Principal	Interest	Total
2019	\$ 40,000	\$ 175,998	\$ 215,998
2020	875,000	308,443	1,183,443
2021	900,000	284,384	1,184,384
2022	925,000	259,594	1,184,594
2023	950,000	234,046	1,184,046
2024-2028	5,160,000	758,542	5,918,542
2029-2030	2,845,000	95,372	2,940,372
Total	\$ 11,695,000	\$ 2,116,379	\$ 13,811,379

The District has pledged future statewide sales, services and use tax revenues to repay the bonds. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District in accordance with Chapter 423E of the Code of Iowa and are payable through 2030. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitations of the District. Annual principal and interest payments on the bonds are expected to require approximately 15 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$13,811,379. For the current year, \$850,000 in principal and \$344,116 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,441,575.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 8. Long-Term Liabilities (continued)

Bonded Debt (continued)

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

- a) The bonds will only be redeemed from the future earnings of the statewide sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) For the July 1, 2009 issuance, sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made into a sinking fund for the purpose of making the bond principal and interest payments when due.
- c) A separate bond reserve fund for the July 1, 2009 issuance will be maintained in the amount of \$71,000 to be used solely for the purpose of paying principal and interest in the event the sinking fund does not have sufficient funds for that purpose.

Capital Loan Notes:

On June 26, 2018, the District issued capital loan notes of \$1,113,000 for a baseball stadium project. The Capital Loan Notes will be paid with property taxes collected in the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2018 capital loan notes indebtedness are as follows:

Year Ending June 30,	Interest Rates		Principal	Interest	Total
2019	3.50	% \$	115,000	\$ 36,250	\$ 151,250
2020	3.50		120,000	34,930	154,930
2021	3.50		120,000	30,730	150,730
2022	3.50		120,000	26,530	146,530
2023	3.50		125,000	22,330	147,330
2024-2027	3.50		513,000	45,045	558,045
Total			\$ 1,113,000	\$ 195,815	\$ 1,308,815

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 8. Long-Term Liabilities (continued)

Early Retirement

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

At June 30, 2018, the District has obligations to seven participants with a total liability of \$210,369. Early retirement benefits paid during the year ended June 30, 2018, totaled \$116,155. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

Note 9. 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 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, any time 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 9. Pension Plan (continued)

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 on or after 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 – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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 2018, pursuant to the required rate, Regular members contributed 5.95% of covered pay and the District contributed 8.93% of covered payroll, for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2018 totaled \$1,030,621.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$10,171,657 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the District's proportion was 0.152699 percent, which was a decrease of 0.000954 from its proportion measured as of June 30, 2016.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 9. Pension Plan (continued)

For the year ended June 30, 2018, the District recognized pension expense of \$1,477,638. At June 30, 2018, 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
Difference between expected and actual experience	\$ 93,386	\$ 88,130
Changes of assumptions	1,767,365	-
Net difference between projected and actual earnings on pension plan investments	-	106,240
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	200,405	41,092
District contributions subsequent to the measurement date	<u>1,030,621</u>	<u>-</u>
Total	<u>\$ 3,091,777</u>	<u>\$ 235,462</u>

\$1,030,621 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 ending June 30, 2019. 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 Ending June 30,	Amount
2019	\$ 325,021
2020	848,225
2021	485,668
2022	49,344
2023	<u>117,436</u>
Total	<u>\$ 1,825,694</u>

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 9. Pension Plan (continued)

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated March 24, 2017.

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 IPERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	24.0%	6.25%
International Equity	16.0%	6.71
Core Plus Fixed Income	27.0%	2.25
Public Credit	3.5%	3.46
Public Real Assets	7.0%	3.27
Cash	1.0%	(0.31)
Private Equity	11.0%	11.15
Private Real Assets	7.5%	4.18
Private Credit	3.0%	4.25
Total	<u>100%</u>	

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 9. Pension Plan (continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' 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 7.00 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% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 16,758,810	\$ 10,171,657	\$ 4,637,183

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – At June 30, 2018, the District reported payables to IPERS of \$162,671 for legally required District contributions and legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 10. Other Postemployment Benefits (OPEB)

Plan Description – The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Nevada District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 10. Other Postemployment Benefits (OPEB) (continued)

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	<u>206</u>
Total	<u><u>216</u></u>

Total OPEB Liability – The District's total OPEB liability of \$1,629,434 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	3.00% per annum.
Rates of salary increase (effective June 30, 2018)	4.00% per annum.
Discount Rate (effective June 30, 2018)	3.58% per annum.
Healthcare cost trend rate (effective June 30, 2018)	5.00% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.58% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RP2014 annuitant distinct mortality table adjusted to 2006 with MP 2017 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover rates are based on Scale T-6 of the Actuary's Pension Handbook.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 10. Other Postemployment Benefits (OPEB) (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	\$ 1,341,016
Changes for the year:	
Service cost	87,790
Interest	57,733
Differences between expected and actual experience	38,581
Changes in assumptions	186,185
Benefit payments	<u>(81,871)</u>
Net Changes	<u>288,418</u>
Total OPEB liability end of year	<u>\$ 1,629,434</u>

Changes of assumptions reflect a change in the discount rate from 4.50% in fiscal year 2017 to 3.58% in fiscal year 2018, a change in the actuarial cost method, and a change in the mortality table.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current discount rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 1,760,578	\$ 1,629,434	\$ 1,509,275

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability	\$ 1,466,697	\$ 1,629,434	\$ 1,819,894

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 10. Other Postemployment Benefits (OPEB) (continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the District recognized OPEB expense of \$165,068. At June 30, 2018, the District reported deferred outflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 35,226
Changes in assumptions	<u>169,995</u>
Total	<u>\$ 205,221</u>

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 19,545
2020	19,545
2021	19,545
2022	19,545
2023	19,545
Thereafter	<u>107,496</u>
Total	<u>\$ 205,221</u>

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

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

Note 11. Short-Term Debt Activity

During the year ended June 30, 2018, the District entered into a short-term interfund loan from the General Fund to the Enterprise, School Nutrition Fund. The loan was necessary to provide financing of payroll expenses. The loan included interest at 1.0%.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 11. Short-Term Debt Activity (continued)

A summary of the short-term debt activity for the year ended June 30, 2018 is as follows:

	Balance Beginning of Year	Interfund Loan Received	Interfund Loan Repaid	Balance End of Year
School Nutrition Fund	\$ 399,934	\$ 462,572	\$ 391,000	\$ 471,506

Note 12. Risk Management

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

Note 13. Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program, and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 13. Categorical Funding (continued)

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2018.

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 52,115
Gifted and talented programs	89,160
Returning dropouts and dropout prevention programs	1,986
Teacher leadership state aid	127,411
Beginning teacher mentoring and induction program	7,622
Teacher salary supplement	1
Iowa early intervention block grant	7
Successful progression for early readers	77,156
Professional development for model core curriculum	3,379
Teacher development academies	1,136
Professional development	<u>31,727</u>
Total	<u>\$ 391,700</u>

Note 14. 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 \$650,598 for the year ended June 30, 2018 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 15. Budget Overexpenditure

Per the Code of Iowa, expenditures/expenses may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2018, expenditures/expenses in the non-instructional programs function exceeded the certified budget prior to the amendment of the budget.

Note 16. Deficit Balances

The Enterprise, School Nutrition Fund had a deficit unrestricted net position of \$628,545 and a deficit total net position of \$212,174 at June 30, 2018.

Note 17. Construction Commitments

The District has one active construction project as of June 30, 2018. The project is the baseball stadium project. The District has entered into contracts totaling \$1,198,419. As of June 30, 2018, costs of \$340,308 had been incurred against the contracts. The balance of \$858,111 remaining at June 30, 2018 will be paid as work on the project progresses.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 18. Reconciliation of Governmental Fund Balances to Net Position

A reconciliation of certain governmental fund balances to net positions is as follows:

	Net Investment in Capital Assets	Debt Service	Capital Projects	Management Levy	Assigned and Unassigned/ Unrestricted
Fund Balance (Exhibit C)	\$ -	\$ 1,370,460	\$ 1,454,787	\$ 316,413	\$ 2,668,672
Capital assets, net of accumulated depreciation	39,142,940	-	-	-	-
General obligation bond capitalized indebtedness	(6,394,000)	-	-	-	-
Revenue bond capitalized indebtedness	(11,695,000)	-	-	-	-
Capital loan note capitalized indebtedness	(1,113,000)	-	-	-	-
Unspent bond proceeds	576,098	-	(576,098)	-	-
Accrued interest payable	-	(26,942)	(427)	-	-
Early retirement	-	-	-	(210,369)	-
Compensated absences	-	-	-	-	(55,540)
Pension related deferred outflows	-	-	-	-	3,003,532
Pension related deferred inflows	-	-	-	-	(228,742)
Net pension liability	-	-	-	-	(9,881,337)
OPEB related deferred outflows	-	-	-	-	202,691
Total OPEB liability	-	-	-	-	(1,609,350)
Recognition of income surtax deferred inflows of resources	-	-	-	-	446,039
Internal Service Fund net position	-	-	-	-	23,092
Net position (Exhibit A)	\$ 20,517,038	\$ 1,343,518	\$ 878,262	\$ 106,044	\$ (5,430,943)

Note 19. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 19. Tax Abatements (continued)

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amount for the year ended June 30, 2018 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Nevada	Urban renewal and economic development projects	\$ 72,622

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2018, this reimbursement amounted to \$31,102.

Note 20. Change in Accounting Principle/Restatement

During fiscal year 2018, the District changed the depreciation method used for governmental activities from the days of service convention to the half-year convention. This change in accounting principle was made to simplify depreciation calculations. Beginning net position for governmental activities was restated for the cumulative effect of this change in accounting principle as follows:

	<u>Governmental Activities</u>
Net position June 30, 2017, as previously reported	\$ 17,575,904
Cumulative effect of change in accounting principle	<u>369,657</u>
Net position July 1, 2017, as restated	<u><u>\$ 17,945,561</u></u>

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 21. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local governmental employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities and business type of activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	<u>Governmental Activities</u>	<u>Business type Activities</u>
Net position June 30, 2017, as previously reported/restated	\$ 17,945,561	\$ (82,366)
OPEB obligation measured under previous standards	376,854	-
Total OPEB liability at June 30, 2017	<u>(1,324,487)</u>	<u>(16,529)</u>
Net position July 1, 2017, as restated	<u>\$ 16,997,928</u>	<u>\$ (98,895)</u>

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Required Supplementary Information

NEVADA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2018

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 9,908,588	\$ 474,675	\$ 10,383,263	\$ 9,717,491	\$ 9,717,491	\$ 665,772
State sources	12,298,964	5,664	12,304,628	12,590,016	12,590,016	(285,388)
Federal sources	619,208	374,590	993,798	777,000	777,000	216,798
Total revenues	22,826,760	854,929	23,681,689	23,084,507	23,084,507	597,182
EXPENDITURES/EXPENSES:						
Instruction	11,938,561	-	11,938,561	13,141,949	13,141,949	1,203,388
Support services	6,873,793	-	6,873,793	6,645,700	6,895,700	21,907
Non-instructional programs	-	942,265	942,265	733,160	1,033,160	90,895
Other expenditures	3,518,135	-	3,518,135	3,086,570	4,086,570	568,435
Total expenditures/expenses	22,330,489	942,265	23,272,754	23,607,379	25,157,379	1,884,625
Excess (deficiency) of revenues over (under) expenditures/ expenses	496,271	(87,336)	408,935	(522,872)	(2,072,872)	2,481,807
Other financing sources, net	1,146,404	(25,943)	1,120,461	-	-	1,120,461
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	1,642,675	(113,279)	1,529,396	(522,872)	(2,072,872)	3,602,268
Balance beginning of year	4,801,966	(98,895)	4,703,071	5,827,028	5,827,028	(1,123,957)
Balance end of year	<u>\$ 6,444,641</u>	<u>\$ (212,174)</u>	<u>\$ 6,232,467</u>	<u>\$ 5,304,156</u>	<u>\$ 3,754,156</u>	<u>\$ 2,478,311</u>

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2018

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures/expenses by \$1,550,000.

During the year ended June 30, 2018, expenditures/expenses in the non-instructional programs function exceeded the certified budget prior to the amendment of the budget.

NEVADA COMMUNITY SCHOOL DISTRICT

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

Iowa Public Employees' Retirement System
For the Last Four Fiscal Years*
(In Thousands)

Required Supplementary Information

	2018	2017	2016	2015
District's proportion of the net pension liability	0.152699%	0.153653%	0.153905%	0.151095%
District's proportionate share of the net pension liability	\$ 10,172	\$ 9,670	\$ 7,604	\$ 5,992
District's covered payroll	\$ 11,404	\$ 11,027	\$ 10,553	\$ 9,880
District's proportionate share of the net pension liability as a percentage of its covered payroll	89.20%	87.69%	72.06%	60.65%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

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.

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NEVADA COMMUNITY SCHOOL DISTRICT

Schedule of District's Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Year
(In Thousands)

Required Supplementary Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 1,031	\$ 1,018	\$ 985	\$ 942
Contributions in relation to the statutorily required contribution	<u>(1,031)</u>	<u>(1,018)</u>	<u>(985)</u>	<u>(942)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 11,541	\$ 11,404	\$ 11,027	\$ 10,553
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 882	\$ 818	\$ 739	\$ 625	\$ 596	\$ 582
(882)	(818)	(739)	(625)	(596)	(582)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,880	\$ 9,433	\$ 9,151	\$ 8,996	\$ 8,964	\$ 9,164
8.93%	8.67%	8.07%	6.95%	6.65%	6.35%

NEVADA COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2018

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) 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.

NEVADA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes

For the Current Year
Required Supplementary Information

	<u>2018</u>
Service cost	\$ 87,790
Interest	57,733
Differences between expected and actual experience	38,581
Changes in assumptions	186,185
Benefit payments	<u>(81,871)</u>
Net change in total OPEB liability	288,418
Total OPEB liability beginning of year, as restated	<u>1,341,016</u>
Total OPEB liability end of year	\$ <u><u>1,629,434</u></u>
Covered-employee payroll	\$ 10,367,064
Total OPEB liability as a percentage of covered-employee payroll	15.72%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period, a change in the actuarial cost method, and a change in the mortality table. The following are the discount rates used in each period.

Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

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Supplementary Information

Nevada Community School District

Nonmajor Governmental Funds

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

Management Levy Fund

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

Student Activity Fund

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

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 317,094	\$ 253,484	\$ 570,578
Receivables:			
Property tax:			
Delinquent	1,406	-	1,406
Succeeding year	364,598	-	364,598
Accounts	-	4,236	4,236
Interfund	-	100	100
Due from other governments	-	352	352
Total assets	\$ 683,098	\$ 258,172	\$ 941,270
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 7,368	\$ 7,368
Due to other governments	-	321	321
Interfund payable	2,087	7,874	9,961
Total liabilities	2,087	15,563	17,650
Deferred inflows of resources:			
Succeeding year property tax	364,598	-	364,598
Fund balances:			
Restricted for:			
Management levy purposes	316,413	-	316,413
Student activities	-	242,609	242,609
Total fund balances	316,413	242,609	559,022
Total liabilities, deferred inflows of resources and fund balances	\$ 683,098	\$ 258,172	\$ 941,270

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2018

	Special Revenue		
	Management	Student	
	Levy	Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 513,350	\$ -	\$ 513,350
Other	20,604	461,250	481,854
State sources	5,915	-	5,915
Total revenues	<u>539,869</u>	<u>461,250</u>	<u>1,001,119</u>
Expenditures:			
Current:			
Instruction	116,155	398,982	515,137
Support services:			
Administration services	8,429	-	8,429
Operation and maintenance of plant services	160,284	551	160,835
Transportation services	21,416	-	21,416
Total expenditures	<u>306,284</u>	<u>399,533</u>	<u>705,817</u>
Excess of revenues over expenditures	233,585	61,717	295,302
Fund balances beginning of year	<u>82,828</u>	<u>180,892</u>	<u>263,720</u>
Fund balances end of year	<u>\$ 316,413</u>	<u>\$ 242,609</u>	<u>\$ 559,022</u>

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
June 30, 2018

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
<u>Assets</u>				
Cash and pooled investments	\$ 783,722	\$ 2,911	\$ 898,153	\$ 1,684,786
Receivables:				
Property tax:				
Delinquent	-	1,182	-	1,182
Succeeding year	-	501,169	-	501,169
Due from other governments	122,156	-	-	122,156
	<u>905,878</u>	<u>505,262</u>	<u>898,153</u>	<u>2,309,293</u>
Total assets	<u>\$ 905,878</u>	<u>\$ 505,262</u>	<u>\$ 898,153</u>	<u>\$ 2,309,293</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 31,282	\$ -	\$ 322,055	\$ 353,337
<u>Deferred inflows of resources:</u>				
Succeeding year property tax	-	501,169	-	501,169
<u>Fund balances:</u>				
Restricted for:				
School infrastructure	874,596	-	576,098	1,450,694
Physical plant and equipment	-	4,093	-	4,093
Total fund balances	874,596	4,093	576,098	1,454,787
	<u>905,878</u>	<u>505,262</u>	<u>898,153</u>	<u>2,309,293</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 905,878</u>	<u>\$ 505,262</u>	<u>\$ 898,153</u>	<u>\$ 2,309,293</u>

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND ACCOUNTS
Year Ended June 30, 2018

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 491,475	\$ -	\$ 491,475
Other	250	-	-	250
State sources	1,441,575	6,789	-	1,448,364
Total revenues	1,441,825	498,264	-	1,940,089
Expenditures:				
Current:				
Instruction	10,796	18,957	-	29,753
Support services:				
Instructional staff services	239,893	51,088	-	290,981
Administration services	-	7,000	-	7,000
Operation and maintenance of plant services	-	34,371	-	34,371
Transportation services	-	143,331	-	143,331
Other expenditures:				
Facilities acquisition	217,402	481,412	442,063	1,140,877
Total expenditures	468,091	736,159	442,063	1,646,313
Excess (deficiency) of revenues over (under) expenditures	973,734	(237,895)	(442,063)	293,776
Other financing sources (uses):				
Capital loan notes issued	-	1,113,000	-	1,113,000
Transfers out	(1,198,116)	-	-	(1,198,116)
Intrafund transfers in *	-	-	1,106,000	1,106,000
Intrafund transfers out *	-	(1,106,000)	-	(1,106,000)
Total other financing sources (uses)	(1,198,116)	7,000	1,106,000	(85,116)
Change in fund balances	(224,382)	(230,895)	663,937	208,660
Fund balances beginning of year	1,098,978	234,988	(87,839)	1,246,127
Fund balances end of year	\$ 874,596	\$ 4,093	\$ 576,098	\$ 1,454,787

* This amount is excluded from the face of the basic financial statements.

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 29,518	\$ 3,635	\$ 7,695	\$ 25,458
Liabilities				
Due to other groups	\$ 29,518	\$ 3,635	\$ 7,695	\$ 25,458

See accompanying independent auditor's report.

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Statistical Section

NEVADA COMMUNITY SCHOOL DISTRICT

Statistical Section

(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	104-119
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	120-123
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	124-130
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's operations take place and to help make comparisons over time and with other governments.	131-135
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	136-139

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NEVADA COMMUNITY SCHOOL DISTRICT

NET POSITION BY COMPONENT

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

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 7,115,034	\$ 2,504,113	\$ 6,882,710	\$ 14,567,782
Restricted	3,899,173	9,681,107	6,945,794	3,760,529
Unrestricted	602,609	519,637	1,287,665	2,083,344
Total governmental activities net position	11,616,816	12,704,857	15,116,169	20,411,655
Business-type activities				
Net investment in capital assets	57,877	58,047	53,203	66,647
Restricted	-	-	-	-
Unrestricted	55,682	105,790	140,617	61,705
Total business-type activities net position	113,559	163,837	193,820	128,352
Primary government				
Net investment in capital assets	7,172,911	2,562,160	6,935,913	14,634,429
Restricted	3,899,173	9,681,107	6,945,794	3,760,529
Unrestricted	658,291	625,427	1,428,282	2,145,049
Total primary government net position	11,730,375	12,868,694	15,309,989	20,540,007

Note: For the fiscal year ending 2015 the District implemented Governmental Accounting Standards Board Statement 68 Accounting and Financial Reporting for Pensions. This accounts for almost all of the large decrease in unrestricted net position over the prior year.

Source: School District Financial Records

	2013	2014	2015	2016	2017	2018
\$	15,986,691	\$ 16,280,078	\$ 16,986,240	\$ 18,539,454	\$ 19,556,639	\$ 20,517,038
	3,907,390	4,394,978	4,650,933	3,184,971	2,319,779	2,962,133
	1,861,420	1,821,446	(4,948,186)	(4,650,918)	(4,300,514)	(5,430,943)
	21,755,501	22,496,502	16,688,987	17,073,507	17,575,904	18,048,228
	72,840	498,340	504,806	481,567	450,514	416,371
	-	-	-	-	-	-
	(13,817)	(6,596)	(339,948)	(445,604)	(532,880)	(628,545)
	59,023	491,744	164,858	35,963	(82,366)	(212,174)
	16,059,531	16,778,418	17,491,046	19,021,021	20,007,153	20,933,409
	3,907,390	4,394,978	4,650,933	3,184,971	2,319,779	2,962,133
	1,847,603	1,814,850	(5,288,134)	(5,096,522)	(4,833,394)	(6,059,488)
	21,814,524	22,988,246	16,853,845	17,109,470	17,493,538	17,836,054

NEVADA COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Instruction	\$ 9,597,385	\$ 9,345,206	\$ 9,443,658	\$ 10,362,498
Student Services	726,992	722,101	756,836	767,057
Instructional Staff Services	530,941	589,891	752,446	680,026
Administration Services	1,274,126	1,140,944	1,215,724	1,245,889
Operation and Maintenance of Plant Services	1,565,012	1,199,756	1,363,732	1,162,153
Transportation Services	620,423	489,593	482,232	567,134
Non-Instructional Programs	14,535	4,622	1,897	-
Facilities Acquisition	-	327,584	-	212,015
Long-term Debt Interest and Fiscal Charges	321,037	826,855	823,115	658,890
AEA Flowthrough	506,098	553,617	560,349	508,759
Depreciation (unallocated)	737,289	207,263	398,604	373,519
Total governmental activities expenses	15,893,838	15,407,432	15,798,593	16,537,940
Business-Type Activities:				
Administration Services	202	-	-	194
Operation and Maintenance of Plant Services	13,358	13,700	13,899	13,059
Food Service Operations	648,810	643,261	653,428	771,782
Total business-type activities expenses	662,370	656,961	667,327	785,035
Total primary government expenses	16,556,208	16,064,393	16,465,920	17,322,975

	2013	2014	2015	2016	2017	2018
\$	10,344,934	\$ 10,348,540	\$ 11,291,330	\$ 11,607,305	\$ 12,189,329	\$ 12,346,197
	894,291	982,690	989,300	1,054,442	908,293	955,818
	916,823	855,627	927,240	1,431,634	1,569,432	1,567,400
	1,331,779	1,471,692	1,654,129	1,869,827	2,104,474	2,317,454
	1,495,870	1,741,410	1,569,297	1,648,647	1,975,352	1,851,351
	650,381	607,470	529,605	515,648	554,198	553,672
	-	435,656	-	-	2,178	-
	-	-	-	-	-	-
	795,901	706,685	670,085	1,696,651	534,828	484,690
	533,548	563,800	605,478	623,500	620,355	650,598
	352,429	460,378	475,455	490,444	966,610	1,088,384
	17,315,956	18,173,948	18,711,919	20,938,098	21,425,049	21,815,564
	-	-	-	-	-	-
	6,116	4,244	4,949	4,653	3,901	-
	772,810	768,146	948,243	946,413	953,825	942,265
	778,926	772,390	953,192	951,066	957,726	942,265
	18,094,882	18,946,338	19,665,111	21,889,164	22,382,775	22,757,829

NEVADA COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

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

	Fiscal Year			
	2009	2010	2011	2012
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 1,082,449	\$ 1,030,208	\$ 1,020,925	\$ 1,293,350
Support Services	43,473	20,907	45,968	79,110
Operating Grants and Contributions	1,910,991	2,897,484	2,082,308	2,308,371
Capital Grants and Contributions	-	-	759,124	4,136,811
Total governmental activities program revenues	<u>3,036,913</u>	<u>3,948,599</u>	<u>3,908,325</u>	<u>7,817,642</u>
Business-Type Activities:				
Food Service Operations:				
Charges for Services	389,375	394,698	363,456	375,585
Operating Grants and Contributions	256,107	312,259	329,311	343,378
Capital Grants and Contributions	-	-	-	-
Total business-type activities program revenues	<u>645,482</u>	<u>706,957</u>	<u>692,767</u>	<u>718,963</u>
Total primary government program revenues	<u>3,682,395</u>	<u>4,655,556</u>	<u>4,601,092</u>	<u>8,536,605</u>
Net (Expense)/Revenue				
Total governmental activities net expense	(12,856,925)	(11,458,833)	(11,890,268)	(8,720,298)
Total business-type activities net (expense) revenue	<u>(16,888)</u>	<u>49,996</u>	<u>25,440</u>	<u>(66,072)</u>
Total primary government net expense	<u>\$ (12,873,813)</u>	<u>\$ (11,408,837)</u>	<u>\$ (11,864,828)</u>	<u>\$ (8,786,370)</u>

Source: School District Financial Records

	2013	2014	2015	2016	2017	2018
\$	1,409,639	\$ 1,513,912	\$ 1,640,322	\$ 1,776,673	\$ 1,829,041	\$ 1,834,325
	103,627	73,263	87,703	142,045	234,466	490,574
	2,342,535	2,661,300	2,531,339	3,019,796	3,003,524	2,985,975
	476,612	-	-	84,915	-	-
	4,332,413	4,248,475	4,259,364	5,023,429	5,067,031	5,310,874
	353,840	393,612	393,815	448,928	439,044	473,913
	340,062	376,625	390,345	373,138	398,835	380,254
	15,407	434,686	38,603	-	1,284	-
	709,309	1,204,923	822,763	822,066	839,163	854,167
	5,041,722	5,453,398	5,082,127	5,845,495	5,906,194	6,165,041
	(12,983,543)	(13,925,473)	(14,452,555)	(15,914,669)	(16,358,018)	(16,504,690)
	(69,617)	432,533	(130,429)	(129,000)	(118,563)	(88,098)
\$	<u>(13,053,160)</u>	<u>(13,492,940)</u>	<u>(14,582,984)</u>	<u>(16,043,669)</u>	<u>(16,476,581)</u>	<u>(16,592,788)</u>

NEVADA COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

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

	Fiscal Year			
	2009	2010	2011	2012
Net (Expense)/Revenue				
Total governmental activities net expense	\$ (12,856,925)	\$ (11,458,833)	\$ (11,890,268)	\$ (8,720,298)
Total business-type activities net revenue (expense)	(16,888)	49,996	25,440	(66,072)
Total primary government net expense	<u>\$ (12,873,813)</u>	<u>\$ (11,408,837)</u>	<u>\$ (11,864,828)</u>	<u>\$ (8,786,370)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property tax levied for:				
General purposes	\$ 3,648,552	\$ 3,972,925	\$ 4,468,324	\$ 4,218,791
Debt service	408,359	407,479	411,979	409,776
Capital outlay	310,904	323,783	342,385	356,414
Income surtax	367,425	381,785	403,325	395,075
Sales tax	1,549,800	1,467,841	1,470,798	1,658,000
Unrestricted grants and contributions	6,806,429	5,777,496	6,642,372	6,652,762
Nonspecific program federal grants	-	-	340,684	213,809
Miscellaneous	161,698	75,179	119,446	34,134
Investment earnings	105,977	140,386	102,267	77,023
Transfers	-	-	-	-
Extraordinary items	(37,282)	-	-	-
Total governmental activities general revenues	<u>13,321,862</u>	<u>12,546,874</u>	<u>14,301,580</u>	<u>14,015,784</u>
Business-type activities:				
Miscellaneous	-	-	3,813	-
Investment earnings	976	282	730	604
Transfers	-	-	-	-
Total business-type activities general revenues	<u>976</u>	<u>282</u>	<u>4,543</u>	<u>604</u>
Total primary government	<u>13,322,838</u>	<u>12,547,156</u>	<u>14,306,123</u>	<u>14,016,388</u>
Changes in Net Position				
Governmental activities	464,937	1,088,041	2,411,312	5,295,486
Business-type activities	<u>(15,912)</u>	<u>50,278</u>	<u>29,983</u>	<u>(65,468)</u>
Total primary government	<u>\$ 449,025</u>	<u>\$ 1,138,319</u>	<u>\$ 2,441,295</u>	<u>\$ 5,230,018</u>

Source: School District Financial Records

	2013	2014	2015	2016	2017	2018
\$ (12,983,543)	\$ (13,925,473)	\$ (14,452,555)	\$ (15,914,669)	\$ (16,358,018)	\$ (16,504,690)	
(69,617)	432,533	(130,429)	(129,000)	(118,563)	(88,098)	
<u>\$ (13,053,160)</u>	<u>\$ (13,492,940)</u>	<u>\$ (14,582,984)</u>	<u>\$ (16,043,669)</u>	<u>\$ (16,476,581)</u>	<u>\$ (16,592,788)</u>	
\$ 4,163,355	\$ 4,519,309	\$ 4,830,959	\$ 5,358,339	\$ 5,756,691	\$ 5,257,729	
804,333	798,646	810,088	821,603	567,902	1,344,462	
372,276	389,827	411,725	457,891	482,795	498,264	
380,484	451,403	494,014	439,358	446,752	461,541	
1,683,338	1,298,640	1,466,392	1,500,122	1,472,870	1,441,575	
6,803,318	7,139,410	7,666,125	7,653,422	7,916,067	8,183,587	
-	-	-	-	-	-	
152,973	28,427	139,383	36,242	174,610	258,735	
58,759	40,812	25,359	32,212	42,728	83,154	
-	-	-	-	-	25,943	
-	-	-	-	-	-	
<u>14,418,836</u>	<u>14,666,474</u>	<u>15,844,045</u>	<u>16,299,189</u>	<u>16,860,415</u>	<u>17,554,990</u>	
-	-	-	-	-	-	
288	188	117	105	234	762	
-	-	-	-	-	(25,943)	
<u>288</u>	<u>188</u>	<u>117</u>	<u>105</u>	<u>234</u>	<u>(25,181)</u>	
<u>14,419,124</u>	<u>14,666,662</u>	<u>15,844,162</u>	<u>16,299,294</u>	<u>16,860,649</u>	<u>17,529,809</u>	
1,435,293	741,001	1,391,490	384,520	502,397	1,050,300	
(69,329)	432,721	(130,312)	(128,895)	(118,329)	(113,279)	
<u>\$ 1,365,964</u>	<u>\$ 1,173,722</u>	<u>\$ 1,261,178</u>	<u>\$ 255,625</u>	<u>\$ 384,068</u>	<u>\$ 937,021</u>	

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund:				
Reserved	\$ 139,028	\$ 284,756	\$ -	\$ -
Unreserved	588,479	570,918	-	-
Non-spendable	-	-	-	-
Restricted	-	-	328,749	401,934
Committed	-	-	54,000	26,961
Assigned	-	-	98,862	102,280
Unassigned	-	-	1,274,047	1,686,656
Total general fund	<u>\$ 727,507</u>	<u>\$ 855,674</u>	<u>\$ 1,755,658</u>	<u>\$ 2,217,831</u>
All Other Governmental Funds:				
Reserved:				
Debt service funds	\$ 2,024,502	\$ 5,785,423	\$ -	\$ -
Other reserved	-	-	-	-
Unreserved, reported in:				
Capital projects funds	1,507,892	3,269,576	-	-
Special revenue funds	222,615	305,693	-	-
Restricted for the following purposes:				
Debt service	-	-	4,953,232	2,013,206
School infrastructure	-	-	1,219,992	1,175,513
Physical plant and equipment	-	-	283,287	250,564
Management levy purposes	-	-	11,208	175,466
Student activity	-	-	160,534	140,174
Unassigned	-	-	-	(47,759)
Total all other governmental funds	<u>\$ 3,755,009</u>	<u>\$ 9,360,692</u>	<u>\$ 6,628,253</u>	<u>\$ 3,707,164</u>

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

Source: School District Financial Records

	2013	2014	2015	2016	2017	2018
\$	-	\$ -	\$ -	\$ -	\$ -	-
	-	-	-	-	-	-
	-	5,817	97,878	7,609	-	-
	255,106	432,818	379,972	381,457	365,330	391,700
	26,962	26,962	26,962	26,962	-	-
	171,040	181,780	174,038	186,303	153,885	160,268
	1,564,549	1,612,155	1,354,933	1,528,024	2,217,135	2,508,404
\$	<u>2,017,657</u>	<u>\$ 2,259,532</u>	<u>\$ 2,033,783</u>	<u>\$ 2,130,355</u>	<u>\$ 2,736,350</u>	<u>\$ 3,060,372</u>
\$	-	\$ -	\$ -	\$ -	\$ -	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,019,211	1,825,093	1,786,730	1,207,674	555,769	1,370,460
	5,074,048	2,543,453	2,451,628	3,224,808	1,098,978	1,450,694
	298,086	319,207	380,166	401,464	234,988	4,093
	-	-	13,566	164,884	82,828	316,413
	147,113	179,546	186,410	165,221	180,892	242,609
	(2,024)	(49,851)	-	(43,478)	(87,839)	-
\$	<u>7,536,434</u>	<u>\$ 4,817,448</u>	<u>\$ 4,818,500</u>	<u>\$ 5,120,573</u>	<u>\$ 2,065,616</u>	<u>\$ 3,384,269</u>

NEVADA COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Federal sources:				
Federal sources	\$ 368,105	\$ 1,333,583	\$ 1,590,824	\$ 1,084,570
State sources:				
State sources	8,306,423	7,279,946	8,144,467	8,686,429
Intermediate sources:				
Intermediate sources	11,793	9,509	10,491	11,843
Local sources:				
Local taxes	6,289,506	6,509,565	7,086,356	7,024,048
Tuition	660,237	666,435	627,440	805,606
Other revenues	761,336	641,018	738,972	4,209,427
Total local sources	7,711,079	7,817,018	8,452,768	12,039,081
Total Revenues	\$ 16,397,400	\$ 16,440,056	\$ 18,198,550	\$ 21,821,923

Source: School District Financial Records

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ <u>439,632</u>	\$ <u>508,619</u>	\$ <u>623,954</u>	\$ <u>586,418</u>	\$ <u>604,294</u>	\$ <u>619,208</u>
<u>8,666,541</u>	<u>10,411,671</u>	<u>11,239,925</u>	<u>11,901,230</u>	<u>12,075,172</u>	<u>12,298,964</u>
<u>354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,411,008	6,150,262	6,405,154	6,903,579	7,140,462	7,474,183
802,661	877,552	780,934	1,073,341	1,048,829	1,256,586
<u>1,328,460</u>	<u>956,125</u>	<u>904,258</u>	<u>947,654</u>	<u>938,838</u>	<u>1,177,819</u>
<u>9,542,129</u>	<u>7,983,939</u>	<u>8,090,346</u>	<u>8,924,574</u>	<u>9,128,129</u>	<u>9,908,588</u>
\$ <u><u>18,648,656</u></u>	\$ <u><u>18,904,229</u></u>	\$ <u><u>19,954,225</u></u>	\$ <u><u>21,412,222</u></u>	\$ <u><u>21,807,595</u></u>	\$ <u><u>22,826,760</u></u>

NEVADA COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Instruction	\$ 9,472,683	\$ 9,439,695	\$ 9,329,002	\$ 10,354,718
Student services	721,981	723,389	755,352	767,385
Instructional staff services	530,324	589,576	752,153	680,026
Administration services	1,145,952	1,130,226	1,188,237	1,253,032
Operation and maintenance of plant services	1,254,225	1,198,608	1,237,995	1,160,057
Pupil transportation services	616,057	476,125	498,694	516,590
Non-instructional programs	14,535	4,622	1,897	-
AEA flowthrough	506,098	553,617	560,349	508,759
Capital outlay:				
Facilities acquisition/construction	927,262	6,037,039	3,871,655	5,499,364
Debt service:				
Principal	1,023,434	1,023,796	1,130,884	2,834,821
Interest and fiscal charges	330,569	561,658	783,386	706,112
	<u>\$ 16,543,120</u>	<u>\$ 21,738,351</u>	<u>\$ 20,109,604</u>	<u>\$ 24,280,864</u>
Debt service as a percentage of noncapital expenditures	<u>8.91%</u>	<u>7.87%</u>	<u>10.52%</u>	<u>17.07%</u>

Source: School District Financial Records

	2013	2014	2015	2016	2017	2018
\$	10,364,216	\$ 10,356,121	\$ 11,674,783	\$ 12,097,185	\$ 12,247,780	\$ 11,938,561
	889,923	980,105	1,022,009	1,068,493	894,537	926,739
	902,037	809,535	937,604	1,438,892	1,561,101	1,528,462
	1,288,736	1,449,247	1,695,007	1,822,260	2,062,161	2,187,694
	1,345,642	1,367,412	1,363,901	1,451,006	1,515,769	1,635,833
	688,525	671,788	499,511	577,414	537,826	595,065
	-	970	-	-	2,178	-
	533,548	563,800	605,478	623,500	620,355	650,598
	3,362,682	3,260,324	664,763	4,064,860	2,588,753	1,140,877
	1,265,900	1,205,000	1,045,000	810,000	3,582,000	1,241,000
	799,180	721,163	681,025	1,770,067	675,033	485,660
\$	<u>21,440,389</u>	<u>\$ 21,385,465</u>	<u>\$ 20,189,081</u>	<u>\$ 25,723,677</u>	<u>\$ 26,287,493</u>	<u>\$ 22,330,489</u>
	10.66%	9.90%	9.35%	11.15%	19.32%	8.38%

NEVADA COMMUNITY SCHOOL DISTRICT

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

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

	Fiscal Year			
	2009	2010	2011	2012
Excess of revenues over (under) expenditures	\$ (145,720)	\$ (5,298,295)	\$ (1,911,054)	\$ (2,458,941)
Other financing sources (uses)				
Issuance of general obligation bonds	-	-	-	-
Issuance of revenue bonds	-	10,981,587	77,699	-
Issuance of capital loan notes	-	-	-	-
Capital lease purchase agreement	80,754	-	-	-
Issuance of anticipatory warrants	-	-	-	1,000,000
Payment to refunding escrow agent	-	-	-	-
Premium on bonds/notes	-	39,389	-	-
Sale of capital assets	3,123	11,169	900	25
Transfers in	939,732	4,392,514	730,477	1,252,989
Transfers out	(939,732)	(4,392,514)	(730,477)	(1,252,989)
Extraordinary items	(37,282)	-	-	-
Total other financing sources (uses)	46,595	11,032,145	78,599	25
Net change in fund balances	\$ (99,125)	\$ 5,733,850	\$ (1,832,455)	\$ (2,458,916)

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (2,791,733)	\$ (2,481,236)	\$ (234,856)	\$ (4,311,455)	\$ (4,479,898)	\$ 496,271
6,400,000	-	-	-	1,912,000	-
-	-	-	13,125,000	-	-
-	-	-	-	-	1,113,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(8,415,000)	-	-
112,236	-	-	-	-	7,461
40	4,125	10,159	100	118,936	-
1,152,080	947,055	868,002	1,108,270	1,142,651	1,224,059
(1,152,080)	(947,055)	(868,002)	(1,108,270)	(1,142,651)	(1,198,116)
-	-	-	-	-	-
<u>6,512,276</u>	<u>4,125</u>	<u>10,159</u>	<u>4,710,100</u>	<u>2,030,936</u>	<u>1,146,404</u>
\$ <u>3,720,543</u>	\$ <u>(2,477,111)</u>	\$ <u>(224,697)</u>	\$ <u>398,645</u>	\$ <u>(2,448,962)</u>	\$ <u>1,642,675</u>

NEVADA COMMUNITY SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended June 30,	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2009	\$ 338,485,981	\$ 46,399,192	\$ 64,625,968	\$ 200,558,626	\$ 248,952,515	\$ 16.43213
2010	344,747,412	47,107,600	77,673,871	202,587,794	266,941,089	16.45943
2011	353,353,416	47,196,143	90,826,200	199,641,447	291,734,312	17.03265
2012	371,578,600	46,348,330	149,325,107	212,636,319	354,615,718	15.61389
2013	374,910,200	62,826,600	183,901,861	251,116,024	370,522,637	15.61527
2014	378,413,000	64,611,500	193,095,960	248,421,490	387,698,970	15.71000
2015	363,477,756	46,713,712	176,449,424	181,863,991	404,776,901	16.75171
2016	395,813,100	76,400,200	235,218,429	265,440,932	441,990,797	16.80944
2017	412,408,700	68,703,500	304,458,408	318,186,359	467,384,249	16.81007
2018	419,977,400	69,400,000	310,128,959	316,777,397	482,728,962	16.81507

Source: Story County Auditor

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

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

NEVADA COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(Rate per \$1,000 of assessed value)

(Unaudited)

Fiscal Year Ended June 30,	District Direct Rates			Overlapping Rates		
	General Purposes	Capital Purposes	Total	Story County	City of Nevada	Community College
2009	\$ 14.11868	\$ 2.31345	\$ 16.43213	\$ 6.75930	\$ 15.12870	\$ 0.56386
2010	14.20095	2.25848	16.45943	6.89497	15.12870	0.56778
2011	14.82939	2.20326	17.03265	6.73556	15.00435	0.56008
2012	13.46417	2.14972	15.61389	6.53519	15.00435	0.59018
2013	12.45469	3.16058	15.61527	6.70208	15.42934	0.58466
2014	12.66128	3.04872	15.71000	6.68297	15.32974	0.69120
2015	13.78384	2.96787	16.75171	6.57879	14.99653	0.65724
2016	14.01512	2.79432	16.80944	6.32209	14.61800	0.72334
2017	14.63379	2.17628	16.81007	9.50129	14.61800	0.72334
2018	13.11678	3.69829	16.81507	6.39767	14.61800	0.67458

Source: Story County Auditor

Notes: Assessed value equals estimated actual value.

NEVADA COMMUNITY SCHOOL DISTRICT

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

Taxpayer	2018			2009		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Verbio North America Corporation	\$ 38,000,000	1	7.87%	\$ -	-	-
Interstate Power & Light	27,114,375	2	5.62%	1,806,129	7	0.60%
Union Pacific Corporation	24,770,300	3	5.13%	9,737,346	1	3.26%
Lincolnway Energy LLC	11,395,200	4	2.36%	9,231,300	2	3.09%
Van Houweling Property LLC	7,107,500	5	1.47%	-	-	-
Key Cooperative	6,700,200	6	1.39%	4,585,900	3	1.53%
Vetter Equipment Company	6,019,400	7	1.25%	-	-	-
Burke Marketing Corporation	5,485,900	8	1.14%	3,928,800	4	1.31%
Iowa Falls Nursing Corp	5,049,200	9	1.05%	-	-	-
Nevada IA Assisted Living	3,992,900	10	0.83%	-	-	-
Flexi-Coil Inc-Ctr	-	-	-	2,483,200	5	0.83%
PR Investments LLC	-	-	-	1,942,100	6	0.65%
General Financial Supply Inc	-	-	-	1,637,900	8	0.55%
Fareway Stores, Inc	-	-	-	1,479,800	9	0.49%
Hubert Family Trust	-	-	-	1,474,400	10	0.49%
Total	<u>\$ 135,634,975</u>		<u>28.11%</u>	<u>\$ 38,306,875</u>		<u>12.80%</u>

Source: Story County Auditor

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

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of the Levy		Amount	Percentage of the Levy
2009	\$	4,338,131	\$ 4,370,394	100.74%	\$ 7,768	\$ 4,378,162	100.92%
2010		4,631,954	4,659,939	100.60%	-	4,659,939	100.60%
2011		5,184,295	5,067,736	97.75%	561	5,068,297	97.76%
2012		4,847,252	4,843,492	99.92%	1,212	4,844,704	99.95%
2013		5,311,216	5,339,964	100.54%	853	5,340,817	100.56%
2014		5,673,313	5,705,454	100.57%	757	5,706,210	100.58%
2015		5,942,559	5,936,524	99.90%	1,043	5,937,567	99.92%
2016		6,423,192	6,458,638	100.55%	2,004	6,460,642	100.58%
2017		6,548,883	6,512,724	99.45%	2,114	6,514,838	99.48%
2018		6,898,162	7,018,342	101.74%	770	7,019,112	101.75%

Source: Story County Treasurer and District records.

NEVADA COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Revenue Bonds	Capital Loan Notes	Capital Leases	Early Retirement	Compensated Absences	Net Pension Liability (b)
2009	\$ 3,865,000	\$ 3,940,000	\$ -	\$ 222,701	\$ 114,641	\$ 66,978	\$ -
2010	3,620,000	14,310,000	-	173,905	7,320	49,932	-
2011	3,360,000	13,550,000	-	140,720	98,643	30,581	-
2012	3,090,000	11,100,000	-	25,900	77,912	3,685	-
2013	8,885,000	10,465,000	-	-	105,998	17,231	-
2014	8,330,000	9,815,000	-	-	116,354	31,932	-
2015	7,755,000	9,345,000	-	-	126,702	36,163	5,807,351
2016	7,165,000	13,835,000	-	-	150,800	47,776	7,386,485
2017	6,785,000	12,545,000	-	-	116,155	30,420	9,393,096
2018	6,394,000	11,695,000	1,113,000	-	210,369	55,540	9,881,337

Source: School District financial records.

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

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

(b) During fiscal year 2015 the District implemented GASB 68 Accounting and Financial Reporting for Pensions.

		Business Type Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
Net OPEB Liability	Total OPEB Liability	Net Pension Liability (b)	Net OPEB Liability	Total OPEB Liability			
\$ 34,147	\$ -	\$ -	\$ 206	\$ -	\$ 8,243,673	0.27%	\$ 95
51,477	-	-	305	-	18,212,939	0.59%	204
85,061	-	-	362	-	17,265,367	0.55%	193
122,059	-	-	-	-	14,419,556	0.43%	161
159,386	-	-	-	-	19,632,615	0.48%	215
197,234	-	-	-	-	18,490,520	0.48%	200
270,856	-	184,945	-	-	23,526,017	0.66%	250
330,216	-	217,187	-	-	29,132,464	0.77%	303
376,854	-	276,783	-	-	29,523,308	0.79%	304
-	1,609,350	290,320	-	20,084	31,269,000	0.80%	321

NEVADA COMMUNITY SCHOOL DISTRICT

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

<u>Year of Collection</u>	<u>Population (a)</u>	<u>Assessed Property Value</u>	<u>Legal Debt Limit</u>	<u>Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Bonded Debt per Capita</u>
2008-09	86,754	\$ 449,511,141	\$ 26,020,293	\$ 7,805,000	1.74%	\$ 89.97
2009-10	89,285	469,528,883	25,881,662	17,930,000	3.82%	200.82
2010-11	89,575	491,375,759	24,568,779	16,910,000	3.44%	188.78
2011-12	89,663	567,252,037	28,362,602	14,190,000	2.50%	158.26
2012-13	91,140	621,638,661	31,081,933	19,350,000	3.11%	212.31
2013-14	92,406	636,120,460	31,806,023	18,145,000	2.86%	196.36
2014-15	94,073	586,640,892	29,332,045	17,100,000	2.91%	181.77
2015-16	96,021	707,431,729	35,371,586	21,000,000	2.97%	218.70
2016-17	97,090	785,570,608	39,278,530	19,330,000	2.46%	199.09
2017-18	97,502	799,506,359	39,975,318	18,089,000	2.26%	185.52

Source: School District financial records.

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

(a) U S Census Web Site

NEVADA COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2018

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Story County	\$ 6,419,095	10.56%	\$ 677,686
City of Nevada	13,954,832	100.00%	13,954,832
Area XI Community College	72,625,000	1.20%	869,248
Subtotal, overlapping debt			15,501,766
District direct debt			30,958,596
Total direct and overlapping debt			\$ 46,460,362

Source: Taxable value data used to estimate applicable percentages provided by the County Auditor.

Debt outstanding data provided by each governmental unit.

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

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

NEVADA COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012
Debt limit	\$ 26,020,293	\$ 25,881,662	\$ 24,568,779	\$ 28,362,602
Total net debt applicable to limit	-	18,103,905	17,050,720	14,419,556
Legal debt margin	<u>\$ 26,020,293</u>	<u>\$ 7,777,757</u>	<u>\$ 7,518,059</u>	<u>\$ 13,943,046</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	69.95%	69.40%	50.84%

Source: School District financial records and Story County Auditor.

Notes:

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

Legal Debt Margin Calculation for Fiscal Year 2018

Actual assessed value (a)	\$ 799,506,359
Debt limit (5% of assessed value) (b)	\$ 39,975,318
Debt applicable to limit	<u>19,467,909</u>
Legal debt margin	<u>\$ 20,507,409</u>

	2013	2014	2015	2016	2017	2018
\$	31,081,933	\$ 31,806,023	\$ 29,332,045	\$ 35,371,586	\$ 39,278,530	\$ 39,975,318
	<u>19,632,615</u>	<u>18,490,520</u>	<u>17,533,721</u>	<u>21,528,792</u>	<u>19,853,429</u>	<u>19,467,909</u>
\$	<u>11,449,318</u>	<u>\$ 13,315,503</u>	<u>\$ 11,798,324</u>	<u>\$ 13,842,794</u>	<u>\$ 19,425,101</u>	<u>\$ 20,507,409</u>
	63.16%	58.14%	59.78%	60.86%	50.55%	48.70%

NEVADA COMMUNITY SCHOOL DISTRICT

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds				
	Revenue	Debt Service		Coverage	
		Principal	Interest		
2009	\$ 1,549,800	\$ 710,000	\$ 155,045	1.79	
2010	1,467,841	730,000	389,262	1.31	
2011	1,470,798	760,000	622,580	1.06	
2012	1,658,000	785,000	594,770	1.20	
2013	1,683,338	635,000	507,575	1.47	
2014	1,298,640	650,000	481,875	1.15	
2015	1,466,392	470,000	459,475	1.58	
2016	1,500,122	430,000	441,475	1.72	
2017	1,472,870	520,000	336,399	1.72	
2018	1,448,364	35,000	188,251	6.49	

Source: School District financial records.

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

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

Calendar Year	Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income	Unemployment Rate (c)
2008	86,754	3,052,147	35,400	5.70%
2009	89,285	3,106,000	34,790	4.80%
2010	89,575	3,143,000	35,087	5.30%
2011	89,663	3,356,023	37,429	4.50%
2012	91,140	4,061,918	44,568	4.60%
2013	92,406	3,820,886	41,349	3.80%
2014	94,073	3,573,861	37,990	3.70%
2015	96,021	3,764,438	39,204	3.20%
2016	97,090	3,734,930	38,469	2.60%
2017	97,502	3,885,260	39,848	2.00%

Notes:

The data provided is for Story County, Iowa

(a) U S Census Web Site

(b) Bureau of Economic Analysis Web Site

(c) Iowa Workforce Development Web Site

NEVADA COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

Employer	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Story County	373	1	3.77%	373	1	3.77%
Burke Marketing	350	2	3.53%	360	2	3.64%
Nevada Community School District	300	3	3.03%	220	3	2.22%
Story County Medical Center	200	4	2.02%	200	4	2.02%
ALMACO	150	5	1.51%	95	6	0.96%
General Financial Supply	115	6	1.16%	125	5	1.26%
Mid-America Manufacturing	75	7	0.76%	75	7	0.76%
Paragon International	56	8	0.57%	56	8	0.57%
Printgraphics	55	9	0.56%	55	9	0.56%
City of Nevada	45	10	0.45%	44	10	0.44%
Total	<u>1,719</u>		<u>17.36%</u>	<u>1,603</u>		<u>16.20%</u>

Source: Nevada Economic Development Council web site

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NEVADA COMMUNITY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
Last Ten Fiscal Years
(Unaudited)

	Full-Time Equivalent Employees as of June 30,				
	2009	2010	2011	2012	2013
Supervisory:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Principals	3.0	3.0	3.0	3.0	3.0
Assistant principals	0.7	0.7	0.7	0.7	0.7
All other administrators	4.8	4.8	4.8	4.8	7.0
Total supervisory	9.5	9.5	9.5	9.5	11.7
Instruction:					
Teachers	105.6	105.7	100.7	102.8	112.4
Teachers' Aides	39.0	38.0	43.0	43.0	43.5
Other	0.0	0.0	8.0	0.0	0.0
Total instruction	144.6	143.7	151.7	145.8	155.9
Student services:					
Counselors	5.3	5.3	5.0	5.0	5.0
Nurses	2.1	2.1	2.0	2.0	2.0
Librarians	2.0	2.0	2.0	2.0	2.0
Total student services	9.4	9.4	9.0	9.0	9.0
Support and administration:					
Office/Clerical	9.7	9.5	9.4	8.0	9.0
Operative	11.0	26.0	22.0	25.0	19.0
Service	16.0	21.0	25.0	22.0	34.0
Other support	6.0	6.0	0.0	0.0	1.5
Total support and administration	42.7	62.5	56.4	55.0	63.5
Total	206.2	225.1	226.6	219.3	240.1

Source: District records

Full-Time Equivalent Employees as of June 30,					Percentage Change 2009-2018
2014	2015	2016	2017	2018	
1.0	1.0	1.0	1.0	1.0	0.0%
3.0	3.0	3.0	3.0	3.0	0.0%
1.2	2.5	2.5	3.0	3.0	328.6%
6.3	6.5	7.5	6.0	7.0	45.8%
11.5	13.0	14.0	13.0	14.0	47.4%
104.5	106.1	111.4	112.1	112.8	6.8%
46.0	50.5	46.5	48.0	47.0	20.5%
0.0	0.0	0.0	0.0	0.0	-
150.5	156.6	157.9	160.1	159.8	10.5%
3.5	4.0	4.0	4.0	4.0	-24.5%
2.0	2.0	2.0	2.0	2.0	-4.8%
1.0	1.0	1.0	1.1	1.1	-45.0%
6.5	7.0	7.0	7.1	7.1	-24.5%
9.0	9.0	10.0	9.2	9.4	-3.1%
19.0	19.0	21.0	21.0	27.0	145.5%
17.0	15.0	19.0	22.0	10.0	-37.5%
4.5	7.5	8.5	8.5	7.0	16.7%
49.5	50.5	58.5	60.7	53.4	25.1%
218.0	227.1	237.4	240.9	234.3	13.6%

NEVADA COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS

Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Enrollment (1)</u>	<u>Operating Expenditures (2)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>
2009	1,485	\$ 14,261,855	\$ 9,604	0.86%
2010	1,470	14,144,431	9,622	0.19%
2011	1,481	14,134,506	9,544	(0.81)%
2012	1,461	14,619,994	10,007	4.85%
2013	1,482	15,622,108	10,541	5.34%
2014	1,533	15,928,251	10,390	(1.43)%
2015	1,551	17,280,894	11,142	7.23%
2016	1,537	18,393,390	11,967	7.41%
2017	1,548	18,735,543	12,103	1.14%
2018	1,491	18,955,204	12,713	5.04%

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

Notes:

- (1) Average daily membership
- (2) Operating expenditures are total governmental expenditures less debt service and capital projects

						Percentage of Students Receiving Free or Reduced Priced Meals
Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio		
\$ 16,556,208	\$ 11,149	5.56%	112.90	13.15		24.0%
16,064,394	10,928	(1.98)%	105.70	13.91		24.0%
16,465,920	11,118	1.74%	100.70	14.71		32.0%
17,322,975	11,857	6.65%	102.80	14.21		35.0%
18,094,882	12,210	2.98%	112.40	13.19		35.0%
18,946,338	12,359	1.22%	104.50	14.67		36.0%
19,665,111	12,679	2.59%	106.10	14.62		36.0%
21,889,164	14,241	12.32%	111.40	13.80		33.0%
22,382,775	14,459	1.53%	112.10	13.81		34.0%
23,298,697	15,626	(7.98)%	112.80	13.22		31.0%

NEVADA COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2009	2010	2011	2012
Elementary:				
Central (2006)				
Square feet	103,000	103,000	103,000	103,000
Capacity	800	800	800	800
Enrollment	595	602	688	688
North Central (2006)				
Square feet	12,000	12,000	12,000	12,000
Capacity	200	200	200	200
Enrollment	15	15	15	15
Middle:				
Nevada Middle School (1991)				
Square feet	73,000	73,000	73,000	73,000
Capacity	600	600	600	600
Enrollment	546	410	431	431
High:				
Nevada High School (1962 / 2011)				
Square feet	115,000	115,000	125,790	125,790
Capacity	750	750	870	870
Enrollment	676	428	438	438
Other District Facilities:				
Bus Garage (1988)				

Source: District Records

Fiscal Year					
2013	2014	2015	2016	2017	2018
103,000	103,000	103,000	103,000	103,000	103,000
800	800	800	800	800	800
617	617	639	639	615	594
12,000	12,000	12,000	12,000	12,000	12,000
200	200	200	200	200	200
15	15	15	15	15	15
73,000	73,000	73,000	73,000	73,000	73,000
600	600	600	600	600	600
450	450	462	462	479	452
148,574	148,574	148,574	148,574	148,574	148,574
870	870	870	870	870	870
421	421	447	447	454	460

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Compliance Section

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

To the Board of Education of
Nevada Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nevada Community School District as of and for the year ended June 30, 2018 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 5, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal controls, described in Part I of the accompanying Schedule of Findings, that we consider to be a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Nevada Community School District's operations for the year ended June 30, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Nevada Community School District's Responses to the Findings

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

Purpose of this Report

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

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

Hunt & Associates, P.C.

Oskaloosa, Iowa
March 5, 2019

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2018

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

I-A-18 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – Material amounts of capital projects payables, Debt Service Fund cash in the bond refunding escrow account, and capital asset additions and the related accumulated depreciation were not properly recorded in the District's financial statements. Adjustments were subsequently made by the District to properly record these amounts in the financial statements.

Cause – District policies do not require and procedures have not been established to require independent review of year end cut-off transactions, capital asset transactions, and bank reconciliations to ensure the District's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District's financial statements were necessary for payables, capital assets, and cash.

Recommendation – The District should implement procedures to ensure all payables and capital asset additions and accumulated depreciation are properly identified and included in the District's financial statements so that the financial statements are free of material misstatements. In addition, the District should implement procedures to ensure that all bank accounts are properly included in the bank reconciliation and in the financial statements.

Response – We will implement procedures to double check these in the future to make sure all payables and capital asset transactions are properly recorded. We will also implement procedures to ensure all bank accounts are properly included and recorded.

Conclusion – Response accepted.

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2018

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-18 Certified Budget – District expenditures/expenses for the year ended June 30, 2018 exceeded the certified amount in the non-instructional programs function prior to the amendment of the budget.

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

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

Conclusion – Response accepted.

- II-B-18 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- II-C-18 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-18 Business Transactions – No business transactions between the District and District officials were noted.

- II-E-18 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- II-F-18 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

- II-G-18 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

- II-H-18 Supplementary Weighting – The District's supplementary weighting certified to the Iowa Department of Education for October 2017 was understated by 0.308 due to one course that should have been claimed as a fall start but was not.

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

Response – The Iowa Department of Education and the Iowa Department of Management have been contacted by our auditors regarding this.

Conclusion – Response accepted.

- II-I-18 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2018

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

- II-J-18 Certified Annual Report –The Certified Annual Report was certified timely to the Iowa Department of Education and, except as noted in comment I-A-18 for the School Nutrition Fund capital assets, there were no deficiencies in the amounts reported.
- II-K-18 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-18 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable use of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2018, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,098,978
Revenues:			
Contributions	\$	250	
Statewide sales, services and use tax		<u>1,441,575</u>	1,441,825
Expenditures/transfers out:			
School infrastructure construction		217,402	
Equipment		247,458	
Other		3,231	
Transfers to other funds:			
Debt Service Fund		<u>1,198,116</u>	<u>1,666,207</u>
Ending balance		\$	<u>874,596</u>

For the year ended June 30, 2018, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2018

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

II-M-18 Financial Condition – At June 30, 2018, the governmental activities, business-type activities, and the Enterprise, School Nutrition Fund had deficit unrestricted net positions of \$5,430,943, \$628,545, and \$628,545, respectively. In addition, the business-type activities and the School Nutrition Fund had a deficit total net position of \$212,174. This represents a \$113,279 decrease in net position during the fiscal year. The recognition of the District's proportionate share of the IPERS pension liability and the related deferred outflows of resources and deferred inflows of resources in the District's financial statements caused the deficit in the governmental activities and exacerbated the deficit in the business-type activities and the School Nutrition Fund.

Recommendation – Even though some of the deficits arose partly due to the net pension liability and deferred outflows and inflows of resources, the District should investigate ways to return the governmental activities, business-type activities and the School Nutrition Fund to sound financial conditions.

Response – We are unsure of what steps can be taken at this time to alleviate the strain of the District's proportionate share of the IPERS pension liability and the related deferred outflows and inflows of resources since actions related to this area are controlled by the Iowa Legislature. However, we will look into this situation and investigate ways to return the governmental activities, business-type activities, and the School Nutrition Fund to sound financial conditions.

Conclusion – Response accepted.

II-N-18 Interfund Loans – We noted that the Board had approved an interfund loan between the General Fund and the Enterprise, School Nutrition Fund but that the actual loan of \$471,506 exceeded the approved amount of \$400,000. In addition, interest was approved at 1.0% but was not actually charged and the interfund loan was not repaid timely.

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

Recommendation – All interfund loans should be approved by the Board in sufficient amounts, include interest, and be repaid timely to comply with the declaratory order.

Response – We will try to follow the Iowa Department of Education's declaratory order for all interfund loans in the future.

Conclusion – Response accepted.

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2018

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

- II-O-18 Netting of Revenues to Expenditures – We noted revenues for donations, reimbursements, and insurance claims that were posted against expenditure accounts in the General, Capital Projects, and Special Revenue, Student Activity Funds totaling \$25,740. Adjustments were subsequently made by the District to correct some of these amounts in the financial statements.

Recommendation – This practice understates both revenues and expenditures and bypasses the budget. The District should avoid netting revenues against expenditure accounts.

Response – We will properly record all revenues in the future.

Conclusion – Response accepted.