

**Nevada Community School District
Nevada, Iowa**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NEVADA COMMUNITY SCHOOL DISTRICT

Nevada, Iowa

Fiscal Year Ended June 30, 2019

OFFICIAL ISSUING REPORT

Brian Schaeffer, Board Secretary - Treasurer / Business Manager

OFFICE ISSUING REPORT

Business Office

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January 30, 2020

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

The Comprehensive Annual Financial Report (CAFR) for the Nevada Community School District (District) for the fiscal year ended June 30, 2019 is submitted herewith. The District is an independent entity governed by a five-member board. Responsibility for accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. We believe the data is accurately presented in all material respects; that 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, 2019. 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 Financial Annual Report is presented in four sections: **introductory**, **financial**, **statistical**, and **compliance**. The **introductory** section, which is unaudited, includes this transmittal letter, a list of principal District officials, and an organizational chart. The **financial** section includes the independent auditor's report, Management Discussion and Analysis, audited basic financial statements, required supplementary information and the combining and individual fund financial statements and schedules. The **statistical** section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis. The **compliance** section includes the schedules and various independent auditors' reports required by the Single Audit Act of 1996.



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THE REPORTING ENTITY

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

The District was established in 1867 and is governed by a five-member elected Board of Education who all serve at-large four-year terms. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The enrollment of the District is approximately 1,498 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 cooperates with the Ames Economic Development Commission to employ 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 2017 population is estimated to be 95,888. This was an increase of 15,761 residents over the 2000 census figure. Story County's unemployment rate of 2.3% compares favorably to the state's average rate of 2.4% 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 15.21% 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 2018-19 school year. A continuing initiative involves having students take more college-level courses for credit. In September 2018, the Board of Education received a five-year trend report for the amount of college credit received by students attending classes in those courses. Over the five years, the credits received increased from 437 in 2013-14 to 1,879 in 2017-18.

The District and the City of Nevada continued work on a joint Baseball Field Facility with construction continuing on the park itself during 2018-19. The Baseball Field is being constructed using \$1,113,000 of Capital Loan Notes payable from the Physical Plant and Equipment Levy.

The Board of Education toured a new initiative in December – this being the Elementary School Maker Space. This space was organized by students, for students to "build and dream" using materials provided, such as materials to be creative for art or parts to create a robot which follows a line on a sheet of paper.

In January, the Board of Education received a report on Middle School Cub Prime Time to allow students to schedule enrichment activities during the seminar period. Examples of service work completed during this period was holiday card time, collecting food items for the community cupboard, making cookies to donate, and receiving donations for foster care students.

In April, the Board of Education received a report from the Middle School on Standards-Based Grading. Noting that the High School had been using Standards-Based Grading for the past five years, the Middle School used an action plan and an evaluation to start Standards-Based Grading. Standards-Based Grading will be used by all Middle School teachers in the 2019-20 school year.

In May, Mr. Gross reported to the Board of Education on a new initiative involving STEM via the summer camp for students known as "Camp Invention". Modules in "Camp Invention" include Innovation Force, Deep Sea Mystery, Farm Tech, and Do-It-Yourself Orbit. Mr. Gross also reported that the District is pursuing courses for Registered Welding Apprenticeships to be in place in District facilities by the summer of 2020.

In June, the Board of Education heard of community plans for Nevada to join the Main Street Program. The defined focus of the program would be the historical downtown area.

In June, the High School announced that there had been enough interest shown by the Senior High girls that there would be a Girls' Tennis program started in the spring of 2020. The practice and games would be played at the SCORE Park courts.

FINANCIAL INFORMATION

Management of the District is responsible for establishing and maintaining an internal control designed to ensure that its assets are protected from loss, theft or misuse and to ensure that accounting data are compiled to allow for the preparation of the financial statements in accordance with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurances 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 as year-end.

Budgetary Controls. In addition, the District maintains budgetary controls. The objective of these budgetary 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, enterprise funds, expendable trust funds, and capital projects funds are included in the annual appropriated budget. Project length financial plans are adopted for the capital projects funds and budgeted accordingly on an annual basis. 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 19th time in 19 years for its comprehensive annual financial report for the fiscal year ending June 30, 2018, 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,



Steve Gray
Superintendent



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, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.

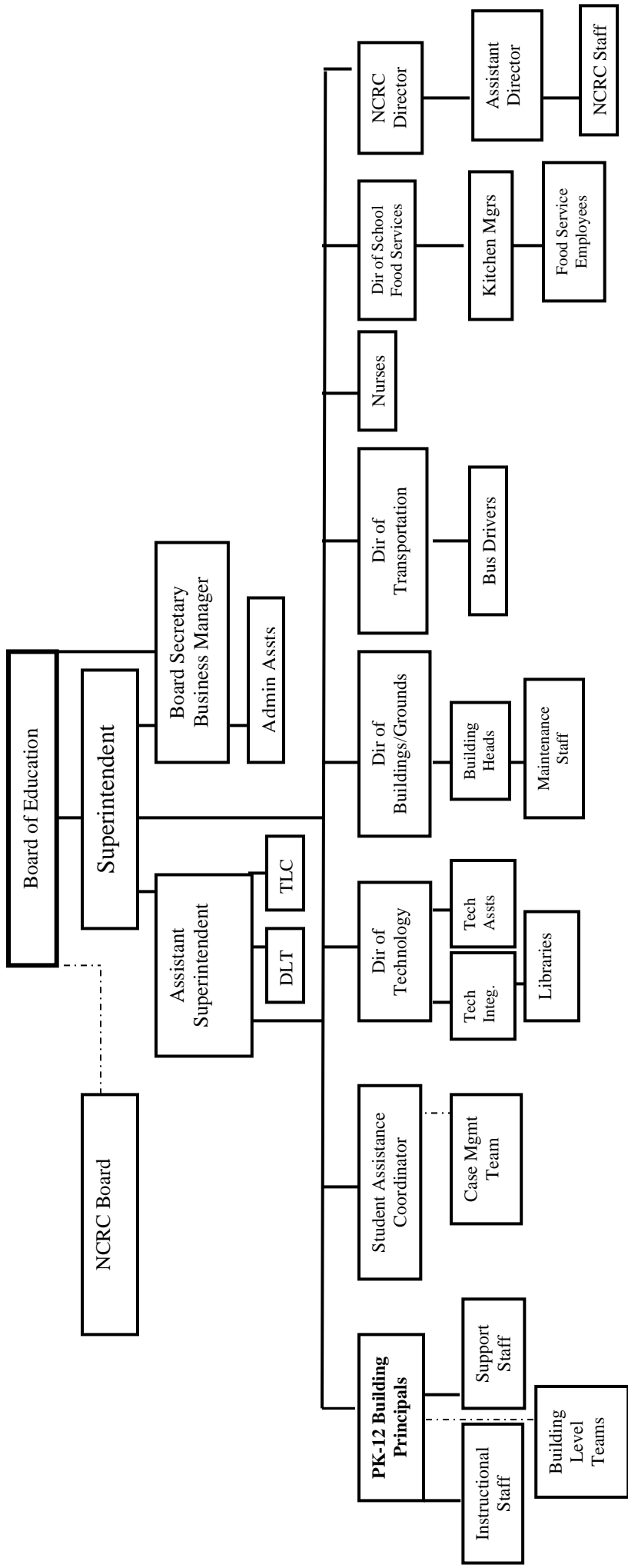


A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



**Nevada Community School District
Board of Education and School Officials
Year Ended June 30, 2019**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Tori Carsrud	President	2021
Tom Maier	Vice President	2019
Joe Anderson	Board Member	2021
Mark Crawford	Board Member	2019
Leanne Harter	Board Member	2019
School Officials		
Steve Gray	Superintendent	2019
Brian Schaeffer	Board Secretary/Treasurer & District Business Manager	2019
Ahlers & Cooney, P.C.	Attorney	Indefinite

**Nevada Community School District
School District Administration
Year Ended June 30, 2019**

<u>Name</u>	<u>Position</u>
Steve Gray	Superintendent
Justin Gross	Associate Superintendent
Brian Schaeffer	Board Secretary/Treasurer & District Business Manager
Kody Asmus	High School Principal
Dustin Smith	Assistant High School Principal / Athletic Director
Lisa Hartman	Middle School Principal
Tony Sneiderman	Assistant Middle School Principal
Christina deNeui	Central Elementary Principal
Christine Burling	Director of Nevada Community Resource Center
David Kroese	Director of Maintenance and Grounds
David Schmitz	Director of Food Service
Jason Sampson	Director of Transportation
Joe Wakeman	Director of Technology

**Nevada Community School District
Consultants, Advisers, and Official Depositories
Year Ended June 30, 2019**

Consultants and Advisers:

Certified Public Accountants:

Hunt & Associates, P C
1201 High Avenue West
Oskaloosa, IA 52577

Bond Attorney:

Ahlers & Cooney, P C
100 Court Avenue, Suite 600
Des Moines, IA 50309

Financial Consultant:

Piper Jaffray & Co.
3900 Ingersoll Avenue, Suite 10
Des Moines, IA 50312

General Counsel:

Ahlers & Cooney, P C
100 Court Avenue, Suite 600
Des Moines, IA 50309

Property/Casualty Insurance:

Midwest Insurance Corporation
1601 S B Avenue
Nevada, IA 50201

Benefits Insurance:

Benefits Source, Inc.
4000 Westown Parkway, Suite 110
West Des Moines, IA 50266

Official Depositories:

Great Western Bank
404 Lincoln Highway
Nevada, IA 50201

State Bank & Trust Co
1025 6th Street
Nevada, IA 50201

Availa Bank
1121 S G Avenue
Nevada, IA 50201

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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, 2019 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, 2019, 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.

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 16 through 22 and 64 through 71 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. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the two years ended June 30, 2011 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7 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 January 17, 2020 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
January 17, 2020

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, 2019. 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.

2019 FINANCIAL HIGHLIGHTS

The District's total net position for governmental activities was \$19,003,421 at June 30, 2019 compared to \$18,048,228 at June 30, 2018, an increase of 5.29%.

At the end of the current fiscal year, unassigned fund balance in the general fund was \$2,481,801 or 13.73% of total general fund revenues compared to the prior year's unassigned fund balance of \$2,508,404 or 13.53% of total general fund revenues.

The District showed a decrease in certified enrollment of 8 students from 1,491 in 2017 to 1,483 in 2018. The total students served decreased by 7 students from 1,506 in 2017 to 1,499 in 2018.

The District placed \$815,000 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 \$163,558.

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

**Nevada Community School District
Management's Discussion and Analysis
Year Ended June 30, 2019**

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.

**Nevada Community School District
Management's Discussion and Analysis
Year Ended June 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position has increased from a year ago from \$17,836,054 to \$18,782,488.

A significant portion of the District's total assets reflects the investment in capital assets. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The District's net investment in capital assets was \$39,278,161. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 below provides a summary of the District's net position as of June 30, 2019 compared to June 30, 2018.

Table 1

	Condensed Statement of Net Position						
	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2019	2018	2019	2018	2019	2018	2018-19
Current and other assets	\$ 17,658,980	16,597,062	(355,722)	(370,691)	17,303,258	16,226,371	6.64%
Capital assets	38,878,357	39,142,940	399,804	416,371	39,278,161	39,559,311	-0.71%
Total assets	56,537,337	55,740,002	44,082	45,680	56,581,419	55,785,682	1.43%
Deferred outflows of resources	2,725,084	3,206,223	74,828	90,775	2,799,912	3,296,998	-15.08%
Long-term obligations	29,215,334	30,958,596	293,078	310,404	29,508,412	31,269,000	-5.63%
Other liabilities	2,315,552	2,585,107	32,214	31,505	2,347,766	2,616,612	-10.27%
Total liabilities	31,530,886	33,543,703	325,292	341,909	31,856,178	33,885,612	-5.99%
Deferred inflows of resources	8,728,114	7,354,294	14,551	6,720	8,742,665	7,361,014	18.77%
Net position:							
Net Investment in capital assets	21,066,357	20,517,038	399,804	416,371	21,466,161	20,933,409	2.54%
Restricted	3,713,705	2,962,133	-	-	3,713,705	2,962,133	25.37%
Unrestricted	(5,776,641)	(5,430,943)	(620,737)	(628,545)	(6,397,378)	(6,059,488)	-5.58%
Total net position	\$ 19,003,421	18,048,228	(220,933)	(212,174)	18,782,488	17,836,054	5.31%

The restricted portion of the District's net position (19.77%) represents resources that are subject to external restrictions on how they may be used. These restrictions include \$444,037 for categorical funding, \$2,206,910 for debt service, \$121,645 for management levy purposes, \$206,136 for student activities, \$731,109 for school infrastructure and \$3,868 for physical plant and equipment. The remaining balance of unrestricted net position may be used to meet the governments' ongoing obligations to students and creditors.

At the end of the last fiscal year, the District was unable to report positive balances in all three categories of net position. GASB 68 and GASB 75 were implemented creating a deficit unrestricted net position. It should be noted that this is a book entry of a negative amount and not an actual deficit of cash.

The District's total net position increased by \$946,434 or 5.31%, during the current fiscal year. The governmental activities net position increased by \$955,193. Business type activities net position decreased by \$8,759.

Table 2 on the next page highlights the District's revenues and expenses for the fiscal year ended June 30, 2019 as compared to the fiscal year ended June 30, 2018. The two main components are subtracted to yield the change in net position. This table utilized the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales,

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operating and capital grants and contributions. General Revenue includes taxes and unrestricted grants such as state foundation support.

**Table 2
Changes of Net Position**

	Governmental		Business-type		Total		Total
	Activities		Activities				Change
	2019	2018	2019	2018	2019	2018	2018-19
Program revenues:							
Charges for services	\$ 2,050,335	2,324,899	469,959	473,913	2,520,294	2,798,812	-9.95%
Operating grants and contributions	3,031,753	2,985,975	388,272	380,254	3,420,025	3,366,229	1.60%
Capital grants and contributions and restricted interest	-	-	17,811	-	17,811	-	-
General revenues:							
Property tax	7,322,290	7,100,455	-	-	7,322,290	7,100,455	3.12%
Income surtax	481,681	461,541	-	-	481,681	461,541	4.36%
Statewide sales, services and use tax	1,532,470	1,441,575	-	-	1,532,470	1,441,575	6.31%
Unrestricted state grants	7,777,835	8,183,587	-	-	7,777,835	8,183,587	-4.96%
Other	179,024	341,889	988	762	180,012	342,651	-47.46%
Total revenues	22,375,388	22,839,921	877,030	854,929	23,252,418	23,694,850	-1.87%
Program expenses:							
Governmental activities:							
Instructional	12,242,644	12,346,197	-	-	12,242,644	12,346,197	-0.84%
Support services	6,944,768	7,245,695	-	-	6,944,768	7,245,695	-4.15%
Non-instructional programs	18,041	-	859,480	942,265	877,521	942,265	-6.87%
Other expenses	2,241,051	2,223,672	-	-	2,241,051	2,223,672	0.78%
Total expenses	21,446,504	21,815,564	859,480	942,265	22,305,984	22,757,829	-1.99%
Changes in net position before transfers	928,884	1,024,357	17,550	(87,336)	946,434	937,021	1.00%
Transfers	26,309	25,943	(26,309)	(25,943)	-	-	0.00%
Changes in net position	955,193	1,050,300	(8,759)	(113,279)	946,434	937,021	1.00%
Beginning net position	18,048,228	16,997,928	(212,174)	(98,895)	17,836,054	16,899,033	5.54%
Ending net position	\$ 19,003,421	18,048,228	(220,933)	(212,174)	18,782,488	17,836,054	5.31%

Expenses are shown in programs including instruction, support services, non-instructional programs, and other expenses.

The number of certified enrolled students decreased by eight students over the prior year. This would account for some of the decrease in both revenues and expenses in governmental activities. Statewide sales tax increased by 6.31% due to an overall growth in statewide sales and services tax. Revenues in business-type activities increased due to an increase in operating grants and contributions and capital grants and contributions.

Governmental Activities – Table 3 on the next page discloses the total and net cost of services for the District's major governmental activities, instruction, support services, non-instructional programs, and other expenses, for the year ended June 30, 2019 compared to the year ended June 30, 2018. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by state aid and local taxes. The difference in these

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two columns would represent restricted grants and services. Net cost of services is 76.3% of total costs of services in 2019.

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of services		
	2019	2018	Change 2018-19	2019	2018	Change 2018-19
Instruction	\$ 12,242,644	12,346,197	-0.84%	\$ 8,810,521	8,810,723	0.00%
Support services	6,944,768	7,245,695	-4.15%	5,940,393	6,120,893	-2.95%
Non-instructional programs	18,041	-	100.00%	18,041	-	100.00%
Other expenses	2,241,051	2,223,672	0.78%	1,595,461	1,573,074	1.42%
Totals	\$ 21,446,504	21,815,564	-1.69%	\$ 16,364,416	16,504,690	-0.85%

Business Type Activities - Revenues for business type activities during the year ended June 30, 2019 were \$877,030, representing a 2.59% increase over the prior year, while expenses and transfers out totaled \$885,789, an 8.51% decrease over the prior year. The District’s business type activities include the School Nutrition Fund.

Individual Fund Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the District’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District’s governmental funds reported combined ending balances of \$6,609,743, an increase of \$165,102 in comparison with the prior year. Approximately 34.59% of this total amount or \$2,286,296 constitutes unassigned fund balance and is available for spending at the government’s discretion. The remainder of the fund balance is restricted or assigned. Restricted net position represent resources subject to external resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted fund balances consist of \$444,037 for categorical funding, \$2,232,288 for debt service, \$335,729 for management levy purposes, \$206,136 for student activities, \$926,614 for school infrastructure and \$6,779 for physical plant and equipment.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,481,801, while total fund balance reached \$3,097,702. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents a 13.74% of total General Fund expenditures.

The fund balance of the District’s General Fund increased \$37,330 during the current fiscal year. The increase was anticipated and was due to the under-expenditure of costs on the line-item budget.

The District’s other major funds include the Debt Service Fund and the Capital Projects Fund. The Debt Service fund balance increased \$861,828 due to levying funds for the early retirement of the General Obligation Bonds dated December 1, 2012. The Capital Projects Fund balance decreased \$716,899 due to the spending of note proceeds. The District issued general obligation capital loan notes in June 2018 to finance construction of the baseball facility. The baseball facility opened during the summer of 2019.

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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 increased costs related to repairs and snow removal and additional food service costs. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 64.

A comparison of the actual expenditures/expenses of the District's budgeted funds with the final budget amounts is as follows:

	Budgeted - Original	Budgeted - Final	Actual	Variance
Instruction	\$ 12,051,749	12,051,749	12,018,262	33,487
Support services	6,435,976	6,885,976	6,630,348	255,628
Non-instructional programs	721,400	875,000	877,521	(2,521)
Other expenditures	4,026,457	4,026,457	3,559,865	466,592
\$	23,235,582	23,839,182	23,085,996	753,186

Total expenditures were less than budgeted by \$753,186 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 following table shows ending balances of capital assets invested in various categories. The District recognized a total net decrease of \$281,150. The decrease can be attributed to the usual depreciation of the non-land capital assets.

**Table 4
Capital Assets, Net of Depreciation**

	Governmental activities		Business Type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2019	2018	2019	2018	2019	2018	2018-19
Land	\$ 231,244	231,244	-	-	231,244	231,244	0.00%
Construction in progress	1,260,041	485,320	-	-	1,260,041	485,320	159.63%
Buildings	31,464,022	32,244,500	-	-	31,464,022	32,244,500	-2.42%
Land improvements	4,940,839	5,225,934	-	-	4,940,839	5,225,934	-5.46%
Machinery and equipment	982,211	955,942	399,804	416,371	1,382,015	1,372,313	0.71%
Total	\$ 38,878,357	39,142,940	399,804	416,371	39,278,161	39,559,311	-0.71%

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Management's Discussion and Analysis
Year Ended June 30, 2019**

Additional information about the District's capital assets can be found in note 7 to the financial statements.

Debt - As of June 30, 2019, the District had general obligation bonds outstanding principal balance totaling \$5,994,000. In the current year, the District paid \$400,000 in principal and \$133,176 in interest. As of June 30, 2019, the District's available debt limit was \$41,305,610 which leaves a legal debt margin of \$23,493,610 once the current year applicable general obligation and capital loan debt is applied.

Table 5
Outstanding Long-Term Obligations

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2019	2018	2019	2018	2019	2018	2018-19
General Obligation Bonds	\$ 5,994,000	6,394,000	-	-	5,994,000	6,394,000	-6.26%
Revenue Bonds	10,820,000	11,695,000	-	-	10,820,000	11,695,000	-7.48%
Capital Loan Notes	998,000	1,113,000	-	-	998,000	1,113,000	-10.33%
Early Retirement	214,084	210,369	-	-	214,084	210,369	1.77%
Compensated Absences	70,925	55,540	-	-	70,925	55,540	27.70%
Net Pension Liability	9,467,891	9,881,337	268,570	290,320	9,736,461	10,171,657	-4.28%
Total OPEB Liability	1,650,434	1,609,350	24,508	20,084	1,674,942	1,629,434	2.79%
Total	\$ 29,215,334	30,958,596	293,078	310,404	29,508,412	31,269,000	-5.63%

Additional information about the District's long-term debt can be found in note 8 to the financial statements.

Economic Factors Bearing on the District's Future

- The 2018 State Legislature set the rate of increase for supplemental aid for state aid and property taxes for schools for the 2018-19 school year at 1%. Furthermore, the Legislature set the rate of increase for supplemental aid for the 2019-20 school year at 2.06%. What happens in the future with supplemental aid for state aid and property taxes will have an impact on the District's General Fund budget.
- District certified enrollment decreased in fiscal year 2019 by 7 students, .47% of the enrollment of 1,491 in fiscal year 2018. 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 five-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 2019. Staff represented by NCEA make up \$8.9 million in wages and benefits or 50% 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

These financial statements and discussions are designed to provide our students, citizens, taxpayers, investors and creditors with a complete disclosure of the District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Brian Schaeffer, Business Manager, Nevada Community School District, 1035 15th Street, Nevada, Iowa, 50201.

Basic Financial Statements

Exhibit A
Nevada Community School District
Statement of Net Position
June 30, 2019

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Current assets:			
Cash and cash equivalents	\$ 7,838,191	\$ 1,445	\$ 7,839,636
Receivables:			
Property tax:			
Delinquent	21,702	-	21,702
Succeeding year	8,215,140	-	8,215,140
Income surtax	456,118	-	456,118
Accounts	5,668	642	6,310
Due from other governments	749,656	8,818	758,474
Internal balances	372,505	(372,505)	-
Inventories	-	5,878	5,878
Total current assets	<u>17,658,980</u>	<u>(355,722)</u>	<u>17,303,258</u>
Non-current assets:			
Capital assets not being depreciated:			
Land	231,244	-	231,244
Construction in progress	1,260,041	-	1,260,041
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	31,464,022	-	31,464,022
Improvements other than buildings	4,940,839	-	4,940,839
Machinery and equipment	982,211	399,804	1,382,015
Total non-current assets	<u>38,878,357</u>	<u>399,804</u>	<u>39,278,161</u>
Total assets	<u>56,537,337</u>	<u>44,082</u>	<u>56,581,419</u>
Deferred outflows of resources			
Pension related deferred outflows	2,542,125	72,111	2,614,236
OPEB related deferred outflows	182,959	2,717	185,676
Total deferred outflows of resources	<u>2,725,084</u>	<u>74,828</u>	<u>2,799,912</u>
Liabilities			
Current liabilities:			
Accounts payable	205,988	12,091	218,079
Due to other governments	259,055	-	259,055
Salaries and benefits payable	1,820,950	5,372	1,826,322
Deposits payable	1,270	-	1,270
Accrued interest payable	28,289	-	28,289
Unearned revenue	-	14,751	14,751
General obligation bonds payable	408,000	-	408,000
Revenue bonds payable	40,000	-	40,000
Capital loan notes payable	120,000	-	120,000
Early retirement payable	174,530	-	174,530
Compensated absences payable	70,925	-	70,925
Total current liabilities	<u>3,129,007</u>	<u>32,214</u>	<u>3,161,221</u>

Exhibit A**Nevada Community School District
Statement of Net Position
June 30, 2019**

	Governmental Activities	Business Type Activities	Total Primary Government
<i>Continued from previous page</i>			
Noncurrent liabilities:			
General obligation bonds payable	5,586,000	-	5,586,000
Revenue bonds payable	10,780,000	-	10,780,000
Capital loan notes payable	878,000	-	878,000
Early retirement payable	39,554	-	39,554
Net pension liability	9,467,891	268,570	9,736,461
Total OPEB liability	1,650,434	24,508	1,674,942
Total noncurrent liabilities	28,401,879	293,078	28,694,957
Total liabilities	31,530,886	325,292	31,856,178
Deferred inflows of resources			
Succeeding year property tax	8,215,140	-	8,215,140
Pension related deferred inflows	512,974	14,511	527,485
Total deferred inflows of resources	8,728,114	14,511	8,742,625
Net position			
Net investment in capital assets	21,066,357	399,804	21,466,161
Restricted for:			
Categorical funding	444,037	-	444,037
Debt service	2,206,910	-	2,206,910
School infrastructure	731,109	-	731,109
Physical plant and equipment levy	3,868	-	3,868
Management levy purposes	121,645	-	121,645
Student activities	206,136	-	206,136
Unrestricted	(5,776,641)	(620,737)	(6,397,378)
Total net position	\$ 19,003,421	\$ (220,933)	\$ 18,782,488

See notes to financial statements.

Exhibit B

**Nevada Community School District
Statement of Activities
Year ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total Primary Government
Governmental activities:							
Instruction:							
Regular	\$ 7,588,181	\$ 868,268	\$ 1,102,245	\$ -	\$ (5,617,668)	\$ -	\$ (5,617,668)
Special	2,394,210	365,146	70,003	-	(1,959,061)	-	(1,959,061)
Other	2,260,253	464,723	561,738	-	(1,233,792)	-	(1,233,792)
	<u>12,242,644</u>	<u>1,698,137</u>	<u>1,733,986</u>	<u>-</u>	<u>(8,810,521)</u>	<u>-</u>	<u>(8,810,521)</u>
Support services:							
Student	906,583	234,008	40,800	-	(631,775)	-	(631,775)
Instructional staff	1,560,158	50,343	607,737	-	(902,078)	-	(902,078)
Administration	2,143,756	-	-	-	(2,143,756)	-	(2,143,756)
Operation and maintenance of plant	1,776,565	11,038	-	-	(1,765,527)	-	(1,765,527)
Transportation	557,706	56,809	3,640	-	(497,257)	-	(497,257)
	<u>6,944,768</u>	<u>352,198</u>	<u>652,177</u>	<u>-</u>	<u>(5,940,393)</u>	<u>-</u>	<u>(5,940,393)</u>
Non-instructional programs	18,041	-	-	-	(18,041)	-	(18,041)
Other expenses:							
Long-term debt interest and fiscal charges	491,813	-	-	-	(491,813)	-	(491,813)
AEA flowthrough	645,590	-	645,590	-	-	-	-
Depreciation (unallocated) *	1,103,648	-	-	-	(1,103,648)	-	(1,103,648)
	<u>2,241,051</u>	<u>-</u>	<u>645,590</u>	<u>-</u>	<u>(1,595,461)</u>	<u>-</u>	<u>(1,595,461)</u>
Total governmental activities	<u>21,446,504</u>	<u>2,050,335</u>	<u>3,031,753</u>	<u>-</u>	<u>(16,364,416)</u>	<u>-</u>	<u>(16,364,416)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	859,480	469,959	388,272	17,811	-	16,562	16,562
Total business type activities	<u>859,480</u>	<u>469,959</u>	<u>388,272</u>	<u>17,811</u>	<u>-</u>	<u>16,562</u>	<u>16,562</u>
Total primary government	<u>\$ 22,305,984</u>	<u>\$ 2,520,294</u>	<u>\$ 3,420,025</u>	<u>\$ 17,811</u>	<u>\$ (16,364,416)</u>	<u>\$ 16,562</u>	<u>\$ (16,347,854)</u>

Exhibit B

**Nevada Community School District
Statement of Activities
Year ended June 30, 2019**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total Primary Government	
<i>Totals continued from previous page</i>	\$ 22,305,984	\$ 2,520,294	\$ 3,420,025	\$ 17,811	\$ (16,364,416)	\$ 16,562	\$ (16,347,854)
General Revenues:							
Property tax levied for:							
General purposes				\$ 5,418,153	\$ -	\$ -	\$ 5,418,153
Debt service				1,388,120	-	-	1,388,120
Capital outlay				516,017	-	-	516,017
Income surtax				481,681	-	-	481,681
Statewide sales, services and use tax				1,532,470	-	-	1,532,470
Unrestricted state grants				7,777,835	-	-	7,777,835
Unrestricted investment earnings				149,033	988	-	150,021
Other				29,991	-	-	29,991
Transfers				26,309	(26,309)	-	-
Total general revenues and transfers				17,319,609	(25,321)	-	17,294,288
Change in net position				955,193	(8,759)	-	946,434
Net position beginning of year				18,048,228	(212,174)	-	17,836,054
Net position end of year				\$ 19,003,421	\$ (220,933)	\$ -	\$ 18,782,488

* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements.

Exhibit C

**Nevada Community School District
Balance Sheet
Governmental Funds
June 30, 2019**

	General	Capital Projects	Debt Service	Non-major Governmental Funds	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 4,133,802	\$ 822,669	\$2,228,302	\$ 562,702	\$ 7,747,475
Receivables:					
Property tax:					
Delinquent	15,110	1,482	3,986	1,124	21,702
Succeeding year	5,816,995	515,527	1,387,616	495,002	8,215,140
Income surtax	456,118	-	-	-	456,118
Accounts	4,120	-	-	1,548	5,668
Interfund	574,517	-	-	20	574,537
Due from other governments	627,344	121,356	-	956	749,656
Total assets	\$11,628,006	\$1,461,034	\$3,619,904	\$ 1,061,352	\$17,770,296
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 175,611	\$ 13,548	\$ -	\$ 16,829	\$ 205,988
Due to other governments	257,450	-	-	1,605	259,055
Salaries and benefits payable	1,820,950	-	-	-	1,820,950
Interfund payable	1,910	194,071	-	6,051	202,032
Deposits payable	1,270	-	-	-	1,270
Total liabilities	2,257,191	207,619	-	24,485	2,489,295
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	5,816,995	515,527	1,387,616	495,002	8,215,140
Income surtax	456,118	-	-	-	456,118
Total deferred inflows of resources	6,273,113	515,527	1,387,616	495,002	8,671,258
Fund balances:					
Restricted for:					
Categorical funding	444,037	-	-	-	444,037
School infrastructure	-	926,614	-	-	926,614
Physical plant and equipment	-	6,779	-	-	6,779
Debt service	-	-	2,232,288	-	2,232,288
Mangement levy purposes	-	-	-	335,729	335,729
Student activities	-	-	-	206,136	206,136
Assigned for activity based accounts	171,864	-	-	-	171,864
Unassigned	2,481,801	(195,505)	-	-	2,286,296
Total fund balances	3,097,702	737,888	2,232,288	541,865	6,609,743
Total liabilities, deferred inflows of resources and fund balances	\$11,628,006	\$1,461,034	\$3,619,904	\$ 1,061,352	\$17,770,296

See notes to financial statements.

Exhibit D

**Nevada Community School District
Reconciliation of the Balance Sheet
Governmental Funds To the Statement of Net Position
June 30, 2019**

Total fund balances of governmental funds (Exhibit C) \$ 6,609,743

*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. 38,878,357

The Internal Service Fund is used to charge 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. 90,716

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore is not reported as a liability in the governmental funds. (28,289)

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. 456,118

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	\$ 2,725,084	
Deferred inflows of resources	<u>(512,974)</u>	2,212,110

Long-term liabilities, including bonds and 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. (29,215,334)

Net position of governmental activities (Exhibit A) \$ 19,003,421

See notes to financial statements.

Exhibit E

**Nevada Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2019**

	General	Capital Projects	Debt Service	Non-major Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 5,411,561	\$ 502,959	\$ 1,352,995	\$ 366,238	\$ 7,633,753
Tuition	1,165,678	-	-	-	1,165,678
Other	436,416	7,710	16,750	458,918	919,794
State sources	10,444,210	1,545,528	35,125	8,120	12,032,983
Federal sources	611,801	-	-	-	611,801
Total revenues	18,069,666	2,056,197	1,404,870	833,276	22,364,009
Expenditures:					
Current:					
Instruction	11,344,852	10,834	-	662,576	12,018,262
Support services:					
Student	886,446	-	-	-	886,446
Instructional staff	1,237,622	299,416	-	-	1,537,038
Administration	2,066,238	-	7,237	11,752	2,085,227
Operation and maintenance of plant	1,441,929	26,284	-	150,163	1,618,376
Transportation	437,268	40,051	-	25,942	503,261
	6,069,503	365,751	7,237	187,857	6,630,348
Non-instructional programs:					
Food service operations	-	18,041	-	-	18,041
Capital outlay:					
Facilities acquisition	-	1,033,382	-	-	1,033,382
Debt service:					
Principal	-	-	1,390,000	-	1,390,000
Interest and fiscal charges	-	-	490,893	-	490,893
	-	-	1,880,893	-	1,880,893
Intergovernmental:					
AEA flowthrough	645,590	-	-	-	645,590
Total expenditures	18,059,945	1,428,008	1,888,130	850,433	22,226,516
Excess (deficiency) of revenues over (under) expenditures	9,721	628,189	(483,260)	(17,157)	137,493
Other financing sources (uses):					
Sale of Equipment	1,300	-	-	-	1,300
Transfers in	26,309	-	1,345,088	-	1,371,397
Transfers out	-	(1,345,088)	-	-	(1,345,088)
Total other financing sources (uses)	27,609	(1,345,088)	1,345,088	-	27,609
Net change in fund balances	37,330	(716,899)	861,828	(17,157)	165,102
Fund balances beginning of year	3,060,372	1,454,787	1,370,460	559,022	6,444,641
Fund balances end of year	\$ 3,097,702	\$ 737,888	\$ 2,232,288	\$ 541,865	\$ 6,609,743

See notes to financial statements.

Exhibit F

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, 2019

Net change in fund balances - total governmental funds (Exhibit E)		\$	165,102
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>			
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 their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:			
Expenditures for capital assets	\$	955,671	
Depreciation expense		<u>(1,220,254)</u>	(264,583)
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.			10,079
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.			67,624
Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.			1,390,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.			(920)
The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.			29,098
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.			
Early retirement	\$	(3,715)	
Compensated absences		(15,385)	
Pension expense		(361,291)	
OPEB expense		<u>(60,816)</u>	(441,207)
Change in net position of governmental activities (Exhibit B)		\$	<u>955,193</u>

See notes to financial statements.

Exhibit G
**Nevada Community School District
Statement of Net Position
Proprietary Funds
June 30, 2019**

	Enterprise School Nutrition	Internal Service
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,445	\$ 90,716
Receivables:		
Accounts	642	-
Interfund	1,920	-
Due from other governments	8,818	-
Inventories	5,878	-
Total current assets	<u>18,703</u>	<u>90,716</u>
Non-current assets:		
Capital assets:		
Machinery and equipment, net of depreciation	399,804	-
Total assets	<u>418,507</u>	<u>90,716</u>
Deferred Outflows of Resources		
Pension related deferred outflows	72,111	-
OPEB related deferred outflows	2,717	-
Total deferred outflows of resources	<u>74,828</u>	<u>-</u>
Liabilities		
Current liabilities:		
Accounts payable	12,091	-
Salaries and benefits payable	5,372	-
Interfund payable	374,425	-
Unearned revenue	14,751	-
Total current liabilities	<u>406,639</u>	<u>-</u>
Noncurrent liabilities:		
Net pension liability	268,570	-
Total OPEB liability	24,508	-
Total noncurrent liabilities	<u>293,078</u>	<u>-</u>
Total liabilities	<u>699,717</u>	<u>-</u>
Deferred Inflows of Resources		
Pension related deferred inflows	14,551	-
Net Position		
Investment in capital assets	399,804	-
Unrestricted	(620,737)	90,716
Total net position	<u>\$ (220,933)</u>	<u>\$ 90,716</u>

See notes to financial statements.

Exhibit H

**Nevada Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2019**

	Enterprise School Nutrition	Internal Service
Operating revenue:		
Local sources:		
Charges for services	\$ 469,959	\$ 112,534
Operating expenses:		
Support services:		
Administration:		
Benefits	-	35,257
Purchased services	-	9,653
Non-instructional programs:		
Food service operations:		
Salaries	307,997	-
Benefits	82,826	-
Purchased services	15	-
Supplies	427,333	-
Depreciation	34,378	-
Other	6,931	-
Total operating expenses	859,480	44,910
Operating income (loss)	(389,521)	67,624
Non-operating revenues:		
Interest on investments	988	-
Capital contributions	17,811	-
State sources	5,528	-
Federal sources	382,744	-
Total non-operating revenues	407,071	-
Income before transfers	17,550	67,624
Transfers:		
Transfers out	26,309	-
Change in net position	(8,759)	67,624
Net position beginning of year	(212,174)	23,092
Net position end of year	\$ (220,933)	\$ 90,716

See notes to financial statements.

Exhibit I

**Nevada Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2019**

	Enterprise School Nutrition	Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 426,951	\$ -
Cash received from miscellaneous operating activities	41,117	112,534
Cash payments to employees for services	(481,612)	-
Cash payments to suppliers for goods or services	(330,450)	(44,910)
Net cash provided by (used by) operating activities	<u>(343,994)</u>	<u>67,624</u>
Cash flows from non-capital financing activities:		
State grants received	3,754	-
Federal grants received	318,849	-
Indirect costs transfer	(26,309)	-
Net cash provided by non-capital financing activities	<u>296,294</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	988	-
Net increase (decrease) in cash and cash equivalents	(46,712)	67,624
Cash and cash equivalents at beginning of year	48,157	23,092
Cash and cash equivalents at end of year	<u>\$ 1,445</u>	<u>\$ 90,716</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:		
Operating income (loss)	\$ (389,521)	\$ 67,624
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	34,378	-
Commodities used	62,810	-
(Increase) in accounts receivable	(211)	-
Decrease in interfund receivable	27,548	-
Decrease in due from other governments	343	-
Decrease in inventories	10,579	-
Increase in accounts payable	972	-
(Decrease) in salaries and benefits payable	(161)	-
(Decrease) in interfund payable	(97,081)	-
(Decrease) in unearned revenue	(102)	-
(Decrease) in net pension liability	(21,750)	-
Increase in total OPEB liability	4,424	-
Increase in deferred outflows of resources	15,947	-
Increase in deferred inflows of resources	7,831	-
Net cash provided by (used by) operating activities	<u>\$ (343,994)</u>	<u>\$ 67,624</u>
Non-cash investing, capital and financing activities:		
Noncapital financing activities, commodities received from the US Department of Agriculture	\$ 62,810	\$ -
Noncapital financing activities, receipt of equipment purchased and contributed by Capital Projects: Physical Plant and Equipment Levy Fund	17,811	-

See notes to financial statements.

Exhibit J

**Nevada Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019**

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Cash and pooled investments	\$ 35,073	\$ 25,380
Liabilities		
Accounts Payable	3,951	-
Due to other groups	-	25,380
Total Liabilities	3,951	25,380
Net position		
Held in trust for other purposes	\$ 31,122	\$ -

See notes to financial statements.

Exhibit K

**Nevada Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019**

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 29,300
Total additions	<u>29,300</u>
Deductions:	
Instruction:	
Supplies	8,864
Scholarships awarded	20,550
Student services:	
Supplies	1,273
Total deductions	<u>30,687</u>
Change in net position	(1,387)
Net position beginning of year	<u>32,509</u>
Net position end of year	<u>\$ 31,122</u>

See notes to financial statements.

(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. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the 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 Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the 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 non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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

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

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

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Unrestricted net position consists of net position not meeting 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 that are 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 other non-major governmental funds.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows of resources, restrictions, fund balance/Net Position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund accounts for all sources used to finance District operation and maintenance, except those required to be accounted for in another fund.

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

Debt Service Fund: The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Management Levy Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The following enterprise fund of the District is considered major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Additional proprietary funds reported by the District are as follows:

Internal Service, Partial Self Insurance Fund is used to account for the partial self-funded health insurance operations of the District.

Fiduciary Fund Types: Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

Private Purpose Trust Fund: This fund accounts for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

Agency Fund: This 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, 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

(1) *Summary of Significant Accounting Policies (continued from previous page)*

enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

The District maintains its financial records on a modified accrual basis.

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

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

Cash, 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 funds, 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.

Property Tax Receivable - Property tax in the 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 for 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 in April of each year for the subsequent fiscal year. However,

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(1) *Summary of Significant Accounting Policies (continued from previous page)*

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.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2018.

Income Surtax Receivable - Income surtax budgeted for the fiscal year ended June 30, 2018 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflow of resources on the modified accrual basis for the governmental funds. For the government-wide statements, on the Statement of Activities the income surtax revenue is recognized.

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, 2019, 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.

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

Inventories – 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.

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.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	5,000
Machinery and equipment:	
Enterprise Fund equipment	500
Other machinery and equipment	5,000

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Capital assets (with the exception of land and construction in progress, which are not depreciated) are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-50 years
Improvements other than buildings	20 years
Intangibles	5-20 years
Machinery and equipment	5-20 years

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

Salaries and Benefits Payable - Payroll and related expenditures for teachers and hourly employees corresponding to the current school year, which are payable in July and August, have been accrued as liability as it is applicable to the fiscal year ended June 30, 2019.

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.

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.

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 31 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, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund. The full balance is shown as due within a year using the first-in, first-out basis.

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 pension 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 position liability attributable to government activities will be paid primarily by the General Fund.

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 governmental activities will be paid primarily by the General Fund.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements 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 on the Statement of Net Position consists of the succeeding year property tax receivable that will not be recognized as revenue 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.

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 amount 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 spendable classifications as well as any deficit fund balance of any other governmental fund is reported as unassigned. The General Fund is the only fund that reports a positive unassigned fund balance.

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.

(2) **Budgets and Budgetary Control**

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 statement 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.

(2) Budgets and Budgetary Accounting (continued from previous page)

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

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

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. The 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.

(3) Deposits and Pooled Investments

The District's deposits in banks at June 30, 2019 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 not currently needed for operating expenses in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured Iowa 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 Financial Statements
June 30, 2019

(3) *Deposits and Pooled Investments (continued from previous page)*

At June 30, 2019, the District had investments as follows:

Investment	Amortized Cost
Iowa Schools Joint Investment Trust (ISJIT), Diversified Portfolio	\$ 513,367
Iowa Schools Joint Investment Trust (ISJIT), Rolling Fixed Deposit Investment (RFDI)	524,331
Money Market Mutual Fund	<u>127,956</u>
	<u>\$ 1,165,654</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, 2019, the District had the following investments:

Investment	Fair Value
U. S. Treasury Notes and Strips	<u>\$ 1,588,795</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 Notes and Strips of \$1,588,795 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

Interest rate risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within 397 days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within 15 months of receipt. 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 investment in the ISJIT, Diversified Portfolio and Money Market Mutual Fund were rated AAAM by Standard & Poor's Rating Service. The Iowa Schools Joint Investment Trust is sponsored by the Iowa Association of School Boards, governed by a representative board of trustees. The board of trustees serves as the regulatory oversight of the pool. The District's investment policy does not formally address credit risk.

Custodial credit risk for 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 it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2019, the carrying amount of the District's bank deposits totaled \$5,307,336. Of the bank balances, \$764,692 was covered by federal depository insurance and \$4,542,644 was uninsured and collateralized with

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(3) *Deposits and Pooled Investments (continued from previous page)*

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 for investments – For an investment, this is the risk that, in the event of the failure of the counterpart, the District will not be able to recover the value of its investments 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, 2019, the carrying amount of the District’s investments totaled \$2,754,449. The entire amount is exposed to custodial custody 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.

(4) Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Interfund balances between governmental funds:		
Pooled cash balances:		
General	Capital Projects	\$ 194,071
Other receivables:		
General	Special Revenue, Student Activity	6,021
Special Revenue, Student Activity	General	<u>20</u>
		<u>200,112</u>
Interfund balances between governmental and proprietary funds:		
Other receivables:		
General	Enterprise, School Nutrition	374,425
Enterprise, School Nutrition	General	1,890
Enterprise, School Nutrition	Special Revenue, Student Activity	<u>30</u>
		<u>376,345</u>
	Total	<u>\$ 576,457</u>

Pooled cash balances are temporary financing between funds which is necessary due to the timing of expected revenues and the related expenditures. The other receivable interfund balances are due to timing differences involved in payroll and other reimbursements at year end.

The balance 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 Financial Statements
June 30, 2019

(5) Transfers

The detail of transfers for the year ended June 30, 2019 is as follows:

Transfer to	Transfer from	Amount
Debt Service Fund	Capital Projects, Statewide Sales, Services and Use Tax	\$ 1,193,748
Debt Service Fund	Capital Projects, Physical Plant and Equipment Levy	151,340
General Fund	Enterprise, School Nutrition Fund	<u>26,309</u>
		<u>\$ 1,371,397</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 Capital Projects, Physical Plant and Equipment Levy Fund is transferring money to finance capital loan note payments made from the Debt Service Fund. The Enterprise, School Nutrition Fund transferred money to the General Fund to reimburse indirect costs.

(6) Due from Other Governments

Details of amounts due from various other governments by fund as of June 30, 2019, are as follows:

Governmental Funds:

General Fund:

Tuition from other Districts	\$ 446,605
Title I grants	111,651
Supporting effective instruction state grants	47,019
Career and technical education grants	9,698
Other	<u>12,371</u>
	<u>627,344</u>

Capital Projects Fund:

Statewide sales, services and use tax	<u>121,356</u>
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Student Activity Fund:

Reimbursement	<u>956</u>
	<u>749,656</u>

Proprietary Funds:

Enterprise, School Nutrition Fund:

Child nutrition grants	<u>8,818</u>
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Total due from other governments	<u>\$ 758,474</u>
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Nevada Community School District
Notes to Financial Statements
June 30, 2019

(7) Capital Assets

Capital assets activity for the year ended June 30, 2019 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 231,244	\$ -	\$ -	\$ 231,244
Construction in progress	485,320	774,721	-	1,260,041
Total capital assets not being depreciated	716,564	774,721	-	1,491,285
Capital assets being depreciated:				
Buildings	41,470,841	-	-	41,470,841
Improvements other than buildings	6,241,454	9,835	-	6,251,289
Machinery and equipment	2,537,298	171,115	-	2,708,413
Total capital assets being depreciated	50,249,593	180,950	-	50,430,543
Less accumulated depreciation for:				
Buildings	9,226,341	780,478	-	10,006,819
Improvements other than buildings	1,015,520	294,930	-	1,310,450
Machinery and equipment	1,581,356	144,846	-	1,726,202
Total accumulated depreciation	11,823,217	1,220,254	-	13,043,471
Total capital assets being depreciated, net	38,426,376	(1,039,304)	-	37,387,072
Governmental activities capital assets, net	\$ 39,142,940	\$ (264,583)	\$ -	\$ 38,878,357
Business type activities:				
Machinery and equipment	\$ 768,793	\$ 17,811	\$ -	\$ 786,604
Less accumulated depreciation	352,422	34,378	-	386,800
Business type activities capital assets, net	\$ 416,371	\$ (16,567)	\$ -	\$ 399,804

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(7) Capital Assets (continued from previous page)

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular \$ 24,234

Support services:

Administration Services 4,425

Operation and maintenance of plant 3,221

Transportation 84,726

116,606

Unallocated 1,103,648

Total depreciation expense - governmental activities \$ 1,220,254

Business type activities:

Food services \$ 34,378

(8) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2019 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 5,240,000	\$ -	\$ 25,000	\$ 5,215,000	\$ 25,000
General obligation bonds - direct placement	1,154,000	-	375,000	779,000	383,000
Revenue bonds	640,000	-	40,000	600,000	40,000
Revenue bonds - direct placement	11,055,000	-	835,000	10,220,000	-
Capital loan notes - direct placement	1,113,000	-	115,000	998,000	120,000
Early retirement	210,369	175,962	172,247	214,084	174,530
Compensated absences	55,540	70,925	55,540	70,925	70,925
Net pension liability	9,881,337	-	413,446	9,467,891	-
Total OPEB liability	1,609,350	41,084	-	1,650,434	-
Total governmental activities	<u>\$ 30,958,596</u>	<u>\$ 287,971</u>	<u>\$ 2,031,233</u>	<u>\$ 29,215,334</u>	<u>\$ 813,455</u>
Business type activities:					
Net pension liability	\$ 290,320	\$ -	\$ 21,750	\$ 268,570	\$ -
Total OPEB liability	20,084	4,424	-	24,508	-
Total business type activities	<u>\$ 310,404</u>	<u>\$ 4,424</u>	<u>\$ 21,750</u>	<u>\$ 293,078</u>	<u>\$ -</u>

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(8) Long-Term Liabilities (continued from previous page)

Bonded Debt

On December 1, 2012, the District issued General Obligation Bonds of \$6,400,000 for the high school remodel 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, 2019 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 1, 2012			
	Interest Rates	Principal	Interest	Total
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	2.00%	440,000	89,665	529,665
2025-2029	2.00%	2,345,000	312,325	2,657,325
2030-2032	2.15-2.30%	1,520,000	69,248	1,589,248
Total		\$ 5,215,000	\$ 891,698	\$ 6,106,698

Year Ending June 30,	Bond Issue of November 15, 2016 - Direct Placement			
	Interest Rates	Principal	Interest	Total
2020	2.15%	\$ 383,000	\$ 16,749	\$ 399,749
2021	2.15%	396,000	8,514	404,514
Total		\$ 779,000	\$ 25,263	\$ 804,263

Bond Refunding Escrow – During the two years ended June 30, 2019, 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 \$1,585,000 of the principal due on the 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, 2019 was \$1,589,020.

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.

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(8) Long-Term Liabilities (continued from previous page)
Bonded Debt (continued from previous page)

Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, \$6,925,000 of the bonds outstanding are considered defeased.

The Revenue Bonds will be paid with the statewide sales, services and use taxes collected in the Capital Projects Fund. Details of the District's June 30, 2019 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
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	5.00%	50,000	20,919	70,919
2025-2029	5.00-5.30%	280,000	64,152	344,152
2030	5.30%	100,000	3,577	103,577
Total		\$ 600,000	\$ 193,607	\$ 793,607

Year Ending June 30,	Bond Issue of December 8, 2015 - Direct Placement			
	Interest Rates	Principal	Interest	Total
2020	2.60%	\$ -	\$ 83,265	\$ 83,265
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	2.60%	575,000	116,155	691,155
2025-2029	2.60%	3,115,000	344,825	3,459,825
2030	2.60%	1,065,000	20,865	1,085,865
Total		\$ 6,405,000	\$ 1,001,130	\$ 7,406,130

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(8) Long-Term Liabilities (continued from previous page)
Bonded Debt (continued from previous page)

Year Ending June 30,	Bond Issue of April 13, 2016 - Direct Placement			
	Interest Rates	Principal	Interest	Total
2020	2.67%	\$ -	\$ 50,930	\$ 50,930
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	2.67%	350,000	70,622	420,622
2025-2029	2.67%	1,910,000	205,323	2,115,323
2030	2.67%	560,000	7,476	567,476
Total		\$ 3,815,000	\$ 600,483	\$ 4,415,483

Year Ending June 30,	Total - Direct Placement		
	Principal	Interest	Total
2020	\$ -	\$ 134,195	\$ 134,195
2021	860,000	257,097	1,117,097
2022	880,000	234,247	1,114,247
2023	905,000	210,808	1,115,808
2024	925,000	186,777	1,111,777
2025-2029	5,025,000	550,148	5,575,148
2030	1,625,000	28,341	1,653,341
Total	\$ 10,220,000	\$ 1,601,613	\$ 11,821,613

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 limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 13 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$12,615,220. For the current year, \$875,000 in principal and \$321,159 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,532,470.

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.

**Nevada Community School District
Notes to Financial Statements
June 30, 2019**

(8) Long-Term Liabilities (continued from previous page)
Bonded Debt (continued from previous page)

- 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, 2019 capital loan notes indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
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	3.50%	125,000	17,955	142,955
2025-2027	3.50%	388,000	27,090	415,090
Total		\$ 998,000	\$ 159,565	\$ 1,157,565

Early Retirement

The District offers a voluntary early retirement plan to its certified and support staff employees. Eligible employees must be at least 55 years old on June 30 and employees must have completed 15 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, 2019, the District has obligations to 8 participants with a total liability of \$214,084. Early retirement benefits paid from the Special Revenue, Management Levy Fund during the year ending June 30, 2019, totaled \$172,247. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

(9) Pension Plan

Plan Description - Iowa Public Employees’ Retirement System (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 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.

(9) *Pension Plan (continued from previous page)*

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. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

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

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

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

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

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the District contributed 9.44 percent for a total rate of 15.73 percent.

The District's contributions to IPERS for the year ended June 30, 2019 were \$1,059,529.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the District reported a liability of \$9,736,461 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2018, the District's proportion was 0.153857 percent, which was an increase of 0.001158 from its proportion measured as of June 30, 2017.

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(9) *Pension Plan (continued from previous page)*

For the year ended June 30, 2019, the District recognized pension expense of \$1,395,964. At June 30, 2019, 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	\$ 53,384	\$ 220,060
Changes of assumptions	1,388,966	-
Net difference between projected and actual earnings on pension plan investments	-	267,527
Changes in proportion and differences between District contributions and proportionate share of contributions	112,357	39,938
Entity contributions subsequent to the measurement date	1,059,529	-
Total	\$ 2,614,236	\$ 527,525

\$1,059,529 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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
2020	\$ 730,815
2021	368,611
2022	(67,260)
2023	756
2024	(5,740)
Total	\$ 1,027,182

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60 percent per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent, per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(9) *Pension Plan (continued from previous page)*

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0%	6.01%
International Equity	15.0%	6.48%
Global Smart Beta Equity	3.0%	6.23%
Core Plus Fixed Income	27.0%	1.97%
Public Credit	3.5%	3.93%
Public Real Assets	7.0%	2.91%
Cash	1.0%	-0.25%
Private Equity	11.0%	10.81%
Private Real Assets	7.5%	4.14%
Private Credit	3.0%	3.11%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on 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 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(9) Pension Plan (continued from previous page)

	1% Decrease <u>(6.0%)</u>	Discount Rate <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
District's proportionate share of the net pension liability	\$16,524,730	\$9,736,461	\$4,042,111

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

Payable to IPERS - At June 30, 2019, the District reported payables to IPERS of \$175,530 for legally required District contributions and legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(10) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree 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 the 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/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefits 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 \$1,674,942 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

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.

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(10) *Other Post-Employment Benefits (OPEB) (continued from previous page)*

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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$1,629,434
Changes for the year:	
Service cost	91,301
Interest	59,714
Benefit payments	(105,507)
Net changes	45,508
Total OPEB liability end of year	<u>\$1,674,942</u>

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following represents 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	\$1,809,749	\$1,674,942	\$1,551,427

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following represents 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 (4.0%) or 1% higher (6.0%) than the current healthcare cost trend rate.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$1,507,660	\$1,674,942	\$1,870,721

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(10) Other Post-Employment Benefits (OPEB) (continued from previous page)

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2019, the District recognized OPEB expense of \$170,560. At June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 31,871
Changes in assumptions	153,805
	\$ 185,676

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

	Year Ending June 30,	Amount
	2020	\$ 19,545
	2021	19,545
	2022	19,545
	2023	19,545
	2024	19,545
	Thereafter	87,951
Total		\$ 185,676

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

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

(11) Short-Term Debt Activity

During the year ended June 30, 2019, 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.

A summary of the short-term debt activity for the year ended June 30, 2019 is as follows:

	Balance Beginning of Year	Interfund Loan Received	Interfund Loan Repaid	Balance End of Year
School Nutrition Fund	\$ 471,506	\$ 435,918	\$ 533,000	\$ 374,424

(12) Operating Lease

The District is obligated under a lease for copiers that is accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations and, therefore, are not reflected on the District’s Statement of Net Position. The agreement provides for monthly lease payments during the term of the lease.

The total lease payments under the lease agreement are as follows:

Year Ending June 30,	Amount
2020	\$ 72,946
2021	6,079
Total	<u>\$ 79,025</u>

(13) Risk Management

The 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.

Partial Self-Funded Health Insurance: The District has a partially self-funded insurance plan. The District purchases a base plan from Wellmark with a \$5,000 single and \$10,000 family deductible and \$7,150 single and \$14,300 family out of pocket maximums. The District self-funds down to a \$2,500 single and \$5,000 family deductible plan with a maximum out of pocket of \$4,000 for single and \$8,000 for family. Payments to Wellmark are made for the premiums and deposits into the Internal Service Fund are monthly for the self-funded portion. The plan is administered through a service agreement with Employee Benefit Systems of Burlington, Iowa.

As of June 30, 2019, the District has accumulated \$90,716 in its Internal Service Fund to cover future employee health care claims. Actual claims paid for the year ended June 30, 2019 were \$35,256.

(14) Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from 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.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2019:

Home school assistance program	\$ 62,645
Gifted and talented	105,492
Teacher leadership state aid	111,358
Beginning teacher mentoring and induction program	7,622
Iowa early intervention block grant	646
Successful progression for early readers	101,034
Professional development	54,270
Local grants	<u>970</u>
 Total categorical funding	 <u><u>\$ 444,037</u></u>

(15) 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 \$645,590 for the year ended June 30, 2019 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(16) 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, 2019, expenditures/expenses in the non-instructional programs function exceeded the certified budget.

(17) Deficit Balances

The Enterprise, School Nutrition Fund had a deficit unrestricted net position of \$620,737 and a deficit total net position of \$220,933 at June 30, 2019.

The Building Project Account within the Capital Projects Fund had a deficit unassigned fund balance of \$195,505 at June 30, 2019.

(18) Construction Commitments

The District has one active construction project as of June 30, 2019. The project is the baseball stadium project. The District has entered into a contract totaling \$1,231,517. As of June 30, 2019, costs of \$1,066,417 had been incurred against the contract. The balance of \$165,100 remaining at June 30, 2019 will be paid as work on the project progresses.

Nevada Community School District
Notes to Financial Statements
June 30, 2019

(19) Reconciliation of Governmental Fund Balances to Net Position

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

	Net investment in Capital Assets	Debt Service	Capital Projects	Management Levy	Assigned and Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	\$ 2,232,288	\$ 737,888	\$ 335,729	\$ 2,653,665
Capital assets, net of accumulated depreciation	38,878,357	-	-	-	-
General obligation bond capitalized indebtedness	(5,994,000)	-	-	-	-
Revenue bond capitalized indebtedness	(10,820,000)	-	-	-	-
Capital loan note capitalized indebtedness	(998,000)	-	-	-	-
Accrued interest payable	-	(25,378)	(2,911)	-	-
Early retirement payable	-	-	-	(214,084)	-
Compensated absences payable	-	-	-	-	(70,925)
Pension related deferred outflows	-	-	-	-	2,542,125
Pension related deferred inflows	-	-	-	-	(512,974)
Net pension liability	-	-	-	-	(9,467,891)
OPEB related deferred outflows	-	-	-	-	182,959
Total OPEB liability	-	-	-	-	(1,650,434)
Recognition of income surtax deferred inflows of resources	-	-	-	-	456,118
Internal Service Fund net position	-	-	-	-	90,716
Net position (Exhibit A)	\$ 21,066,357	\$ 2,206,910	\$ 734,977	\$ 121,645	\$ (5,776,641)

(20) 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.

Tax Abatements of Other Entities - Property tax revenues of the District were reduced by the following amount for the year ended June 30, 2019 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Nevada	Urban renewal and economic development projects	<u>\$78,616</u>

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, 2019, this reimbursement amounted to \$33,619.

(21) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Required Supplementary Information

Nevada Community School District
 Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances
 Budget and Actual – All Governmental Funds and Proprietary Fund
 Required Supplementary Information
 Year ended June 30, 2019

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance- Positive (Negative)
Revenues:						
Local sources	\$ 9,719,225	\$ 488,758	\$ 10,207,983	\$ 11,424,807	\$ 11,424,807	\$ (1,216,824)
State sources	12,032,983	5,528	12,038,511	10,729,303	10,729,303	1,309,208
Federal sources	611,801	382,744	994,545	752,100	752,100	242,445
Total revenues	22,364,009	877,030	23,241,039	22,906,210	22,906,210	334,829
Expenditures/Expenses:						
Instruction	12,018,262	-	12,018,262	12,051,749	12,051,749	33,487
Support services	6,630,348	-	6,630,348	6,435,976	6,885,976	255,628
Non-instructional programs	18,041	859,480	877,521	721,400	875,000	(2,521)
Other expenditures	3,559,865	-	3,559,865	4,026,457	4,026,457	466,592
Total expenditures/expenses	22,226,516	859,480	23,085,996	23,235,582	23,839,182	753,186
Excess (deficiency) of revenues over (under) expenditures/expenses	137,493	17,550	155,043	(329,372)	(932,972)	1,088,015
Other financing sources (uses), net	27,609	(26,309)	1,300	-	-	1,300
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	165,102	(8,759)	156,343	(329,372)	(932,972)	1,089,315
Balances beginning of year	6,444,641	(212,174)	6,232,467	5,497,922	5,497,922	734,545
Balances end of year	\$ 6,609,743	\$ (220,933)	\$ 6,388,810	\$ 5,168,550	\$ 4,564,950	\$ 1,823,860

See accompanying independent auditor's report.

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governmental 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 \$603,600.

During the year ended June 30, 2019, expenditures/expenses in the non-instructional programs function exceeded the certified budget.

Nevada Community School District
 Schedule of District's Proportionate Share of the Net Pension Liability
 Iowa Public Employees' Retirement System
 Last Five Fiscal Years*
 (In Thousands)
 Required Supplementary Information

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.153857%	0.152699%	0.153653%	0.153905%	0.151095%
District's proportionate share of the net pension liability	\$ 9,736	\$ 10,172	\$ 9,670	\$ 7,604	\$ 5,992
District's covered payroll	\$ 11,541	\$ 11,404	\$ 11,027	\$ 10,553	\$ 9,880
District's proportionate share of the net pension liability as a percentage of its covered payroll	84.36%	89.20%	87.69%	72.06%	60.65%
IPERS' net position as a percentage of the total pension liability	83.62%	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 Years
 (In Thousands)
 Required Supplementary Information

	2019	2018	2017	2016
Statutorily required contribution	\$ 1,060	\$ 1,031	\$ 1,018	\$ 985
Contributions in relation to the statutorily required contribution	(1,060)	(1,031)	(1,018)	(985)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 11,224	\$ 11,541	\$ 11,404	\$ 11,027
Contributions as a percentage of covered payroll	9.44%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
\$ 942	\$ 882	\$ 818	\$ 739	\$ 625	\$ 596
(942)	(882)	(818)	(739)	(625)	(596)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,553	\$ 9,880	\$ 9,433	\$ 9,151	\$ 8,996	\$ 8,964
8.93%	8.93%	8.67%	8.07%	6.95%	6.65%

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 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeling using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest of member accounts from 4.00 percent to 3.75 percent 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 Last Two Years
 Required Supplementary Information

	2019	2018
Service cost	\$ 91,301	\$ 87,790
Interest	59,714	57,733
Differences between expected and actual experience	-	38,581
Changes in assumptions	-	186,185
Benefit payments	(105,507)	(81,871)
Net change in total OPEB liability	45,508	288,418
Total OPEB liability beginning of year	1,629,434	1,341,016
Total OPEB liability end of year	<u>\$ 1,674,942</u>	<u>\$ 1,629,434</u>
Covered-employee payroll	\$ 10,781,747	\$ 10,367,064
Total OPEB liability as a percentage of covered-employee payroll	15.53%	15.72%

See accompanying independent auditor's report.

Note: GASB Statement No. 75 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.

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

Changes in benefits 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, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

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Supplementary Information

Nonmajor Governmental Funds

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

Management Levy Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Student Activity Fund: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extracurricular or cocurricular activities. Under State law, the Board retains responsibility for the Student Activity Fund's ultimate disposition.

Schedule 1

Nevada Community School District
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2019

Assets	Special Revenue		Total
	Management Levy	Student Activity	
Current assets:			
Cash and pooled investments	\$ 334,605	\$ 228,097	\$ 562,702
Receivables:			
Property tax:			
Delinquent	1,124	-	1,124
Succeeding year	495,002	-	495,002
Accounts	-	1,548	1,548
Interfund	-	20	20
Due from other governments		956	956
Total assets	\$ 830,731	\$ 230,621	\$ 1,061,352
Liabilities, Deferred Inflows of Resources and Fund Balances			
Current liabilities:			
Accounts payable	\$ -	\$ 16,829	\$ 16,829
Due to other governments	-	1,605	1,605
Salaries and benefits payable	-	6,051	6,051
Total liabilities	-	24,485	24,485
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	495,002	-	495,002
Fund balances:			
Restricted for:			
Management levy purposes	335,729	-	335,729
Student activities	-	206,136	206,136
Total fund balances	335,729	206,136	541,865
Total liabilities, deferred inflows of resources and fund balances	\$ 830,731	\$ 230,621	\$ 1,061,352

See accompanying independent auditor's report.

Schedule 2

Nevada Community School District
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended June 30, 2019

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 366,238	\$ -	\$ 366,238
Other	3,281	455,637	458,918
State sources	8,120	-	8,120
Total revenues	<u>377,639</u>	<u>455,637</u>	<u>833,276</u>
Expenditures:			
Current:			
Instruction	170,776	491,800	662,576
Support services:			
Administration	11,752	-	11,752
Operation and maintenance of plant	149,853	310	150,163
Transportation	25,942	-	25,942
Total expenditures	<u>358,323</u>	<u>492,110</u>	<u>850,433</u>
Excess (Deficiency) of revenues over (under) expenditures	19,316	(36,473)	(17,157)
Fund balances beginning of year	<u>316,413</u>	<u>242,609</u>	<u>559,022</u>
Fund balances end of year	<u>\$ 335,729</u>	<u>\$ 206,136</u>	<u>\$ 541,865</u>

See accompanying independent auditor's report.

Schedule 3

Nevada Community School District
 Combining Balance Sheet
 Capital Projects Fund Accounts
 June 30, 2019

Assets	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
Current assets:				
Cash and pooled investments	\$ 805,258	\$ 17,411	\$ -	\$ 822,669
Receivables:				
Property tax:				
Delinquent	-	1,482	-	1,482
Succeeding year	-	515,527	-	515,527
Due from other governments	121,356	-	-	121,356
Total assets	\$ 926,614	\$ 534,420	\$ -	\$ 1,461,034
Liabilities, Deferred Inflows of Resources and Fund Balances				
Current liabilities:				
Accounts payable	\$ -	\$ 12,114	\$ 1,434	\$ 13,548
Interfund payable	-	-	194,071	194,071
Total liabilities	-	12,114	195,505	207,619
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	515,527	-	515,527
Fund balances:				
Restricted for:				
School infrastructure	926,614	-	-	926,614
Physical plant and equipment	-	6,779	-	6,779
Unassigned	-	-	(195,505)	(195,505)
Total fund balances	926,614	6,779	(195,505)	737,888
Total liabilities, deferred inflows of resources and fund balances	\$ 926,614	\$ 534,420	\$ -	\$ 1,461,034

See accompanying independent auditor's report.

Schedule 4

Nevada Community School District
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Capital Projects Fund Accounts
 Year Ended June 30, 2019

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 502,959	\$ -	\$ 502,959
Other	-	-	7,710	7,710
State sources	1,532,470	13,058	-	1,545,528
Total revenues	<u>1,532,470</u>	<u>516,017</u>	<u>7,710</u>	<u>2,056,197</u>
Expenditures:				
Current:				
Instruction	-	10,834	-	10,834
Support services:				
Instructional staff	241,047	58,369	-	299,416
Operation and maintenance of plant	-	26,284	-	26,284
Transportation	-	40,051	-	40,051
Non-instructional programs	-	18,041	-	18,041
Capital outlay:				
Facilities acquisition	45,657	208,412	779,313	1,033,382
Total expenditures	<u>286,704</u>	<u>361,991</u>	<u>779,313</u>	<u>1,428,008</u>
Excess (Deficiency) of revenues over (under) expenditures	1,245,766	154,026	(771,603)	628,189
Other financing uses:				
Transfer out	<u>(1,193,748)</u>	<u>(151,340)</u>	-	<u>(1,345,088)</u>
Change in fund balance	52,018	2,686	(771,603)	(716,899)
Fund balances beginning of year	<u>874,596</u>	<u>4,093</u>	<u>576,098</u>	<u>1,454,787</u>
Fund balances end of year	<u>\$ 926,614</u>	<u>\$ 6,779</u>	<u>\$ (195,505)</u>	<u>\$ 737,888</u>

See accompanying independent auditor's report.

Schedule 5

Nevada Community School District
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts
 Year ended June 30, 2019

Account	Balance beginning of Year	Transfers	Revenues	Expenditures	Balance End of Year
Investment Interest	\$ 3,964	\$ -	\$ 4,936	\$ 887	\$ 8,013
S A D D	235	-	-	-	235
UNITY Committee	602	-	-	-	602
Builders' Club	130	-	-	-	130
<u>Nevada High School:</u>					
Drama	10,353	-	15,453	17,723	8,084
Speech	12,726	-	25,836	17,260	21,303
Music Trips	(606)	-	18,625	1,200	16,819
Vocal Music	2,783	-	3,184	2,692	3,275
Band	5,276	-	4,100	5,122	4,253
Basketball Camp	2,780	-	-	2,780	-
Cross Country	32	-	-	340	(308)
Cheerleaders	585	-	1,498	1,447	636
Drill Team	7,125	-	4,678	8,671	3,132
Boys' Basketball	6,911	-	7,614	10,709	3,817
Football	2,459	-	35,051	34,066	3,443
Boys' Soccer	3,487	-	272	577	3,182
Baseball	1,588	-	6,395	6,228	1,755
Boys' Track	(50)	-	3,871	3,858	(36)
Boys' Golf	220	-	3,160	3,245	136
Wrestling	4,585	-	1,740	1,700	4,625
Girls' Basketball	1,724	-	1,127	2,548	303
Volleyball	113	-	1,814	1,528	399
Girls' Soccer	12,564	-	1,940	3,146	11,358
Softball	252	-	10,738	7,049	3,942
Girls' Tack	280	-	1,000	775	505
Girls' Golf	2,976	-	2,048	1,331	3,693
Athletics	79,609	-	144,845	208,625	15,829
FFA	34,287	-	85,429	90,355	29,361
Key Club	1,010	-	3,150	3,065	1,095
Yearbook	4,284	-	5,728	2,052	7,960
Cubbie Store	221	-	-	-	221
Student Council	2,402	-	4,007	3,975	2,434
Nat'l Honor Society	1,698	-	1,663	3,356	5
French Club	253	-	-	-	253
Class of 2018	3,246	-	-	3,246	-
R S V P	717	-	-	-	717
Prom	7,704	-	8,628	6,871	9,461
IT Club	815	-	-	-	815
Cub Colors	-	-	100	-	100
FFA N Central District	-	-	6,493	472	6,021

(Continued on the following page.)

Schedule 5

Nevada Community School District
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts (Continued)
 Year ended June 30, 2019

Account	Balance beginning of Year	Transfers	Revenues	Expenditures	Balance End of Year
<u>Nevada Middle School:</u>					
Vocal Music	\$ 5,098	\$ -	\$ 4,230	\$ 3,693	5,635
Band	4,998	-	1,540	1,775	4,763
Vending	-	-	7,124	4,694	2,430
Cheerleaders	289	-	-	-	289
Football	34	-	-	-	34
Wrestling	5	-	-	-	5
Athletics	2,466	-	-	1,312	1,154
Yearbook	335	-	716	447	605
Student Council	766	-	1,450	1,709	507
Fifth Grade	1,597	-	2,213	1,423	2,388
Sixth Grade	1,143	-	1,963	2,005	1,101
Seventh Grade	3,445	-	1,978	1,932	3,492
Eighth Grade	737	-	3,397	2,734	1,400
Multiage Students	199	-	-	-	199
Student Magazine	2,014	-	15,900	13,491	4,423
Invent Iowa	69	-	-	-	69
<u>Nevada Central Elementary School:</u>					
Elementary Account	75	-	-	-	75
Total	\$ 242,609	\$ -	\$ 455,637	\$ 492,110	\$ 206,136

See accompanying independent auditor's report.

Schedule 6

Nevada Community School District
Schedule of Changes in Fiduciary Assets and Liabilities, Agency Fund
Year ended June 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 25,458	\$ 1,489	\$ 1,567	\$ 25,380
Liabilities				
Due to other groups	\$ 25,458	\$ 1,489	\$ 1,567	\$ 25,380

See accompanying independent auditor's report.

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Schedule 7

Nevada Community School District
 Schedule of Revenues by Source and Expenditures by Function
 All Governmental Funds
 For the Last Ten Years

	Modified Accrual Basis				
	2019	2018	2017	2016	2015
Revenues:					
Local sources:					
Local tax	\$ 7,633,753	\$ 7,474,183	\$ 7,140,462	\$ 6,903,579	\$ 6,405,154
Tuition	1,165,678	1,256,586	1,048,829	1,073,341	780,934
Other	919,794	1,177,819	938,838	947,654	904,258
Intermediate sources	-	-	-	-	-
State sources	12,032,983	12,298,964	12,075,172	11,901,230	11,239,925
Federal sources	611,801	619,208	604,294	586,418	623,954
Total	<u>\$ 22,364,009</u>	<u>\$ 22,826,760</u>	<u>\$ 21,807,595</u>	<u>\$ 21,412,222</u>	<u>\$ 19,954,225</u>
Expenditures:					
Instruction	\$ 12,018,262	\$ 11,938,561	\$ 12,247,780	\$ 12,097,185	\$ 11,674,783
Support services:					
Student	886,446	926,739	894,537	1,068,493	1,022,009
Instructional staff	1,537,038	1,528,462	1,561,101	1,438,892	937,604
Administration	2,085,227	2,187,694	2,062,161	1,822,260	1,695,007
Operation and maintenance of plant	1,618,376	1,635,833	1,515,769	1,451,006	1,363,901
Transportation	503,261	595,065	537,826	577,414	499,511
Non-instructional programs	18,041	-	2,178	-	-
Other expenditures:					
Capital outlay:					
Facilities acquisition	1,033,382	1,140,877	2,588,753	4,064,860	664,763
Debt Service:					
Principal	1,390,000	1,241,000	3,582,000	810,000	1,045,000
Interest and other charges	490,893	485,660	675,033	1,770,067	681,025
AEA flowthrough	645,590	650,598	620,355	623,500	605,478
Total	<u>\$ 22,226,516</u>	<u>\$ 22,330,489</u>	<u>\$ 26,287,493</u>	<u>\$ 25,723,677</u>	<u>\$ 20,189,081</u>

See accompanying independent auditor's report.

2014	2013	2012	2011	2010
\$ 6,150,262	\$ 7,411,008	\$ 7,024,048	\$ 7,086,356	\$ 6,509,565
877,552	802,661	805,606	627,440	666,435
956,125	1,328,460	4,209,427	738,972	641,018
-	354	11,843	10,491	9,509
10,411,671	8,666,541	8,686,429	8,144,467	7,279,946
508,619	439,632	1,084,570	1,590,824	1,333,583
<u>\$ 18,904,229</u>	<u>\$ 18,648,656</u>	<u>\$ 21,821,923</u>	<u>\$ 18,198,550</u>	<u>\$ 16,440,056</u>
\$ 10,356,121	\$ 10,364,216	\$ 10,354,718	\$ 9,329,002	9,439,695
980,105	889,923	767,385	755,352	723,389
809,535	902,037	680,026	752,153	589,576
1,449,247	1,288,736	1,253,032	1,188,237	1,130,226
1,367,412	1,345,642	1,160,057	1,237,995	1,198,608
671,788	688,525	516,590	498,694	476,125
970	-	-	1,897	4,622
3,260,324	3,362,682	5,499,364	3,871,655	6,037,039
1,205,000	1,265,900	2,834,821	1,130,884	1,023,796
721,163	799,180	706,112	783,386	561,658
563,800	533,548	508,759	560,349	553,617
<u>\$ 21,385,465</u>	<u>\$ 21,440,389</u>	<u>\$ 24,280,864</u>	<u>\$ 20,109,604</u>	<u>\$ 21,738,351</u>

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Nevada Community School District

Statistical Section

(Unaudited)

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say 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.	86-102
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District’s ability to generate its property taxes.	103-106
Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current level of outstanding debt and the District’s ability to issue additional debt in the future.	107-112
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.	113-114
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.	116-121

Schedule 1
Nevada Community School District

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities:					
Net investment in capital assets	\$ 21,066,357	\$ 20,517,038	\$ 19,556,639	\$ 18,539,454	\$ 16,986,240
Restricted	3,713,705	2,962,133	2,319,779	3,184,971	4,650,933
Unrestricted	(5,776,641)	(5,430,943)	(4,300,514)	(4,650,918)	(4,948,186)
Total governmental activities net position	\$ 19,003,421	\$ 18,048,228	\$ 17,575,904	\$ 17,073,507	\$ 16,688,987
Business-type activities:					
Net investment in capital assets	\$ 399,804	\$ 416,371	\$ 450,514	\$ 481,567	\$ 504,806
Restricted	-	-	-	-	-
Unrestricted	(620,737)	(628,545)	(532,880)	(445,604)	(339,948)
Total business-type activities net position	\$ (220,933)	\$ (212,174)	\$ (82,366)	\$ 35,963	\$ 164,858
Primary government:					
Net investment in capital assets	\$ 21,466,161	\$ 20,933,409	\$ 20,007,153	\$ 19,021,021	\$ 17,491,046
Restricted	3,713,705	2,962,133	2,319,779	3,184,971	4,650,933
Unrestricted	(6,397,378)	(6,059,488)	(4,833,394)	(5,096,522)	(5,288,134)
Total primary government net position	\$ 18,782,488	\$ 17,836,054	\$ 17,493,538	\$ 17,109,470	\$ 16,853,845

Source: School District financial records.

Notes: The District adopted GASB Statement No. 68 in fiscal year 2015. Although beginning net position on the basic financial statements was restated, this schedule has not been adjusted for years prior to 2015.
The District adopted GASB Statement No. 75 in fiscal year 2018. Although beginning net position on the basic financial statements was restated, this schedule has not been adjusted for years prior to 2018.

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

Schedule 2
Nevada Community School District

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses:					
Governmental Activities:					
Instruction	\$ 12,242,644	\$ 12,346,197	\$ 12,189,329	\$ 11,607,305	\$ 11,291,330
Student services	906,583	955,818	908,293	1,054,442	989,300
Instructional staff services	1,560,158	1,567,400	1,569,432	1,431,634	927,240
Administration services	2,143,756	2,317,454	2,104,474	1,869,827	1,654,129
Operation and maintenance of plant	1,776,565	1,851,351	1,975,352	1,648,647	1,569,297
Pupil transportation services	557,706	553,672	554,198	515,648	529,605
Non-instructional programs	18,041	-	2,178	-	-
Facilities acquisitions	-	-	-	-	-
Interest on long-term debt	491,813	484,690	534,828	1,696,651	670,085
AEA flowthrough	645,590	650,598	620,355	623,500	605,478
Depreciation (unallocated)	1,103,648	1,088,384	966,610	490,444	475,455
Total governmental activities expenses	21,446,504	21,815,564	21,425,049	20,938,098	18,711,919
Business-Type activities:					
Administration services	-	-	-	-	-
Operation and maintenance of plant	-	-	3,901	4,653	4,949
Food Service Operations	859,480	942,265	953,825	946,413	948,243
Total business-type activities expenses	859,480	942,265	957,726	951,066	953,192
Total primary government expenses	\$ 22,305,984	\$ 22,757,829	\$ 22,382,775	\$ 21,889,164	\$ 19,665,111
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 1,698,137	\$ 1,834,325	\$ 1,829,041	\$ 1,776,673	\$ 1,640,322
Support services	352,198	490,574	234,466	142,045	87,703
Operating grants and contributions	652,177	2,985,975	3,003,524	3,019,796	2,531,339
Capital grants and contributions	-	-	-	84,915	-
Total governmental activities program revenues	2,702,512	5,310,874	5,067,031	5,023,429	4,259,364

(Continued on the following page.)

		Fiscal Year							
		2014	2013	2012	2011	2010			
\$	10,348,540	\$	10,344,934	\$	9,845,207	\$	9,443,658	\$	9,345,206
	982,690		894,291		767,057		756,836		722,101
	855,627		916,823		1,197,317		752,446		589,891
	1,471,692		1,331,779		1,245,889		1,215,724		1,140,944
	1,741,410		1,495,870		1,162,153		1,363,732		1,199,756
	607,470		650,381		567,134		482,232		489,593
	435,656		-		-		1,897		4,622
	-		-		212,015		-		327,584
	706,685		795,901		658,890		823,115		826,855
	563,800		533,548		508,759		560,349		553,617
	460,378		352,429		373,519		398,604		207,263
	18,173,948		17,315,956		16,537,940		15,798,593		15,407,432
	-		-		194		-		-
	4,244		6,116		13,059		13,899		13,700
	768,146		772,810		771,782		653,428		643,261
	772,390		778,926		785,035		667,327		656,961
\$	18,946,338	\$	18,094,882	\$	17,322,975	\$	16,465,920	\$	16,064,393
\$	1,513,912	\$	1,409,639	\$	1,293,350	\$	1,020,925	\$	1,030,208
	73,263		103,627		79,110		45,968		20,907
	2,661,300		2,342,535		2,308,371		2,082,308		2,897,484
	-		476,612		4,136,811		759,124		-
	4,248,475		4,332,413		7,817,642		3,908,325		3,948,599

Schedule 2
Nevada Community School District

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2019	2018	2017	2016	2015
Business-type activities:					
FoodService Operations:					
Charges for services:	469,959	473,913	439,044	448,928	393,815
Operating grants and contributions	388,272	380,254	398,835	373,138	390,345
Capital grants and contributions	17,811	-	1,284	-	38,603
Total governmental activities program revenues	876,042	854,167	839,163	822,066	822,763
Total primary government program revenues	\$ 3,578,554	\$ 6,165,041	\$ 5,906,194	\$ 5,845,495	\$ 5,082,127
Net (expense) revenue:					
Governmental activities	\$ (18,743,992)	\$ (16,504,690)	\$ (16,358,018)	\$ (15,914,669)	\$ (14,452,555)
Business-type activities	16,562	(88,098)	(118,563)	(129,000)	(130,429)
Total primary government net expense	\$ (18,727,430)	\$ (16,592,788)	\$ (16,476,581)	\$ (16,043,669)	\$ (14,582,984)

Source: School District financial records.

(Continued on the following page.)

Fiscal Year				
2014	2013	2012	2011	2010
393,612	353,840	375,585	363,456	394,698
376,625	340,062	343,378	329,311	312,259
434,686	15,407	-	-	-
1,204,923	709,309	718,963	692,767	706,957
\$ 5,453,398	\$ 5,041,722	\$ 8,536,605	\$ 4,601,092	\$ 4,655,556
\$ (13,925,473)	\$ (12,983,543)	\$ (8,720,298)	\$ (11,890,268)	\$ (11,458,833)
432,533	(69,617)	(66,072)	25,440	49,996
\$ (13,492,940)	\$ (13,053,160)	\$ (8,786,370)	\$ (11,864,828)	\$ (11,408,837)

Schedule 2
Nevada Community School District

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2019	2018	2017	2016	2015
Net (Expense) Revenue:					
Total governmental activities net expense	\$ (18,743,992)	\$ (16,504,690)	\$ (16,358,018)	\$ (15,914,669)	\$ (14,452,555)
Total business-type activities net revenue (expense)	16,562	(88,098)	(118,563)	(129,000)	(130,429)
Total primary government net expense	(18,727,430)	(16,592,788)	(16,476,581)	(16,043,669)	(14,582,984)
General revenues and other changes in net position					
Governmental activities:					
Property tax levied for:					
General purposes	5,418,153	5,257,729	5,756,691	5,358,339	4,830,959
Debt service	1,388,120	1,344,462	567,902	821,603	810,088
Capital Outlay	516,017	498,264	482,795	457,891	411,725
Income surtax	481,681	461,541	446,752	439,358	494,014
Sales tax	1,532,470	1,441,575	1,472,870	1,500,122	1,466,392
Unrestricted grants and contributions	7,777,835	8,183,587	7,916,067	7,653,422	7,666,125
Nonspecific program federal grants	-	-	-	-	-
Miscellaneous	29,991	258,735	174,610	36,242	139,383
Investment earnings	149,033	83,154	42,728	32,212	25,359
Transfers	26,309	25,943	-	-	-
Total governmental activities general revenues	17,319,609	17,554,990	16,860,415	16,299,189	15,844,045
Business-type activities:					
Miscellaneous	-	-	-	-	-
Investment earnings	988	762	234	105	117
Transfers	(26,309)	(25,943)	-	-	-
Total business-type activities general revenues	(25,321)	(25,181)	234	105	117
Total primary government	17,294,288	17,529,809	16,860,649	16,299,294	15,844,162
Changes in Net Position					
Governmental activities	(1,424,383)	1,050,300	502,397	384,520	1,391,490
Business-type activities	(8,759)	(113,279)	(118,329)	(128,895)	(130,312)
Total primary government	\$ (1,433,142)	\$ 937,021	\$ 384,068	\$ 255,625	\$ 1,261,178

Source: School District financial records.

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

Schedule 3
Nevada Community School District

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	-	-	7,609	97,878
Restricted	444,037	391,700	365,330	381,457	379,972
Committed	-	-	-	26,962	26,962
Assigned	171,864	160,268	153,885	186,303	174,038
Unassigned	2,481,801	2,508,404	2,217,135	1,528,024	1,354,933
Total General Fund	\$ 3,097,702	\$ 3,060,372	\$ 2,736,350	\$ 2,130,355	\$ 2,033,783
All other governmental funds:					
Reserved					
Debt service funds	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Capital projects funds	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Restricted for:					
Debt service	2,232,288	1,370,460	555,769	1,207,674	1,786,730
School infrastructure	926,614	1,450,694	1,098,978	3,224,808	2,451,628
Physical plant and equipment	6,779	4,093	234,988	401,464	380,166
Management levy purposes	335,729	316,413	82,828	164,884	13,566
Student activities	206,136	242,609	180,892	165,221	186,410
Unassigned	(195,505)	-	(87,839)	(43,478)	-
Total all other governmental funds	\$ 3,512,041	\$ 3,384,269	\$ 2,065,616	\$ 5,120,573	\$ 4,818,500

Source: School District financial records.

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

Fiscal Year				
2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ 284,756
-	-	-	-	570,918
5,817	-	-	-	-
432,818	255,106	401,934	328,749	-
26,962	26,962	26,961	54,000	-
181,780	171,040	102,280	98,862	-
1,612,155	1,564,549	1,686,656	1,274,047	-
<u>\$ 2,259,532</u>	<u>\$ 2,017,657</u>	<u>\$ 2,217,831</u>	<u>\$ 1,755,658</u>	<u>\$ 855,674</u>

\$ -	\$ -	\$ -	\$ -	\$ 5,785,423
-	-	-	-	3,269,576
-	-	-	-	305,693
1,825,093	2,019,211	2,013,206	4,953,232	-
2,543,453	5,074,048	1,175,513	1,219,992	-
319,207	298,086	250,564	283,287	-
-	-	175,466	11,208	-
179,546	147,113	140,174	160,534	-
(49,851)	(2,024)	(47,759)	-	-
<u>\$ 4,817,448</u>	<u>\$ 7,536,434</u>	<u>\$ 3,707,164</u>	<u>\$ 6,628,253</u>	<u>\$ 9,360,692</u>

Schedule 4
Nevada Community School District

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Federal sources:					
Federal sources	\$ 611,801	\$ 619,208	\$ 604,294	\$ 586,418	\$ 623,954
State sources:					
State sources	\$ 12,032,983	\$ 12,298,964	\$ 12,075,172	\$ 11,901,230	\$ 11,239,925
Intermediate sources:					
Intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources:					
Local taxes	\$ 7,633,753	\$ 7,474,183	\$ 7,140,462	\$ 6,903,579	\$ 6,405,154
Tuition	1,165,678	1,256,586	1,048,829	1,073,341	780,934
Other revenues	919,794	1,177,819	938,838	947,654	904,258
Total local sources	9,719,225	9,908,588	9,128,129	8,924,574	8,090,346
Total revenues	\$ 22,364,009	\$ 22,826,760	\$ 21,807,595	\$ 21,412,222	\$ 19,954,225

Source: School District financial records.

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

Schedule 5
Nevada Community School District

Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2019	2018	2017	2016	2015
Instruction	\$ 12,018,262	\$ 11,938,561	\$ 12,247,780	\$ 12,097,185	\$ 11,674,783
Student services	886,446	926,739	894,537	1,068,493	1,022,009
Instructional staff services	1,537,038	1,528,462	1,561,101	1,438,892	937,604
Administration services	2,085,227	2,187,694	2,062,161	1,822,260	1,695,007
Operation and maintenance of plant services	1,618,376	1,635,833	1,515,769	1,451,006	1,363,901
Pupil transportation services	503,261	595,065	537,826	577,414	499,511
Non-instructional programs	18,041	-	2,178	-	-
AEA flow through	645,590	650,598	620,355	623,500	605,478
Capital outlay:					
Facilities acquisition/construction	955,671	1,090,021	2,410,291	4,343,352	584,296
Debt service:					
Principal	1,390,000	1,241,000	3,582,000	810,000	1,045,000
Interest and fiscal charges	490,893	485,660	675,033	1,770,067	681,025
Total expenditures	\$ 22,148,805	\$ 22,279,633	\$ 26,109,031	\$ 26,002,169	\$ 20,108,614
Debt service as a percentage of noncapital expenditures	8.88%	8.15%	17.96%	11.91%	8.84%

Source: School District financial records.

Fiscal Year				
2014	2013	2012	2011	2010
\$10,356,121	\$10,364,216	\$ 9,837,427	\$ 9,329,002	\$ 9,439,695
980,105	889,923	767,385	755,352	723,389
809,535	902,037	1,197,317	752,153	589,576
1,449,247	1,288,736	1,253,032	1,188,237	1,130,226
1,367,412	1,345,642	1,160,057	1,237,995	1,198,608
671,788	688,525	516,590	498,694	476,125
970	-	-	1,897	4,622
563,800	533,548	508,759	560,349	553,617
2,587,909	3,358,638	5,296,370	3,766,960	5,721,005
1,205,000	1,265,900	2,834,821	1,130,884	1,023,796
721,163	799,180	706,112	783,386	561,658
<u>\$20,713,050</u>	<u>\$21,436,345</u>	<u>\$24,077,870</u>	<u>\$20,004,909</u>	<u>\$21,422,317</u>
10.63%	11.42%	18.85%	11.79%	10.10%

Schedule 6
Nevada Community School District

Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2019	2018	2017	2016	2015
Excess of revenues over (under) expenditures	\$ 137,493	\$ 496,271	\$ (4,479,898)	\$ (4,311,455)	\$ (234,856)
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	1,912,000	-	-
Issuance of revenue bonds	-	-	-	13,125,000	-
Issuance of Capital Loan Notes	-	1,113,000	-	-	-
Payments to Escrow Agent	-	-	-	(8,415,000)	-
Issuance of anticipatory warrants	-	-	-	-	-
Redemption of anticipatory warrants	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Sale of capital assets	1,300	7,461	118,936	100	10,159
Transfers in	1,371,397	1,224,059	1,142,651	1,108,270	868,002
Transfers out	(1,345,088)	(1,198,116)	(1,142,651)	(1,108,270)	(868,002)
Extraordinary items	-	-	-	-	-
Total other financing sources (uses)	27,609	1,146,404	2,030,936	4,710,100	10,159
Net change in fund balances	\$ 165,102	\$ 1,642,675	\$ (2,448,962)	\$ 398,645	\$ (224,697)

Source: School District financial records.

	Fiscal Year				
	2014	2013	2012	2011	2010
	\$ (2,481,236)	\$ (2,791,733)	\$ (2,458,941)	\$ (1,911,054)	\$ (5,298,295)
	-	6,400,000	-	-	-
	-	-	-	77,699	10,981,587
	-	-	-	-	-
	-	-	-	-	-
	-	-	1,000,000	-	-
	-	-	(1,000,000)	-	-
	-	112,236	-	-	39,389
	4,125	40	25	900	11,169
	947,055	1,152,080	1,252,989	730,477	4,392,514
	(947,055)	(1,152,080)	(1,252,989)	(730,477)	(4,392,514)
	-	-	-	-	-
	4,125	6,512,276	25	78,599	11,032,145
	\$ (2,477,111)	\$ 3,720,543	\$ (2,458,916)	\$ (1,832,455)	\$ 5,733,850

Schedule 7
Nevada Community School District

Financial Solvency Ratio
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Unassigned General Fund Balance	Actual Revenues	Financial Solvency Ratio*
2019	\$ 2,481,801	\$ 18,069,666	13.73%
2018	2,508,404	18,450,005	13.60%
2017	2,217,135	18,610,251	11.91%
2016	1,528,024	17,697,926	8.63%
2015	1,354,933	16,288,031	8.32%
2014	1,612,155	15,484,799	10.41%
2013	1,564,549	14,737,105	10.62%
2012	1,686,656	14,503,169	11.63%
2011	1,274,047	14,563,857	8.75%
2010	516,918	13,431,273	3.85%

Source: School District financial records.

Notes: * = (Unassigned General Fund Balance) / (Actual Revenues)

Target Solvency Position = Between 5.0 and 10.0 Percent
 Acceptable Solvency Position = Between 0.0 and 4.99 Percent
 Solvency Alert = Between -3.0 and 0.0 Percent
 Solvency Concern = Below -3.0 Percent

Schedule 8
Nevada Community School District

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2019	\$ 452,428,400	\$ 74,459,400	\$ 299,224,394	\$ 324,943,903	\$ 501,168,291	\$ 16.81478
2018	419,977,400	69,400,000	310,128,959	316,777,397	482,728,962	16.81507
2017	412,408,700	68,703,500	255,378,450	269,106,401	467,384,249	16.81007
2016	395,813,100	76,400,200	235,218,429	265,440,932	441,990,797	16.80944
2015	363,477,756	46,713,712	176,449,424	181,863,991	404,776,901	16.75171
2014	378,413,000	64,611,500	193,095,960	248,421,490	387,698,970	15.71000
2013	374,910,200	62,826,600	183,901,861	251,116,027	370,522,637	15.61527
2012	371,578,600	46,348,330	149,325,107	212,636,319	354,615,718	15.61389
2011	353,353,416	47,196,143	90,826,200	199,641,447	291,734,312	17.03265
2010	344,747,412	47,107,600	77,673,871	202,587,794	266,941,089	16.45943

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.

Schedule 9
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	Debt Service	Management	Total	City of Nevada	Story County	County Assessor	Ag Extension	Community College	County Med Center	State of Iowa
2019	\$ 12.20887	\$ 1.00000	\$ 2.69007	\$ 0.91584	\$ 16.81478	\$ 14.61800	\$ 5.06487	\$ 0.49808	\$ 0.08154	\$ 0.69468	\$ 0.85000	\$ 0.00290
2018	11.80853	1.00000	2.69829	1.30825	16.81507	14.61800	5.08816	0.47310	0.08331	0.67458	0.75000	0.00310
2017	14.14610	1.00000	1.17628	0.48769	16.81007	14.61800	5.09972	0.49755	0.08268	0.72334	0.63884	0.00330
2016	12.96372	1.00000	1.79432	1.05140	16.80944	14.61800	5.68249	0.52709	0.08447	0.67574	0.58000	0.00330
2015	12.75772	1.00000	1.96787	1.02612	16.75171	14.99653	5.38987	0.52405	0.08157	0.65724	0.58000	0.00330
2014	11.97183	1.00000	2.04872	0.68945	15.71000	15.32974	5.50349	0.52422	0.07196	0.69120	0.58000	0.00330
2013	12.24324	1.00000	2.16058	0.21145	15.61527	15.42934	5.52837	0.51701	0.08100	0.58466	0.57240	0.00330
2012	12.18541	1.00000	1.14972	1.27876	15.61389	15.00435	5.49054	0.53755	0.08340	0.59018	0.42050	0.00320
2011	14.09706	1.00000	1.20326	0.73233	17.03265	15.00435	5.64515	0.58042	0.08609	0.56008	0.42050	0.00340
2010	13.07399	1.00000	1.25848	1.12696	16.45943	15.12870	5.85785	0.52309	0.09053	0.56778	0.42050	0.00300

Source: Story County Auditor

Notes: Assessed value equals estimated actual value.

Schedule 10
Nevada Community School District

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2019			2010		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Verbio North America Corporation	\$ 34,200,000	1	6.82%	\$ -	-	-
Union Pacific Corporation	23,913,719	2	4.77%	-	-	-
Lincolnway Energy LLC	10,193,059	3	2.03%	6,979,300	1	2.53%
Interstate Power & Light	6,715,988	4	1.34%	-	-	-
Van Houweling Property LLC	7,107,500	5	1.42%	-	-	-
Key Cooperative	6,030,180	6	1.20%	4,210,600	2	1.53%
Vetter Equipment Company	5,405,098	7	1.08%	-	-	-
Burke Marketing Corporation	4,937,310	8	0.99%	3,716,700	3	1.35%
Iowa Falls Nursing Corp.	3,786,900	9	0.76%	-	-	-
Nevada IA Assisted Living	2,994,675	10	0.60%	-	-	-
Flexi-Coil Inc-Ctr	-	-	-	2,391,700	4	0.87%
General Financial Supply Inc	-	-	-	1,637,900	5	0.60%
Key Cooperative	-	-	-	1,625,100	6	0.59%
Northridge Investments LLC	-	-	-	1,582,000	7	0.58%
PR Investments LLC	-	-	-	1,541,800	8	0.56%
Hubert Family Trust	-	-	-	1,474,400	9	0.54%
Fareway Stores, Inc	-	-	-	1,479,800	10	0.54%
Total	\$ 105,284,429		21.01%	\$ 26,639,300		9.69%

Source: Story County Auditor

Schedule 11
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 Levy		Amount	Percentage of Levy
2019	\$ 7,125,552	\$ 7,162,151	100.51%	\$ 947	\$ 7,163,098	100.53%
2018	6,898,162	7,018,342	101.74%	770	7,019,112	101.75%
2017	6,548,883	6,512,724	99.45%	2,114	6,514,838	99.48%
2016	6,423,192	6,458,638	100.55%	2,004	6,460,642	100.58%
2015	5,942,559	5,936,524	99.90%	1,043	5,937,567	99.92%
2014	5,673,313	5,705,454	100.57%	757	5,706,210	100.58%
2013	5,311,216	5,339,964	100.54%	853	5,340,817	100.56%
2012	4,847,252	4,843,492	99.92%	1,212	4,844,704	99.95%
2011	5,184,295	5,067,736	97.75%	561	5,068,297	97.76%
2010	4,631,954	4,659,939	100.60%	-	4,659,939	100.60%

Source: Story County Treasurer and District records.

Schedule 12
Nevada Community School District

Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bonds	Capital Loan Notes	Capital Leases			
2019	\$ 5,994,000	\$ 10,820,000	\$ 998,000	\$ -	\$17,812,000	0.48%	\$ 182
2018	6,394,000	11,695,000	1,113,000	-	19,202,000	0.49%	196
2017	6,785,000	12,545,000	-	-	19,330,000	0.52%	198
2016	7,165,000	13,835,000	-	-	21,000,000	0.56%	216
2015	7,755,000	9,345,000	-	-	17,100,000	0.48%	178
2014	8,330,000	9,815,000	-	-	18,145,000	0.47%	193
2013	8,885,000	10,465,000	-	-	19,350,000	0.48%	209
2012	3,090,000	11,100,000	-	25,900	14,215,900	0.42%	156
2011	3,360,000	13,550,000	-	140,720	17,050,720	0.54%	190
2010	3,620,000	14,310,000	-	173,905	18,103,905	0.58%	202

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 Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior year calendar year.

Schedule 13
 Nevada Community School District

Ratio of Net Bonded Debt to Assessed Values
 Last Ten Fiscal Years
 (Unaudited)

Year (Of Collection)	Population (a)	Assessed Property Value	Legal Debt Limit	Bonded Debt	Ratio Of Bonded Debt To Assessed Value	Bonded Debt Per Capita
2018-19	98,105	\$ 826,112,194	\$ 41,305,610	\$ 6,992,000	0.85%	\$ 71.27
2017-18	97,502	799,506,359	39,975,318	7,507,000	0.94%	76.99
2016-17	97,090	736,490,650	39,278,530	6,785,000	0.92%	69.88
2015-16	96,021	707,431,729	35,371,586	7,165,000	1.01%	74.62
2014-15	94,073	586,640,892	35,371,586	7,755,000	1.32%	82.44
2013-14	92,406	636,120,460	29,332,045	8,330,000	1.31%	90.15
2012-13	91,140	621,638,661	31,806,023	8,885,000	1.43%	97.49
2011-12	89,663	567,252,037	28,362,602	3,115,900	0.55%	34.75
2010-11	89,575	491,375,759	24,568,779	3,500,720	0.71%	39.08
2009-10	89,285	469,528,883	25,881,662	3,793,905	0.81%	42.49

Source: School District financial records.

Notes: Assessed Property Value is total of Residential, Commercial, and Other Property Values on Schedule 8.

(a) U S Census Web Site

Schedule 14
Nevada Community School District

Direct and Overlapping Governmental Activities Debt
As of June 30, 2019
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Story County	\$ 6,295,900	10.29%	\$ 647,910
City of Nevada	9,860,000	100.00%	9,860,000
Area XI Community College	68,010,000	1.15%	785,019
Subtotal, overlapping debt			\$ 11,292,929
District direct debt			\$ 17,812,000
Total direct and overlapping debt			\$ 29,104,929

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.

Schedule 15
Nevada Community School District

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	2019	2018	2017	2016	2015
Debt limit	\$ 41,305,610	\$ 39,975,318	\$ 39,278,530	\$ 35,371,586	\$ 29,332,045
Total net debt applicable to limit	17,812,000	19,202,000	19,330,000	21,000,000	17,100,000
Legal debt margin	\$ 23,493,610	\$ 20,773,318	\$ 19,948,530	\$ 14,371,586	\$ 12,232,045
Total net debt applicable to the limit as a percentage of debt limit	43.12%	48.03%	49.21%	59.37%	58.30%

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 2019

Actual assessed value (a)	\$ 826,112,194
Debt limit (5% of assessed value) (b)	\$ 41,305,610
Debt applicable to limit	17,812,000
Legal debt margin	<u>\$ 23,493,610</u>

	2014	2013	2012	2011	2010
\$	31,806,023	\$ 31,081,933	\$ 28,362,602	\$ 24,568,779	\$ 25,881,662
	18,145,000	19,350,000	14,215,900	17,050,720	18,103,905
\$	13,661,023	\$ 11,731,933	\$ 14,146,702	\$ 7,518,059	\$ 7,777,757
	57.05%	62.25%	50.12%	69.40%	69.95%

Schedule 16
Nevada Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds				Coverage
	Revenue	Debt Service			
		Principal	Interest		
2019	\$ 1,411,115	\$ 40,000	\$ 175,998	6.53	
2018	1,448,364	35,000	188,251	6.49	
2017	1,479,798	520,000	336,399	1.73	
2016	1,500,122	430,000	441,475	1.72	
2015	1,466,392	470,000	459,475	1.58	
2014	1,298,640	650,000	481,875	1.15	
2013	1,683,338	635,000	507,575	1.47	
2012	1,658,000	785,000	594,770	1.20	
2011	1,470,798	760,000	622,580	1.06	
2010	1,467,841	730,000	389,262	1.31	

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.

Schedule 17
Nevada Community School District

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Population (a)	Personal Income (b) <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate (c)
2018	98,105	4,109,112	41,885	2.30%
2017	97,502	3,885,260	39,848	2.00%
2016	97,090	3,734,930	38,469	2.60%
2015	96,021	3,764,438	39,204	3.20%
2014	94,073	3,573,861	37,990	3.70%
2013	92,406	3,820,886	41,349	3.80%
2012	91,140	4,061,918	44,568	4.60%
2011	89,663	3,356,023	37,429	4.50%
2010	89,575	3,143,000	35,087	5.30%
2009	89,285	3,106,000	34,790	4.80%

Notes:

The data provided is for Story County, Iowa

- (a) U S Census Web Site
- (b) Bureau of Economic Analysis Web Site
- (c) Iowa Workforce Development Web Site

Schedule 18
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>16.19%</u>

Source: Nevada Economic Development Council web site

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Schedule 19
Nevada Community School District

Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years
(Unaudited)

	Full-Time Equivalent Employees as of June 30				
	2019	2018	2017	2016	2015
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	2.0	3.0	3.0	2.5	2.5
All other administrators	7.0	7.0	6.0	7.5	6.5
Total supervisory	13.0	14.0	13.0	14.0	13.0
Instruction:					
Teachers	106.1	112.8	112.1	111.4	106.1
Teachers' Aides	49.5	47.0	48.0	46.5	50.5
Other	0.0	0.0	0.0	0.0	0.0
Total instruction	155.6	159.8	160.1	157.9	156.6
Student services:					
Counselors	6.0	4.0	4.0	4.0	4.0
Nurses	2.0	2.0	2.0	2.0	2.0
Librarians	0.1	1.1	1.1	1.0	1.0
Total student services	8.1	7.1	7.1	7.0	7.0
Support and administration:					
Office/Clerical	9.0	9.4	9.2	10.0	9.0
Operative	18.0	27.0	21.0	21.0	19.0
Service	14.6	10.0	22.0	19.0	15.0
Other support	0.0	7.0	8.5	8.5	7.5
Total support and administration	41.6	53.4	60.7	58.5	50.5
Total	218.3	234.3	240.9	237.4	227.1

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change
2014	2013	2012	2011	2010	2010-19
1.0	1.0	1.0	1.0	1.0	-
3.0	3.0	3.0	3.0	3.0	-
1.2	0.7	0.7	0.7	0.7	185.7%
6.3	7.0	4.8	4.8	4.8	45.8%
11.5	11.7	9.5	9.5	9.5	36.8%
104.5	112.4	102.8	100.7	105.7	0.4%
46.0	43.5	43.0	43.0	38.0	30.3%
0.0	0.0	0.0	8.0	0.0	-
150.5	155.9	145.8	151.7	143.7	8.3%
3.5	5.0	5.0	5.0	5.3	13.2%
2.0	2.0	2.0	2.0	2.1	-4.8%
1.0	2.0	2.0	2.0	2.0	-95.0%
6.5	9.0	9.0	9.0	9.4	-13.8%
9.0	9.0	8.0	9.4	9.5	-5.3%
19.0	19.0	25.0	22.0	26.0	-30.8%
17.0	34.0	22.0	25.0	21.0	-30.5%
4.5	1.5	0.0	0.0	6.0	-100.0%
49.5	63.5	55.0	56.4	62.5	-33.4%
218.0	240.1	219.3	226.6	225.1	-3.0%

Schedule 20
Nevada Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
2019	1,482	\$ 18,910,378	\$ 12,760	0.37%
2018	1,491	18,955,204	12,713	5.04%
2017	1,548	18,735,543	12,103	1.14%
2016	1,537	18,393,390	11,967	7.41%
2015	1,551	17,280,894	11,142	7.23%
2014	1,533	15,928,251	10,390	(1.43)%
2013	1,482	15,622,108	10,541	5.34%
2012	1,461	14,619,994	10,007	4.85%
2011	1,481	14,134,506	9,544	(0.81)%
2010	1,470	14,144,431	9,622	0.19%

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

(1) Average daily membership

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

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
\$ 22,305,984	\$ 15,051	(1.39)%	106.10	13.97	35.0%
22,757,829	15,263	5.56%	112.80	13.22	31.0%
22,382,775	14,459	1.53%	112.10	13.81	34.0%
21,889,164	14,241	12.32%	111.40	13.80	33.0%
19,665,111	12,679	2.59%	106.10	14.62	36.0%
18,946,338	12,359	1.22%	104.50	14.67	36.0%
18,094,882	12,210	2.98%	112.40	13.19	35.0%
17,322,975	11,857	6.65%	102.80	14.21	35.0%
16,465,920	11,118	1.74%	100.70	14.71	32.0%
16,064,393	10,928	(1.98)%	105.70	13.91	24.0%

Schedule 21
Nevada Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year			
	2019	2018	2017	2016
Elementary:				
Central (2006)				
Square feet	103,000	103,000	103,000	103,000
Capacity	800	800	800	800
Enrollment	594	594	615	639
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	452	452	479	462
High:				
Nevada High School (1962 / 2011 / 2013)				
Square feet	148,574	148,574	148,574	148,574
Capacity	870	870	870	870
Enrollment	460	460	454	447
Other District Facilities:				
Bus Garage (1988)				

Source: District records

Fiscal Year					
2015	2014	2013	2012	2011	2010
103,000	103,000	103,000	103,000	103,000	103,000
800	800	800	800	800	800
639	617	617	688	688	602
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
462	450	450	431	431	410
148,574	148,574	148,574	125,790	125,790	115,000
870	870	870	870	870	750
447	421	421	438	438	428

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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, 2019 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2019 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
January 17, 2020

Nevada Community School District
Schedule of Findings
Year Ended June 30, 2019

Part I: Findings Related to the Basic Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Nevada Community School District
Schedule of Findings
Year Ended June 30, 2019

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-19 Certified Budget – District expenditures/expenses for the year ended June 30, 2019 exceeded the certified amount in the non-instructional programs function.
- Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures/expenses were allowed to exceed the budget.
- Response – We will more carefully monitor expenses and modify the budget when appropriate in the future.
- Conclusion – Response accepted.
- II-B-19 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-C-19 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-19 Business Transactions – No business transactions between the District and District officials were noted.
- II-E-19 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 ensure that coverage is adequate for current operations.
- II-F-19 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- II-G-19 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on line 7 of the Certified Enrollment Certification Form for October 2018 was overstated by 1.0 due to the inclusion of one student who was not enrolled in the District as of the official count date.
- 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-H-19 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-19 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-19 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education and there were no deficiencies in the amounts reported.
- II-K-19 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

Nevada Community School District
 Schedule of Findings
 Year Ended June 30, 2019

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

II-L-19 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2019, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	874,596
Revenues:			
Statewide sales, services and use tax			1,532,470
Expenditures/transfers out:			
School infrastructure construction	45,657		
Equipment	241,047		
Transfers to other funds:			
Debt Service Fund	1,193,748		1,480,452
			<hr/>
Ending Balance		\$	<u>926,614</u>

For the year ended June 30, 2019, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-19 Financial Condition - At June 30, 2019, the governmental activities, business-type activities, and the Enterprise, School Nutrition Fund had deficit unrestricted net positions of \$5,776,641, \$620,737, and \$620,737, respectively. In addition, the business-type activities and the School Nutrition Fund had a deficit total net position of \$220,933. This represents an \$8,759 decrease in net position during the fiscal year. The Capital Projects: Building Project Fund also had a deficit unassigned fund balance of \$195,505. 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 the net pension liability and deferred outflows of resources and inflows of resources, the District should investigate ways to return the governmental activities, business-type activities and School Nutrition Fund to a sound financial position. The District should also approve a transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to cover the deficit in the Capital Projects: Building Project Fund and to close that fund.

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 liability and the related deferred outflows of resources 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

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

the School Nutrition Fund to a sound financial conditions. We will also consider making the recommended transfer between the Capital Projects Fund accounts.

Conclusion - Response accepted.

II-N-19 Interfund Loans – We noted that the Board had approved an interfund loan between the General Fund and the Enterprise, School Nutrition Fund. However, the loan was approved in June 2019 but was actually outstanding for most of the fiscal year. In addition, no interest rate was approved in the Board resolution, no interest was actually charged, and the interfund loan was not repaid timely. Also, the District has an implicit interfund loan between the Capital Projects: Building Project Fund and the General Fund to cover the negative cash balance in the Capital Projects: Building Project Fund from November 2018 through the end of the fiscal year.

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

Recommendation – The negative cash balance in the Capital Projects: Building Project Fund should have been covered by an interfund loan. All interfund loans should be timely approved by the Board and include the interest rate to be charged, 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 interfund loans in the future.

Conclusion - Response accepted.

II-O-19 Netting of Revenues to Expenditures – We noted revenues for donations, reimbursements, and insurance claims that were posted against expenditure accounts in the General and Special Revenue, Student Activity Funds totaling \$52,380.

Recommendation – The 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.