

**Nevada Community School District
Nevada, Iowa**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NEVADA COMMUNITY SCHOOL DISTRICT

Nevada, Iowa

Fiscal Year Ended June 30, 2020

OFFICIAL ISSUING REPORT

Brian Schaeffer, Board Secretary - Treasurer / Business Manager

OFFICE ISSUING REPORT

Business Office

Nevada Community School District
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March 30, 2021

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, 2020 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, 2020. 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 1,490 students, the 69th 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.

With the COVID-19 pandemic, the Nevada community's employers have weather the economic downturn well. Local retailers have taken an economic hit and the District's "Cubbie's Cupboard" food pantry has seen a major increase in requests for food.

Story County's 2017 population is estimated to be 97,117. This was an increase of 16,990 residents over the 2000 census figure. Story County's unemployment rate hit a high of 8.5% in April 2020, during the peak of the pandemic, and settled at 6.3% in June 2020. This compares favorably to the state's rate of 8.0% and the national rate of 11.2% with the pandemic.

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 16.72% 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. Plans are to have a G O Bond Election for the Middle School in September 2020.

MAJOR INITIATIVES FOR THE YEAR

These are the major initiatives from the Board of Education during the 2019-20 school year. On August 26, 2019, Mr. Gross, Assistant Superintendent in charge of curriculum, reviewed the process to have, in the District, a registered Apprenticeship Program for welding. Many local industries are searching for welders. In September, the Board gave the go ahead to start planning for a renovation of the Middle School by approving the Iowa Construction Advocate Team (ICAT) to proceed with its work on the building. The ICAT program is represented by Estes Construction from Davenport and Des Moines. Estes reviewed their assessment of the Middle School at the January 6, 2020 Board meeting. Architects were interviewed and InVision Architects was selected to do the planning for the Middle School Renovation. Mr. Smith, Athletic Director, came before the Board of Education in January with a proposal to start an E-Sports competitive video gaming as an activity in the schools.

The COVID 19 pandemic ended face-to-face classes for the 2019-20 school year and the Board approved an emergency suspension of policy on March 20, 2020. The Board continued to meet and meetings were then moved to internet streaming. The District posted learning on-line resources for students on its website and was in touch with

the Iowa Department of Education (DE) on how best to handle learning in the time remaining for the school year. Grades 9-12 were placed on Required Continuous Learning on-line while grades PK-8 were allowed to have Voluntary Learning Options. DE required school districts to prepare “return to learn” plans for the 2020-21 school year.

The Colo-NESCO School District came forward with the possibility of sharing Business Office functions as its Business Manager had resigned in June. The Board approved sharing both the Business Manager’s and a Human Resources position beginning on July 1. This sharing is eligible for additional state funding of an equivalent of five enrolled students for each person.

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 20th time in 20 years for its comprehensive annual financial report for the fiscal year ending June 30, 2019, one of 19 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, 2019.**

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

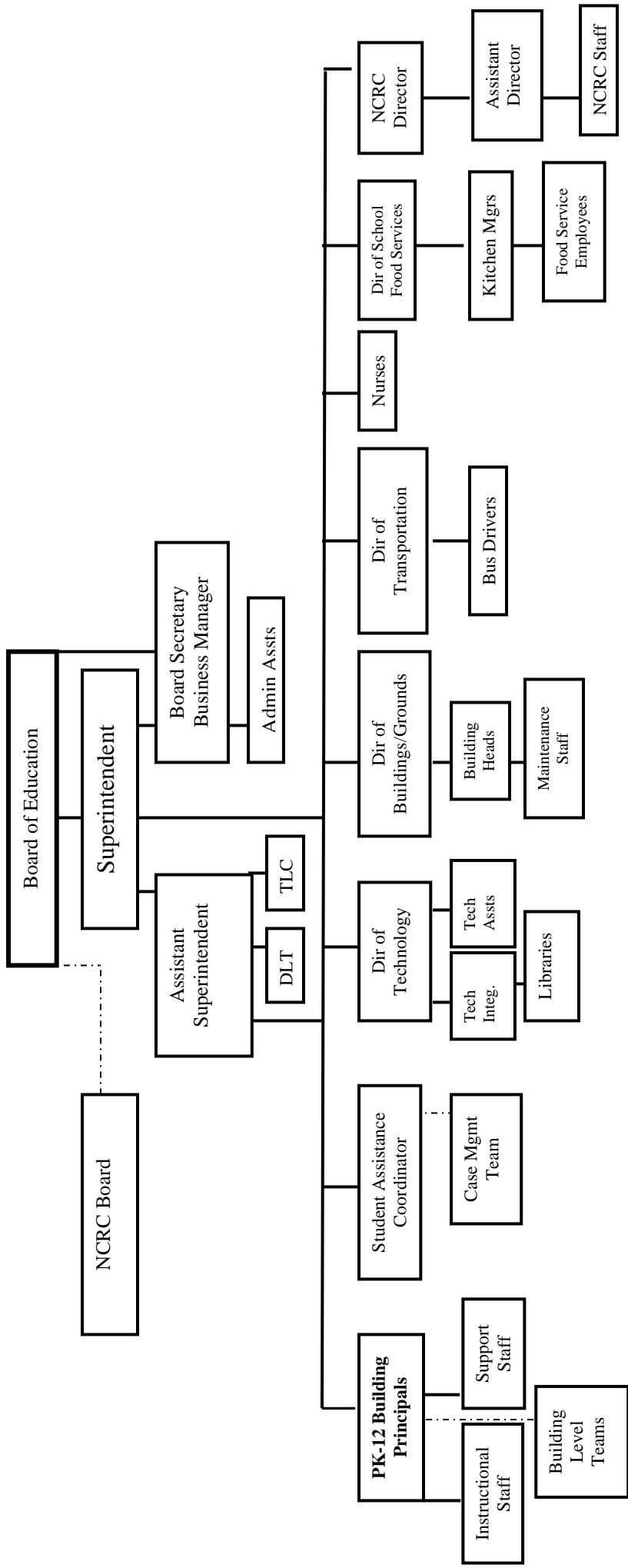


A handwritten signature in black ink, reading 'Claire Hertz'. The signature is written in a cursive style with a large, looping 'H'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'. The signature is written in a cursive style with a large, looping 'L'.

David J. Lewis
Executive Director



**Nevada Community School District
Board of Education and School Officials
Year Ended June 30, 2020**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(prior to November 2019 election)		
Tori Carsrud	President	2021
Tom Maier	Vice President	2019
Joe Anderson	Board Member	2021
Mark Crawford (resigned July 8, 2019)	Board Member	
Dave Sutherland (appointed replacement on August 12, 2019)	Board Member	2019
Leanne Harter	Board Member	2019
(after to November 2019 election)		
Tori Carsrud	President	2021
Tom Maier	Vice President	2023
Joe Anderson	Board Member	2021
Marty Chitty	Board Member	2023
Leanne Harter	Board Member	2023
School Officials		
Steve Gray	Superintendent	2020
Brian Schaeffer	Board Secretary/Treasurer & District Business Manager	2020
Ahlers & Cooney, P.C.	Attorney	Indefinite

**Nevada Community School District
School District Administration
Year Ended June 30, 2020**

<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
Travis Temple	Assistant Elementary Principal
Christine Burling	Director of Nevada Community Resource Center
David Kroese	Director of Maintenance and Grounds
Candy Anderson	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, 2020**

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 Sandler & 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, 2020 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 as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, 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 66 through 73 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 eight years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the year 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 and on pages 126 through 127, the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2021 on our consideration of Nevada Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is 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.



Oskaloosa, Iowa
May 5, 2021

**Nevada Community School District
Management's Discussion and Analysis
Year Ended June 30, 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, 2020. 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.

2020 FINANCIAL HIGHLIGHTS

The District's total net position for governmental activities was \$20,602,641 at June 30, 2020 compared to \$19,003,421 at June 30, 2019, an increase of 8.42%.

At the end of the current fiscal year, unassigned fund balance in the general fund was \$2,835,262 or 15.05% of total general fund revenues compared to the prior year's unassigned fund balance of \$2,481,801 or 13.73% of total general fund revenues.

The District showed an increase in certified enrollment of 5 students from 1,483 in 2018 to 1,488 in 2019. The total students served increased by 5 students from 1,499 in 2018 to 1,504 in 2019.

The District placed \$855,000 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 \$128,100.

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, 2020**

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, 2020**

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 \$18,782,488 to \$20,571,901.

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 \$38,301,893. 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, 2020 compared to June 30, 2019.

Table 1

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total District		Total Change
			June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Current and other assets	\$ 19,504,708	\$ 17,658,980	\$ (172,605)	\$ (355,722)	\$ 19,332,103	\$ 17,303,258	11.73%
Capital assets	37,936,064	38,878,357	365,829	399,804	38,301,893	39,278,161	-2.49%
Total assets	57,440,772	56,537,337	193,224	44,082	57,633,996	56,581,419	1.86%
Deferred outflows of resources	2,289,655	2,725,084	42,961	74,828	2,332,616	2,799,912	-16.69%
Long-term obligations	27,077,484	29,215,334	180,237	293,078	27,257,721	29,508,412	-7.63%
Other liabilities	2,684,599	2,315,552	52,009	32,214	2,736,608	2,347,766	16.56%
Total liabilities	29,762,083	31,530,886	232,246	325,292	29,994,329	31,856,178	-5.84%
Deferred inflows of resources	9,365,703	8,728,114	34,679	14,551	9,400,382	8,742,665	7.52%
Net position:							
Net investment in capital assets	20,685,068	21,066,357	365,829	399,804	21,050,897	21,466,161	-1.93%
Restricted	5,792,404	3,713,705	-	-	5,792,404	3,713,705	55.97%
Unrestricted	(5,874,831)	(5,776,641)	(396,569)	(620,737)	(6,271,400)	(6,397,378)	1.97%
Total net position	\$ 20,602,641	\$ 19,003,421	\$ (30,740)	\$ (220,933)	\$ 20,571,901	\$ 18,782,488	9.53%

The restricted portion of the District's net position (28.16%) represents resources that are subject to external restrictions on how they may be used. These restrictions include \$549,186 for categorical funding, \$3,999,836 for debt service, \$420,044 for management levy purposes, \$263,943 for student activities, \$494,762 for school infrastructure and \$64,633 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 \$1,789,413 or 9.53%, during the current fiscal year. The governmental activities net position increased by \$1,599,220. Business type activities net position increased by \$190,193.

Table 2 on the next page highlights the District's revenues and expenses for the fiscal year ended June 30, 2020 as compared to the fiscal year ended June 30, 2019. 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

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components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales, 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
	2020	2019	2020	2019	2020	2019	2019-20
Program revenues:							
Charges for services	\$ 1,928,432	\$ 2,050,335	\$ 357,459	\$ 469,959	\$ 2,285,891	\$ 2,520,294	-9.30%
Operating grants and contributions	3,089,352	3,031,753	552,667	388,272	3,642,019	3,420,025	6.49%
Capital grants and contributions and restricted interest	-	-	-	17,811	-	17,811	-100.00%
General revenues:							
Property tax	8,445,777	7,322,290	-	-	8,445,777	7,322,290	15.34%
Income surtax	514,688	481,681	-	-	514,688	481,681	6.85%
Statewide sales, services and use tax	1,536,278	1,532,470	-	-	1,536,278	1,532,470	0.25%
Unrestricted state grants	7,532,375	7,777,835	-	-	7,532,375	7,777,835	-3.16%
Other	253,506	179,024	61,983	988	315,489	180,012	75.26%
Total revenues	23,300,408	22,375,388	972,109	877,030	24,272,517	23,252,418	4.39%
Program expenses:							
Governmental activities:							
Instructional	12,003,043	12,242,644	-	-	12,003,043	12,242,644	-1.96%
Support services	7,513,282	6,944,768	-	-	7,513,282	6,944,768	8.19%
Non-instructional programs	-	18,041	755,298	859,480	755,298	877,521	-13.93%
Other expenses	2,211,481	2,241,051	-	-	2,211,481	2,241,051	-1.32%
Total expenses	21,727,806	21,446,504	755,298	859,480	22,483,104	22,305,984	0.79%
Changes in net position before transfers	1,572,602	928,884	216,811	17,550	1,789,413	946,434	89.07%
Transfers	26,618	26,309	(26,618)	(26,309)	-	-	0.00%
Changes in net position	1,599,220	955,193	190,193	(8,759)	1,789,413	946,434	89.07%
Beginning net position	19,003,421	18,048,228	(220,933)	(212,174)	18,782,488	17,836,054	5.31%
Ending net position	\$ 20,602,641	\$ 19,003,421	\$ (30,740)	\$ (220,933)	\$ 20,571,901	\$ 18,782,488	9.53%

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

The number of certified enrolled students and students served increased by five students over the prior year. This would account for some of the increase in both revenues and expenses in governmental activities. Revenues in business-type activities increased due to an increase in operating grants and contributions, especially those related to the COVID 19 pandemic.

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, 2020 compared to the year ended June 30, 2019. 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 76.9% of total costs of services in 2020.

**Table 3
Total and Net Cost of Governmental Activities**

	Total Cost of Services			Net Cost of services		
	2020	2019	Change 2019-20	2020	2019	Change 2019-20
Instruction	\$ 12,003,043	\$ 12,242,644	-1.96%	\$ 8,471,457	\$ 8,810,521	-3.85%
Support services	7,513,282	6,944,768	8.19%	6,674,686	5,940,393	12.36%
Non-instructional programs	-	18,041	-100.00%	-	18,041	-100.00%
Other expenses	2,211,481	2,241,051	-1.32%	1,563,879	1,595,461	-1.98%
Totals	<u>\$ 21,727,806</u>	<u>\$ 21,446,504</u>	<u>1.31%</u>	<u>\$ 16,710,022</u>	<u>\$ 16,364,416</u>	<u>2.11%</u>

Business Type Activities - Revenues for business type activities during the year ended June 30, 2020 were \$972,109, representing a 10.84% increase over the prior year, while expenses and transfers out totaled \$781,916, an 11.73% decrease over the prior year. Most of the increase in revenues and the decrease in expenses were related to the COVID 19 pandemic. 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 \$9,014,357, an increase of \$2,404,614 in comparison with the prior year. Approximately 27.30% of this total amount or \$2,461,148 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 \$549,186 for categorical funding, \$4,157,781 for debt service, \$435,928 for management levy purposes, \$263,943 for student activities, \$868,876 for school infrastructure and \$67,194 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 \$2,835,262 while total fund balance reached \$3,594,749. 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 15.44% of total General Fund expenditures.

The fund balance of the District’s General Fund increased \$497,047 during the current fiscal year. The increase was anticipated and was due to the under-expenditure of costs related to the closing of face-to-face classes in March 2020 due to the COVID 19 pandemic.

The District’s other major funds include the Debt Service Fund and the Capital Projects Fund. The Debt Service fund balance increased \$1,925,493 due to levying funds for the early retirement of the General Obligation Bonds dated December 1, 2012. The Capital Projects Fund balance decreased \$175,932 due to the spending of note proceeds for

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the Baseball Facility Project. 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.

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. 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 66.

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	\$ 12,508,641	\$ 12,508,641	\$ 11,825,456	\$ 683,185
Support services	6,559,869	6,559,869	7,043,986	\$ (484,117)
Non-instructional programs	672,011	672,011	755,298	\$ (83,287)
Other expenses	2,965,385	2,965,385	2,029,586	\$ 935,799
Totals	\$ 22,705,906	\$ 22,705,906	\$ 21,654,326	\$ 1,051,580

Total expenditures were less than budgeted by \$1,051,580 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 \$976,268. 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,
	2020	2019	2020	2019	2020	2019	2019-20
Land	\$ 231,244	\$ 231,244	\$ -	\$ -	\$ 231,244	\$ 231,244	0.00%
Construction in progress	1,398,872	1,260,041	-	-	1,398,872	1,260,041	11.02%
Buildings	30,683,543	31,464,022	-	-	30,683,543	31,464,022	-2.48%
Land improvements	4,645,919	4,940,839	-	-	4,645,919	4,940,839	-5.97%
Machinery and equipment	976,486	982,211	365,829	399,804	1,342,315	1,382,015	-2.87%
Total	\$ 37,936,064	\$ 38,878,357	\$ 365,829	\$ 399,804	\$ 38,301,893	\$ 39,278,161	-2.49%

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

Debt - As of June 30, 2020, the District had general obligation bonds outstanding principal balance totaling \$5,586,000. In the current year, the District paid \$408,000 in principal and \$124,614 in interest. As of June 30, 2020, the District's available debt limit was \$42,422,465 which leaves a legal debt margin of \$25,171,469 once the current year applicable general obligation and capital loan debt is applied.

**Table 5
Outstanding Long-Term Obligations**

	Governmental activities		Business Type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
General Obligation Bonds	\$ 5,586,000	\$ 5,994,000	\$ -	\$ -	\$ 5,586,000	\$ 5,994,000	-6.81%
Revenue Bonds	10,780,000	10,820,000	-	-	10,780,000	10,820,000	-0.37%
Capital Loan Notes	884,996	998,000	-	-	884,996	998,000	-11.32%
Early Retirement	15,884	214,084	-	-	15,884	214,084	-92.58%
Compensated Absences	60,681	70,925	-	-	60,681	70,925	-14.44%
Net Pension Liability	8,359,857	9,467,891	180,237	268,570	8,540,094	9,736,461	-12.29%
Total OPEB Liability	1,390,066	1,650,434	-	24,508	1,390,066	1,674,942	-17.01%
Total	\$ 27,077,484	\$ 29,215,334	\$ 180,237	\$ 293,078	\$ 27,257,721	\$ 29,508,412	-7.63%

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 2019 State Legislature set the rate of increase for supplemental aid for state aid and property taxes for schools for the 2019-20 school year at 2.06%. Furthermore, the Legislature set the rate of increase for supplemental aid for the 2020-21 school year at 2.3%. 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 increased in fiscal year 2020 by 5 students, .34% of the enrollment of 1,482 in fiscal year 2019. 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 2.2% for fiscal year 2020. Staff represented by NCEA make up \$8.7 million in wages and benefits or 48% of all General Fund expenditures. Settlements with employee groups that exceed the rate of growth in state funding will have an adverse impact upon the District's General Fund budget.

Requests for Information

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, 2020**

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Current assets:			
Cash and cash equivalents	\$ 10,578,237	\$ 70,716	\$ 10,648,953
Receivables:			
Property tax:			
Current year	141,884	-	141,884
Succeeding year	7,323,050	-	7,323,050
Income surtax	479,502	-	479,502
Accounts	71,120	3,049	74,169
Due from other governments	593,178	65,489	658,667
Internal balances	317,737	(317,737)	-
Inventories	-	5,878	5,878
Capital assets, net of accumulated depreciation	37,936,064	365,829	38,301,893
Total assets	57,440,772	193,224	57,633,996
Deferred outflows of resources			
Pension related deferred outflows	1,992,649	42,961	2,035,610
OPEB related deferred outflows	297,006	-	297,006
Total deferred outflows of resources	2,289,655	42,961	2,332,616
Liabilities			
Accounts payable	148,769	15,088	163,857
Due to other governments	388,874	9,093	397,967
Salaries and benefits payable	1,861,309	-	1,861,309
Deposits payable	1,390	-	1,390
Advances from grantors	120,574	-	120,574
Early retirement payable	3,177	-	3,177
Unearned revenue	-	27,828	27,828
Accrued interest payable	160,506	-	160,506
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	421,000	-	421,000
Revenue bonds payable	900,000	-	900,000
Capital loan notes payable	126,996	-	126,996
Early retirement payable	15,884	-	15,884
Compensated absences payable	60,681	-	60,681
Portion due after one year:			
General obligation bonds payable	5,165,000	-	5,165,000
Revenue bonds payable	9,880,000	-	9,880,000
Capital loan notes payable	758,000	-	758,000
Net pension liability	8,359,857	180,237	8,540,094
Total OPEB liability	1,390,066	-	1,390,066
Total liabilities	29,762,083	232,246	29,994,329

Exhibit A

**Nevada Community School District
Statement of Net Position
June 30, 2020**

	Governmental Activities	Business Type Activities	Total Primary Government
<i>Continued from previous page</i>			
Deferred inflows of resources			
Unavailable property tax revenue	\$ 7,323,050	\$ -	\$ 7,323,050
Pension related deferred inflows	1,608,518	34,679	1,643,197
OPEB related deferred inflows	434,135	-	434,135
Total deferred inflows of resources	<u>9,365,703</u>	<u>34,679</u>	<u>9,400,382</u>
Net position			
Net investment in capital assets	20,685,068	365,829	21,050,897
Restricted for:			
Categorical funding	549,186	-	549,186
Debt service	3,999,836	-	3,999,836
Capital projects	494,762	-	494,762
Physical plant and equipment levy	64,633	-	64,633
Management levy purposes	420,044	-	420,044
Student activities	263,943	-	263,943
Unrestricted	(5,874,831)	(396,569)	(6,271,400)
Total net position	<u>\$ 20,602,641</u>	<u>\$ (30,740)</u>	<u>\$ 20,571,901</u>

See notes to financial statements.

Exhibit B

**Nevada Community School District
Statement of Activities
Year ended June 30, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 8,122,615	\$ 1,026,184	\$ 1,066,263	\$ -	\$ (6,030,168)	\$ -	\$ (6,030,168)
Special	3,032,662	270,812	249,112	-	(2,512,738)	-	(2,512,738)
Other	847,766	441,611	477,604	-	71,449	-	71,449
	<u>12,003,043</u>	<u>1,738,607</u>	<u>1,792,979</u>	<u>-</u>	<u>(8,471,457)</u>	<u>-</u>	<u>(8,471,457)</u>
Support services:							
Student	1,082,762	24,503	-	-	(1,058,259)	-	(1,058,259)
Instructional staff	1,552,758	79,748	599,620	-	(873,390)	-	(873,390)
Administration	2,326,797	1,622	-	-	(2,325,175)	-	(2,325,175)
Operation and maintenance of plant	1,979,133	8,314	42,394	-	(1,928,425)	-	(1,928,425)
Transportation	571,832	75,638	6,757	-	(489,437)	-	(489,437)
	<u>7,513,282</u>	<u>189,825</u>	<u>648,771</u>	<u>-</u>	<u>(6,674,686)</u>	<u>-</u>	<u>(6,674,686)</u>
Other expenditures:							
Long-term debt interest and fiscal charges	455,160	-	-	-	(455,160)	-	(455,160)
AEA flowthrough	647,602	-	647,602	-	-	-	-
Depreciation (unallocated) *	1,108,719	-	-	-	(1,108,719)	-	(1,108,719)
	<u>2,211,481</u>	<u>-</u>	<u>647,602</u>	<u>-</u>	<u>(1,563,879)</u>	<u>-</u>	<u>(1,563,879)</u>
Total governmental activities	<u>21,727,806</u>	<u>1,928,432</u>	<u>3,089,352</u>	<u>-</u>	<u>(16,710,022)</u>	<u>-</u>	<u>(16,710,022)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	755,298	357,459	552,667	-	-	154,828	154,828
Total business type activities	<u>755,298</u>	<u>357,459</u>	<u>552,667</u>	<u>-</u>	<u>-</u>	<u>154,828</u>	<u>154,828</u>
Total primary government	<u>\$ 22,483,104</u>	<u>\$ 2,285,891</u>	<u>\$ 3,642,019</u>	<u>\$ -</u>	<u>\$ (16,710,022)</u>	<u>\$ 154,828</u>	<u>\$ (16,555,194)</u>

Exhibit B

**Nevada Community School District
Statement of Activities
Year ended June 30, 2020**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Totals continued from previous page	\$ 22,483,104	\$ 2,285,891	\$ 3,642,019	\$ -	\$ (16,710,022)	\$ 154,828	\$ (16,555,194)
General Revenues:							
Property tax levied for:							
General purposes				\$ 6,493,137	\$ -	\$ -	\$ 6,493,137
Debt service				1,425,365	-	-	1,425,365
Capital outlay				527,275	-	-	527,275
Income surtax				514,688	-	-	514,688
Statewide sales, services and use tax				1,536,278	-	-	1,536,278
Unrestricted state grants				7,532,375	-	-	7,532,375
Unrestricted investment earnings				199,419	1,136	1,136	200,555
Other				54,087	60,847	60,847	114,934
Total general revenues				18,282,624	61,983	61,983	18,344,607
Change in net position before transfers				1,572,602	216,811	216,811	1,789,413
Transfers				26,618	(26,618)	(26,618)	-
Change in net position				1,599,220	190,193	190,193	1,789,413
Net position beginning of year				19,003,421	(220,933)	(220,933)	18,782,488
Net position end of year				\$ 20,602,641	\$ (30,740)	\$ (30,740)	\$ 20,571,901

* This amount excludes the depreciation 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, 2020**

	General	Debt Service	Capital Projects	Non-major Governmental Funds	Total
Assets					
Cash and pooled investments	\$ 4,806,940	\$ 3,984,999	\$ 966,182	\$ 656,410	\$ 10,414,531
Receivables:					
Property tax:					
Current year	99,512	24,732	9,188	8,452	141,884
Succeeding year	5,294,440	1,406,878	521,733	99,999	7,323,050
Income surtax	479,502	-	-	-	479,502
Accounts	24,314	-	-	46,806	71,120
Interfund	658,210	148,050	-	114	806,374
Due from other governments	463,795	-	129,383	-	593,178
Total assets	\$11,826,713	\$5,564,659	\$1,626,486	\$ 811,781	\$19,829,639
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 85,697	\$ -	\$ 57,321	\$ 5,751	\$ 148,769
Due to other governments	388,874	-	-	-	388,874
Salaries and benefits payable	1,861,309	-	-	-	1,861,309
Interfund payable	178	-	485,476	2,983	488,637
Deposits payable	1,390	-	-	-	1,390
Advances from grantors	120,574	-	-	-	120,574
Early retirement payable	-	-	-	3,177	3,177
Total liabilities	2,458,022	-	542,797	11,911	3,012,730
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	5,294,440	1,406,878	521,733	99,999	7,323,050
Other	479,502	-	-	-	479,502
Total deferred inflows of resources	5,773,942	1,406,878	521,733	99,999	7,802,552
Fund balances:					
Restricted for:					
Categorical funding	549,186	-	-	-	549,186
Debt service	-	4,157,781	-	-	4,157,781
School infrastructure	-	-	868,876	-	868,876
Physical plant and equipment	-	-	67,194	-	67,194
Mangement levy purposes	-	-	-	435,928	435,928
Student activities	-	-	-	263,943	263,943
Assigned for activity based accounts	210,301	-	-	-	210,301
Unassigned	2,835,262	-	(374,114)	-	2,461,148
Total fund balances	3,594,749	4,157,781	561,956	699,871	9,014,357
Total liabilities, deferred inflows of resources and fund balances	\$11,826,713	\$5,564,659	\$1,626,486	\$ 811,781	\$19,829,639

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, 2020**

Total fund balances of governmental funds	\$	9,014,357
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		37,936,064
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.		163,706
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.		(160,506)
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.		479,502
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	\$	2,289,655
Deferred inflows of resources		(2,042,653)
		247,002
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.		(27,077,484)
Net position of governmental activities	\$	20,602,641

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, 2020**

	General	Debt Service	Capital Projects	Non-major Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 6,327,087	\$ 1,389,320	\$ 516,159	\$ 496,082	\$ 8,728,648
Tuition	1,092,593	-	-	-	1,092,593
Other	615,298	39,047	10,893	380,496	1,045,734
State sources	10,306,208	34,385	1,549,053	13,182	11,902,828
Federal sources	495,165	-	-	-	495,165
Total revenues	18,836,351	1,462,752	2,076,105	889,760	23,264,968
Expenditures:					
Current					
Instruction	11,314,947	-	6,895	503,614	11,825,456
Support services:					
Student	1,045,279	-	-	-	1,045,279
Instructional staff	1,236,310	-	286,210	-	1,522,520
Administration	2,253,974	2,500	599	-	2,257,073
Operation and maintenance of plant	1,420,612	-	37,804	199,582	1,657,998
Transportation	446,858	-	88,700	25,558	561,116
	6,403,033	2,500	413,313	225,140	7,043,986
Capital outlay:					
Facilities acquisition	-	-	498,037	-	498,037
Debt service:					
Principal	-	561,004	-	-	561,004
Interest and fiscal charges	-	322,943	-	-	322,943
	-	883,947	-	-	883,947
Intergovernmental:					
AEA flowthrough	647,602	-	-	-	647,602
Total expenditures	18,365,582	886,447	918,245	728,754	20,899,028
Excess of revenues over expenditures	470,769	576,305	1,157,860	161,006	2,365,940
Other financing sources (uses):					
Sale of Equipment	546	-	-	-	546
Compensation for loss of capital assets	-	-	11,510	-	11,510
Transfers in	26,618	1,349,188	3,000	-	1,378,806
Transfers out	(886)	-	(1,348,302)	(3,000)	(1,352,188)
Total other financing sources (uses)	26,278	1,349,188	(1,333,792)	(3,000)	38,674
Change in fund balances	497,047	1,925,493	(175,932)	158,006	2,404,614
Fund balances beginning of year	3,097,702	2,232,288	737,888	541,865	6,609,743
Fund balances end of year	\$ 3,594,749	\$ 4,157,781	\$ 561,956	\$ 699,871	\$ 9,014,357

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, 2020**

Change in fund balances - total governmental funds \$ 2,404,614

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

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

Expenditures for capital assets	\$ 283,568	
Depreciation expense	<u>(1,225,861)</u>	(942,293)

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 23,384

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. 72,990

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 561,004

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. (132,217)

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. 6,581

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

Early retirement	\$ 198,200	
Compensated absences	10,244	
Pension expense	(543,567)	
OPEB expense	<u>(59,720)</u>	(394,843)

Change in net position of governmental activities \$ 1,599,220

See notes to financial statements.

Exhibit G

**Nevada Community School District
Statement of Net Position
Proprietary Funds
June 30, 2020**

	Enterprise School Nutrition	Internal Service
Assets		
Current assets:		
Cash and cash equivalents	\$ 70,716	\$ 163,706
Receivables:		
Accounts	3,049	-
Interfund	64	-
Due from other governments	65,489	-
Inventories	5,878	-
Total current assets	<u>145,196</u>	<u>163,706</u>
Non-current assets:		
Capital assets:		
Machinery and equipment, net of depreciation	365,829	-
Total assets	<u>511,025</u>	<u>163,706</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>42,961</u>	-
Liabilities		
Current liabilities:		
Accounts payable	15,088	-
Salaries and benefits payable	9,093	-
Interfund payable	317,801	-
Unearned revenue	27,828	-
Total current liabilities	<u>369,810</u>	-
Noncurrent liabilities:		
Net pension liability	<u>180,237</u>	-
Total liabilities	<u>550,047</u>	-
Deferred Inflows of Resources		
Pension related deferred inflows	<u>34,679</u>	-
Net Position		
Investment in capital assets	365,829	-
Unrestricted	(396,569)	163,706
Total net position	<u>\$ (30,740)</u>	<u>\$ 163,706</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	\$ 357,459	\$ 141,991
Operating expenses:		
Support services:		
Administration:		
Benefits	-	58,291
Purchased services	-	10,710
Non-instructional programs:		
Food service operations:		
Salaries	281,483	-
Benefits	44,658	-
Supplies	386,800	-
Depreciation	33,975	-
Other	8,382	-
Total operating expenses	755,298	69,001
Operating income (loss)	(397,839)	72,990
Non-operating revenues:		
Interest on investments	1,136	-
Contributions	4,245	-
State sources	5,421	-
Federal sources	543,001	-
Gain on reduction of long-term liabilities	60,847	-
Total non-operating revenues	614,650	-
Income before transfers	216,811	72,990
Transfers:		
Transfers out	(26,618)	-
Change in fund net position	190,193	72,990
Net position beginning of year	(220,933)	90,716
Net position end of year	\$ (30,740)	\$ 163,706

See notes to financial statements.

Exhibit I

**Nevada Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020**

	Enterprise School Nutrition	Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 330,836	\$ -
Cash received from miscellaneous operating activities	39,149	141,991
Cash payments to employees for services	(379,044)	-
Cash payments to suppliers for goods or services	(319,223)	(69,001)
Net cash provided by (used by) operating activities	<u>(328,282)</u>	<u>72,990</u>
Cash flows from non-capital financing activities:		
Contributions received	4,245	-
State grants received	7,195	-
Federal grants received	411,595	-
Indirect costs transfer	(26,618)	-
Net cash provided by non-capital financing activities	<u>396,417</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	1,136	-
Net increase in cash and cash equivalents	69,271	72,990
Cash and cash equivalents at beginning of year	1,445	90,716
Cash and cash equivalents at end of year	<u>\$ 70,716</u>	<u>\$ 163,706</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:		
Operating income (loss)	\$ (397,839)	\$ 72,990
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	33,975	-
Commodities used	72,962	-
(Increase) in accounts receivable	(2,407)	-
Decrease in interfund receivable	1,856	-
Increase in accounts payable	2,997	-
Increase in salaries and benefits payable	3,721	-
(Decrease) in interfund payable	(56,624)	-
Increase in unearned revenue	13,077	-
Net cash provided by (used by) operating activities	<u>\$ (328,282)</u>	<u>\$ 72,990</u>

Non-cash financing activities:

During the year ended June 30, 2020, the District received \$72,962 of federal commodities

See notes to financial statements.

Exhibit J

**Nevada Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020**

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Cash and pooled investments	\$ 180,981	\$ 25,446
Land held in scholarship trust	468,000	-
Total assets	<u>648,981</u>	<u>25,446</u>
Liabilities		
Due to other groups	-	25,446
Fiduciary Net Position		
Restricted for scholarships	<u>\$ 648,981</u>	<u>\$ -</u>

See notes to financial statements.

Exhibit K

**Nevada Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2020**

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	<u>\$ 637,739</u>
Deductions:	
Instruction:	
Supplies	3,711
Scholarships awarded	12,450
Student services:	
Supplies	<u>3,719</u>
Total deductions	<u>19,880</u>
Change in fiduciary net position	617,859
Fiduciary net position beginning of year	<u>31,122</u>
Fiduciary net position end of year	<u><u>\$ 648,981</u></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, 2020

(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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

Income Surtax Receivable - Income surtax budgeted for the fiscal year ended June 30, 2020 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, 2020, 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, 2020

(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, 2020.

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, 2020. 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 and deferred inflows 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 and OPEB 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, 2020 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, 2020

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

At June 30, 2020, the District had investments as follows:

<u>Investment</u>	<u>Amortized Cost</u>
Iowa Schools Joint Investment Trust (ISJIT), Diversified Portfolio	\$ 2,218
Money Market Mutual Fund	<u>141,144</u>
	<u>\$ 143,362</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.

At June 30, 2020, the District had the following investments:

<u>Investment</u>	<u>Fair Value</u>
U. S. Treasury Notes and Strips	<u>\$ 2,470,526</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 \$2,470,526 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, 2020, the carrying amount of the District's bank deposits totaled \$8,393,534. Of the bank balances, \$645,706 was covered by federal depository insurance and \$7,747,828 was uninsured and collateralized with

Nevada Community School District
Notes to Financial Statements
June 30, 2020

(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, 2020, the carrying amount of the District’s investments totaled \$2,613,888. 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, 2020 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	\$ 337,426
Other receivables:		
General	Special Revenue, Student Activity	2,983
Special Revenue, Student Activity	General	114
Debt Service	Capital Projects	<u>148,050</u>
		<u>488,573</u>
Interfund balances between governmental and proprietary funds:		
Other receivables:		
General	Enterprise, School Nutrition	317,801
Enterprise, School Nutrition	General	<u>64</u>
		<u>317,865</u>
	Total	<u>\$ 806,438</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, 2020

(5) Transfers

The detail of transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service Fund	Capital Projects, Statewide Sales, Services and Use Tax	\$ 1,194,451
Debt Service Fund	Capital Projects, Physical Plant and Equipment Levy	153,851
Debt Service Fund	General Fund	886
Capital Projects, Physical Plant and Equipment Levy	Special Revenue, Student Activity	3,000
General Fund	Enterprise, School Nutrition Fund	<u>26,618</u>
		<u>\$ 1,378,806</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 General Fund transferred money to the Debt Service Fund to reimburse prior year expenditures. The Special Revenue, Student Activity Fund transferred money to the Capital Projects, Physical Plant and Equipment Levy Fund to reimburse a prior year equipment purchase. 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, 2020, are as follows:

Governmental Funds:	
General Fund:	
Tuition from other Districts	\$ 341,096
Title I grants	75,383
Supporting effective instruction state grants	27,241
Career and technical education grants	10,714
Other	<u>9,361</u>
	<u>463,795</u>
Capital Projects Fund:	
Statewide sales, services and use tax	<u>129,383</u>
	<u>593,178</u>
Proprietary Funds:	
Enterprise, School Nutrition Fund:	
Child nutrition grants	<u>65,489</u>
Total due from other governments	<u>\$ 658,667</u>

Nevada Community School District
Notes to Financial Statements
June 30, 2020

(7) Capital Assets

Capital assets activity for the year ended June 30, 2020 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 231,244	\$ -	\$ -	\$ 231,244
Construction in progress	1,260,041	138,831	-	1,398,872
Total capital assets not being depreciated	1,491,285	138,831	-	1,630,116
Capital assets being depreciated:				
Buildings	41,470,841	-	-	41,470,841
Improvements other than buildings	6,251,289	-	-	6,251,289
Furniture and equipment	2,708,413	144,737	34,218	2,818,932
Total capital assets being depreciated	50,430,543	144,737	34,218	50,541,062
Less accumulated depreciation for:				
Buildings	10,006,819	780,479	-	10,787,298
Improvements other than buildings	1,310,450	294,920	-	1,605,370
Furniture and equipment	1,726,202	150,462	34,218	1,842,446
Total accumulated depreciation	13,043,471	1,225,861	34,218	14,235,114
Total capital assets being depreciated, net	37,387,072	(1,081,124)	-	36,305,948
Governmental activities capital assets, net	\$ 38,878,357	\$ (942,293)	\$ -	\$ 37,936,064
Business-type activities:				
Furniture and equipment	\$ 786,604	\$ -	\$ -	\$ 786,604
Less accumulated depreciation	386,800	33,975	-	420,775
Business-type activities capital assets, net	\$ 399,804	\$ (33,975)	\$ -	\$ 365,829

Nevada Community School District
Notes to Financial Statements
June 30, 2020

(7) Capital Assets (continued from previous page)

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular \$ 24,346

Support services:

Administration 4,445

Operation and maintenance of plant 3,236

Transportation 85,115

117,142

Unallocated depreciation 1,108,719

Total depreciation expense - governmental activities \$ 1,225,861

Business-type activities:

Food service operations \$ 33,975

(8) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligations bonds	\$ 5,215,000	\$ -	\$ 25,000	\$ 5,190,000	\$ 25,000
General obligations bonds - direct placement	779,000	-	383,000	396,000	396,000
Revenue bonds	600,000	-	40,000	560,000	40,000
Revenue bonds - direct placement	10,220,000	-	-	10,220,000	860,000
Capital loan notes - direct placement	998,000	-	113,004	884,996	126,996
Early retirement	214,084	-	198,200	15,884	15,884
Compensated absences	70,925	60,681	70,925	60,681	60,681
Net pension liability	9,467,891	-	1,108,034	8,359,857	-
Total OPEB liability	1,650,434	-	260,368	1,390,066	-
Total governmental activities	<u>\$ 29,215,334</u>	<u>\$ 60,681</u>	<u>\$ 2,198,531</u>	<u>\$ 27,077,484</u>	<u>\$ 1,524,561</u>
Business-type activities:					
Net pension liability	\$ 268,570	\$ -	\$ 88,333	\$ 180,237	\$ -
Total OPEB liability	24,508	-	24,508	-	-
Total business-type activities	<u>\$ 293,078</u>	<u>\$ -</u>	<u>\$ 112,841</u>	<u>\$ 180,237</u>	<u>\$ -</u>

Nevada Community School District
Notes to Financial Statements
June 30, 2020

(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, 2020 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 1, 2012			
	Interest Rates	Principal	Interest	Total
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	2.00%	450,000	80,865	530,865
2026-30	2.00-2.15%	2,390,000	265,425	2,655,425
2031-32	2.25-2.30%	1,025,000	35,283	1,060,283
Total		\$ 5,190,000	\$ 783,833	\$ 5,973,833

Year Ending June 30,	Bond Issue of November 15, 2016 - Direct Placement			
	Interest Rates	Principal	Interest	Total
2021	2.15%	\$ 396,000	\$ 8,514	\$ 404,514

Bond Refunding Escrow – During the three years ended June 30, 2020, 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 \$2,440,000 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, 2020 was \$2,470,526.

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.

Nevada Community School District
Notes to Financial Statements
June 30, 2020

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

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, 2020 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
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	5.00%	50,000	18,419	68,419
2026-30	5.00-5.30%	330,000	49,310	379,310
Total		\$ 560,000	\$ 164,520	\$ 724,520

Year Ending June 30,	Bond Issue of December 8, 2015 - Direct Placement			
	Interest Rates	Principal	Interest	Total
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	2.60%	595,000	100,945	695,945
2026-30	2.60%	3,585,000	264,745	3,849,745
Total		\$ 6,405,000	\$ 917,865	\$ 7,322,865

Nevada Community School District
Notes to Financial Statements
June 30, 2020

(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
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	2.67%	360,000	61,143	421,143
2026-30	2.67%	2,110,000	151,656	2,261,656
Total		\$ 3,815,000	\$ 549,553	\$ 4,364,553

Year Ending June 30,	Total - Direct Placement		
	Principal	Interest	Total
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	955,000	162,088	1,117,088
2026-30	5,695,000	416,401	6,111,401
Total	\$ 10,220,000	\$ 1,467,418	\$ 11,687,418

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 77 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$12,411,938. For the current year, \$163,282 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,536,278.

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, 2020

(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, 2020 capital loan notes indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2021	3.50%	\$ 126,996	\$ 30,730	\$ 157,726
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	3.50%	130,000	13,580	143,580
2026-27	3.50%	258,000	13,510	271,510
Total		\$ 884,996	\$ 124,635	\$ 1,009,631

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, 2020, the District has obligations to 2 participants with a total liability of \$19,061. Early retirement benefits paid from the Special Revenue, Management Levy Fund during the year ending June 30, 2020, totaled \$195,023. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Levy Fund in the fund financial statements and as a liability of the Governmental Activities in the government-wide financial statements. 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.

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

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

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

- A multiplier (based on years of service).
- The member's highest five-year average salary. (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 2020, 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, 2020 were \$1,059,239.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$8,540,094 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used

Nevada Community School District
Notes to Financial Statements
June 30, 2020

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

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, 2019, the District's proportion was 0.147481 percent, which was a decrease of 0.006376 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,557,170. At June 30, 2020, 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	\$ 23,676	\$ 307,057
Changes of assumptions	914,766	-
Net difference between projected and actual earnings on pension plan investments	-	962,366
Changes in proportion and differences between District contributions and proportionate share of contributions	37,929	373,774
Entity contributions subsequent to the measurement date	1,059,239	-
Total	<u>\$ 2,035,610</u>	<u>\$ 1,643,197</u>

\$1,059,239 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, 2021. 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
2021	\$ 128,484
2022	(287,648)
2023	(222,874)
2024	(228,851)
2025	(55,937)
Total	<u>\$ (666,826)</u>

Nevada Community School District
Notes to Financial Statements
June 30, 2020

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

Actuarial Assumptions - The total pension liability in the June 30, 2019 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

The actuarial assumptions used in the June 30, 2019 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%	5.60%
International Equity	15.0%	6.08%
Global Smart Beta Equity	3.0%	5.82%
Core Plus Fixed Income	27.0%	1.71%
Public Credit	3.5%	3.32%
Public Real Assets	7.0%	2.81%
Cash	1.0%	-0.21%
Private Equity	11.0%	10.13%
Private Real Assets	7.5%	4.76%
Private Credit	3.0%	3.01%
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.

Nevada Community School District
Notes to Financial Statements
June 30, 2020

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

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.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ 15,164,451	\$ 8,540,094	\$ 2,983,657

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, 2020, the District reported payables to IPERS of \$174,735 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, 2020, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>197</u>
Total	<u><u>205</u></u>

Total OPEB Liability - The District's total OPEB liability of \$1,390,066 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 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.

Nevada Community School District
Notes to Financial Statements
June 30, 2020

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

Rate of Inflation (effective June 30, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	4.00% per annum.
Discount rate (effective June 30, 2020)	3.50% per annum.
Healthcare cost trend rate (effective June 30, 2020)	5.00% per annum.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50% 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 2019 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

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,674,942
Changes for the year:	
Service cost	72,479
Interest	48,225
Differences between expected and actual experience	143,963
Changes in assumptions	(477,549)
Benefit payments	<u>(71,994)</u>
Net changes	<u>(284,876)</u>
Total OPEB liability end of year	<u><u>1,390,066</u></u>

Changes in assumptions reflect a change in the discount rate from 3.58% in fiscal year 2019 to 3.50% in fiscal year 2020.

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 (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 1,502,067	\$ 1,390,066	\$ 1,287,576

Nevada Community School District
Notes to Financial Statements
June 30, 2020

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

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	\$ 1,250,985	\$ 1,390,066	\$ 1,553,366

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expense of \$109,923. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 159,391	\$ -
Changes in assumptions	137,615	434,135
	<u>\$ 297,006</u>	<u>\$ 434,135</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2021	\$ (10,781)
2022	\$ (10,781)
2023	\$ (10,781)
2024	\$ (10,781)
2025	\$ (10,781)
Thereafter	<u>\$ (83,224)</u>
Total	<u>\$ (137,129)</u>

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, 2020, 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, 2020 is as follows:

	Balance Beginning of Year	Interfund Loan Received	Interfund Loan Repaid	Balance End of Year
School Nutrition Fund	\$ 374,424	\$ 355,744	\$ 412,367	\$ 317,801

(12) 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 \$7,000 single and \$14,000 family deductible and \$7,900 single and \$15,800 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, 2020, the District has accumulated \$163,706 in its Internal Service Fund to cover future employee health care claims. Actual claims paid for the year ended June 30, 2020 were \$58,291.

(13) 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.

Nevada Community School District
Notes to Financial Statements
June 30, 2020

(13) Categorical Funding (continued from previous page)

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2020:

<u>Program</u>	<u>Amount</u>
Limited English proficient	\$ 25,762
Home school assistance program	67,024
Gifted and talented programs	123,715
Returning dropouts and dropout prevention programs	61,387
Teacher leadership state aid	53,937
Beginning teacher mentoring and induction program	7,623
Iowa early intervention block grant	478
Successful progression for early readers	111,212
Professional development	<u>98,048</u>
Total categorical funding	<u>\$ 549,186</u>

(14) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$647,602 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(15) Budget Overexpenditure

Per the Code of Iowa, expenditures/expenses may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2020, expenditures/expenses in the support services and non-instructional programs functions exceeded the certified budget.

(16) Deficit Balances

The Enterprise, School Nutrition Fund had a deficit unrestricted net position of \$396,569 and a deficit total net position of \$30,740 at June 30, 2020.

The Building Project Account within the Capital Projects Fund had a deficit unassigned fund balance of \$374,114 at June 30, 2020.

(17) Construction Commitments

The District has two active construction projects as of June 30, 2020. The projects are the baseball stadium project and a roof repair project. The District has entered into contracts totaling \$1,198,187. As of June 30, 2020, costs of \$1,007,886 had been incurred against the contracts. The balance of \$190,301 remaining at June 30, 2020 will be paid as work on the projects progresses.

Nevada Community School District
Notes to Financial Statements
June 30, 2020

(18) 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	Capial Projects	Management Levy	Assigned and Unassigned/ Unrestricted
Fund Balance (Exhibit C)	\$ -	\$ 4,157,781	\$ 561,956	\$ 435,928	\$ 3,045,563
Capital assets, net of accumulated depreciation	37,936,064	-	-	-	-
General obligation bond capitalized indebtedness	(5,586,000)	-	-	-	-
Revenue bond capitalized indebtedness	(10,780,000)	-	-	-	-
Capital loan note capitalized indebtedness	(884,996)	-	-	-	-
Accrued interest payable	-	(157,945)	(2,561)	-	-
Early retirement	-	-	-	(15,884)	-
Compensated absences	-	-	-	-	(60,681)
Pension related deferred outflows	-	-	-	-	1,992,649
Pension related deferred inflows	-	-	-	-	(1,608,518)
Net pension liability	-	-	-	-	(8,359,857)
OPEB related deferred outflows	-	-	-	-	297,006
OPEB related deferred inflows	-	-	-	-	(434,135)
Total OPEB liability	-	-	-	-	(1,390,066)
Recognition of income surtax deferred inflows of resources	-	-	-	-	479,502
Internal Service Fund net position	-	-	-	-	163,706
Net position (Exhibit A)	\$ 20,685,068	\$ 3,999,836	\$ 559,395	\$ 420,044	\$ (5,874,831)

(19) Tax Abatements

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

Tax Abatements of Other Entities – Other entities within the District provide tax abatements for urban renewal and economic projects pursuant to Chapters 15 and 403 of the Code of Iowa.

Property tax revenues of the District were reduced by the following amount for the year ended June 30, 2020 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	\$ 85,796

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, 2020, this reimbursement amounted to \$36,699.

(20) Scholarship Trust Contribution

During the year ended June 30, 2020, the District received a contribution of a one-quarter interest in 240 acres of farmland. All proceeds from the rental of the farmland are to be used for at least one college scholarship per year of \$1,000 to further the education of Nevada Community School District graduating seniors.

The District's one-quarter interest in the land had an appraised value of \$468,000 at June 30, 2020, and is reported as an investment in the District's Private-Purpose Trust Fund.

(21) Contingency

The District has one ongoing lawsuit. The District's insurance carrier is providing coverage for the lawsuit. The outcome of the case cannot be determined at this time.

(22) Subsequent Events

In July 2020, the District approved a capital lease for copiers and related hardware and software totaling \$165,990. The lease is interest-free and extends for five years.

In August 2020, the District approved an interfund loan from the General Fund to the Enterprise, School Nutrition Fund for up to \$300,000. The loan includes interest at 0.17% and is to be repaid by October 1, 2021.

In December 2020, the District approved contracts totaling \$6,828,634 for a middle school renovation project.

In April 2021, the District approved the future issuances of general obligation bonds not to exceed \$9,140,000 and school infrastructure sales, services and use tax revenue and refunding bonds of approximately \$1,900,000.

(23) 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, 2021. 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.

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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, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
Revenues:					
Local sources	\$ 10,866,975	\$ 423,687	\$ 11,290,662	\$ 12,715,140	\$ (1,424,478)
State sources	11,902,828	5,421	11,908,249	10,501,544	1,406,705
Federal sources	495,165	543,001	1,038,166	637,700	400,466
Total revenues	23,264,968	972,109	24,237,077	23,854,384	382,693
Expenditures/Expenses:					
Instruction	11,825,456	-	11,825,456	12,508,641	683,185
Support services	7,043,986	-	7,043,986	6,559,869	(484,117)
Non-instructional programs	-	755,298	755,298	672,011	(83,287)
Other expenditures	2,029,586	-	2,029,586	2,965,385	935,799
Total expenditures/expenses	20,899,028	755,298	21,654,326	22,705,906	1,051,580
Excess (deficiency) of revenues over (under) expenditures/expenses	2,365,940	216,811	2,582,751	1,148,478	1,434,273
Other financing sources (uses), net	38,674	(26,618)	12,056	-	12,056
Changes in fund balances	2,404,614	190,193	2,594,807	1,148,478	1,446,329
Balances beginning of year	6,609,743	(220,933)	6,388,810	7,459,799	(1,070,989)
Balances end of year	\$ 9,014,357	\$ (30,740)	\$ 8,983,617	\$ 8,608,277	\$ 375,340

See accompanying independent auditor's report.

Nevada Community School District
Notes to Required Supplementary Information – Budgetary Reporting
Year ended June 30, 2020

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 ended June 30, 2020, expenditures/expenses in the support services and non-instructional programs functions 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**

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.147481%	0.153857%	0.152699%	0.153653%	0.153905%	0.151095%
District's proportionate share of the net pension liability	\$ 8,540	\$ 9,736	\$ 10,172	\$ 9,670	\$ 7,604	\$ 5,992
District's covered payroll	\$ 11,224	\$ 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	76.09%	84.36%	89.20%	87.69%	72.06%	60.65%
IPERS' net position as a percentage of the total pension liability	85.45%	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

	2020	2019	2018	2017
Statutorily required contribution	\$ 1,059	\$ 1,060	\$ 1,031	\$ 1,018
Contributions in relation to the statutorily required contribution	(1,059)	(1,060)	(1,031)	(1,018)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 11,221	\$ 11,224	\$ 11,541	\$ 11,404
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
\$ 985	\$ 942	\$ 882	\$ 818	\$ 739	\$ 625
(985)	(942)	(882)	(818)	(739)	(625)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 11,027	\$ 10,553	\$ 9,880	\$ 9,433	\$ 9,151	\$ 8,996
8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

Changes of benefit terms:

There were no significant changes in benefit terms.

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

Nevada Community School District
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes
For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 72,479	\$ 91,301	\$ 87,790
Interest	48,225	59,714	57,733
Differences between expected and actual experience	143,963	-	38,581
Changes in assumptions	(477,549)	-	186,185
Benefit payments	(71,994)	(105,507)	(81,871)
Net change in total OPEB liability	(284,876)	45,508	288,418
Total OPEB liability beginning of year	1,674,942	1,629,434	1,341,016
Total OPEB liability end of year	<u>\$ 1,390,066</u>	<u>\$ 1,674,942</u>	<u>\$ 1,629,434</u>
Covered-employee payroll	\$ 10,545,720	\$ 10,781,747	\$ 10,367,064
Total OPEB liability as a percentage of covered-employee payroll	13.18%	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, 2020	3.50%
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, 2020**

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 430,653	\$ 225,757	\$ 656,410
Receivables:			
Property tax:			
Current year	8,452	-	8,452
Succeeding year	99,999	-	99,999
Accounts	-	46,806	46,806
Interfund	-	114	114
Total assets	\$ 539,104	\$ 272,677	\$ 811,781
Liabilities, Deferred Inflows of Resources and Fund Balances			
Current liabilities:			
Accounts payable	\$ -	\$ 5,751	\$ 5,751
Interfund payable	-	2,983	2,983
Early retirement payable	3,177	-	3,177
Total liabilities	3,177	8,734	11,911
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	99,999	-	99,999
Fund balances:			
Restricted for:			
Management levy purposes	435,928	-	435,928
Student activities	-	263,943	263,943
Total fund balances	435,928	263,943	699,871
Total liabilities, deferred inflows of resources and fund balances	\$ 539,104	\$ 272,677	\$ 811,781

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, 2020**

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 496,082	\$ -	\$ 496,082
Other	4,358	376,138	380,496
State sources	13,182	-	13,182
Total revenues	<u>513,622</u>	<u>376,138</u>	<u>889,760</u>
Expenditures:			
Current			
Instruction	188,580	315,034	503,614
Support services:			
Operation and maintenance of plant	199,285	297	199,582
Transportation	25,558	-	25,558
Total expenditures	<u>413,423</u>	<u>315,331</u>	<u>728,754</u>
Excess of revenues over expenditures	100,199	60,807	161,006
Other financing uses:			
Transfers out	-	(3,000)	(3,000)
Change in fund balances	100,199	57,807	158,006
Fund balances beginning of year	<u>335,729</u>	<u>206,136</u>	<u>541,865</u>
Fund balances end of year	<u>\$ 435,928</u>	<u>\$ 263,943</u>	<u>\$ 699,871</u>

See accompanying independent auditor's report.

Schedule 3

**Nevada Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2020**

Assets	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
Current assets:				
Cash and pooled investments	\$ 741,521	\$ 224,661	\$ -	\$ 966,182
Receivables:				
Property tax:				
Current year	-	9,188	-	9,188
Succeeding year	-	521,733	-	521,733
Due from other governments	129,383	-	-	129,383
Total assets	\$ 870,904	\$ 755,582	\$ -	\$ 1,626,486
Liabilities, Deferred Inflows of Resources and Fund Balances				
Current liabilities:				
Accounts payable	\$ 2,028	\$ 18,605	\$ 36,688	\$ 57,321
Interfund payable	-	148,050	337,426	485,476
Total liabilities	2,028	166,655	374,114	542,797
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	521,733	-	521,733
Fund balances:				
Restricted for:				
School infrastructure	868,876	-	-	868,876
Physical plant and equipment	-	67,194	-	67,194
Unassigned	-	-	(374,114)	(374,114)
Total fund balances	868,876	67,194	(374,114)	561,956
Total liabilities, deferred inflows of resources and fund balances	\$ 870,904	\$ 755,582	\$ -	\$ 1,626,486

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, 2020**

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 516,159	\$ -	\$ 516,159
Other	-	-	10,893	10,893
State sources	1,536,278	12,775	-	1,549,053
Total revenues	<u>1,536,278</u>	<u>528,934</u>	<u>10,893</u>	<u>2,076,105</u>
Expenditures:				
Current				
Instruction	-	6,895	-	6,895
Support services:				
Instructional staff	237,583	48,627	-	286,210
Administration	-	-	599	599
Operation and maintenance of plant	-	37,804	-	37,804
Transportation	-	88,700	-	88,700
Capital outlay:				
Facilities acquisition	161,982	147,152	188,903	498,037
Total expenditures	<u>399,565</u>	<u>329,178</u>	<u>189,502</u>	<u>918,245</u>
Excess (Deficiency) of revenues over (under) expenditures	1,136,713	199,756	(178,609)	1,157,860
Other financing uses:				
Compensation for loss of capital assets	-	11,510	-	11,510
Transfers in	-	3,000	-	3,000
Transfers out	(1,194,451)	(153,851)	-	(1,348,302)
Total other financing sources (uses)	<u>(1,194,451)</u>	<u>(139,341)</u>	<u>-</u>	<u>(1,333,792)</u>
Change in fund balances	(57,738)	60,415	(178,609)	(175,932)
Fund balances beginning of year	<u>926,614</u>	<u>6,779</u>	<u>(195,505)</u>	<u>737,888</u>
Fund balances end of year	<u>\$ 868,876</u>	<u>\$ 67,194</u>	<u>\$ (374,114)</u>	<u>\$ 561,956</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, 2020**

Account	Balance beginning of Year	Transfers	Revenues	Expenditures	Balance End of Year
Investment Interest	\$ 8,013	\$ -	\$ 4,873	\$ 10,164	2,722
S A D D	235	-	-	235	-
UNITY Committee	602	-	-	602	-
Builders' Club	130	-	-	130	-
<u>Nevada High School:</u>					
Drama	8,084	-	14,000	13,417	8,667
Speech	21,303	-	1,143	1,763	20,683
Music Trips	16,819	-	77,071	33,950	59,940
Vocal Music	3,275	-	1,881	489	4,667
Band	4,253	-	2,355	2,583	4,025
Basketball Camp	-	-	98	-	98
Cross Country	(308)	-	313	-	5
Cheerleaders	636	-	2,699	1,825	1,510
Drill Team	3,132	-	3,965	4,105	2,992
Boys' Basketball	3,817	-	2,972	4,119	2,670
Football	3,443	-	12,721	9,559	6,605
Boys' Soccer	3,182	-	141	-	3,323
Baseball	1,755	-	449	1,278	926
Boys' Track	(36)	-	69	-	33
Boys' Golf	136	-	751	511	376
Wrestling	4,625	-	1,614	2,618	3,621
Girls' Basketball	303	-	1,755	1,263	795
Volleyball	399	-	10,580	7,363	3,616
Girls' Soccer	11,358	-	992	3,901	8,449
Softball	3,942	-	422	1,300	3,064
Girls' Track	505	-	412	119	798
Girls' Tennis	-	-	188	-	188
Girls' Golf	3,693	-	248	277	3,664
Athletics	15,828	-	98,748	97,744	16,832
FFA	29,361	-	81,584	70,624	40,321
Key Club	1,095	-	1,057	1,505	647
Yearbook	7,960	-	5,581	2,418	11,123
Cubbie Store	221	-	-	221	-
Student Council	2,434	-	3,272	2,564	3,142
Nat'l Honor Society	5	-	2,768	287	2,486
French Club	253	-	-	253	-
R S V P	717	-	115	717	115
Prom	9,461	-	3,078	39	12,500
IT Club	815	-	-	815	-
Cub Colors	100	-	3	-	103
FFA N Central District	6,021	-	707	6,728	-
NHS Coffee Shop	-	-	518	133	385

(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, 2020**

Account	Balance beginning of Year	Transfers	Revenues	Expenditures	Balance End of Year
<u>Nevada Middle School:</u>					
Vocal Music	\$ 5,635	\$ -	\$ 1,663	\$ 2,931	4,367
Band	4,763	-	1,803	1,160	5,406
Vending	2,430	(3,000)	6,650	3,974	2,106
Cheerleaders	289	-	-	289	-
Football	34	-	-	-	34
Wrestling	5	-	-	-	5
Athletics	1,154	-	188	790	552
Yearbook	605	-	17	85	537
Student Council	507	-	659	395	771
Fifth Grade	2,388	-	2,126	289	4,225
Sixth Grade	1,101	-	2,093	194	3,000
Seventh Grade	3,492	-	2,195	1,123	4,564
Eighth Grade	1,400	-	3,421	2,521	2,300
Multiage Students	199	-	8	-	207
Student Magazine	4,423	-	16,172	15,892	4,703
Invent Iowa	69	-	-	69	-
<u>Nevada Central Elementary School:</u>					
Elementary Account	75	-			75
Total	<u>\$ 206,135</u>	<u>\$ (3,000)</u>	<u>\$ 376,141</u>	<u>\$ 315,331</u>	<u>\$ 263,943</u>

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, 2020**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 25,380	\$ 1,115	\$ 1,049	\$ 25,446
Liabilities				
Due to other groups	\$ 25,380	\$ 1,115	\$ 1,049	\$ 25,446

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				
	2020	2019	2018	2017	2016
Revenues:					
Local sources:					
Local tax	\$ 8,728,648	\$ 7,633,753	\$ 7,474,183	\$ 7,140,462	\$ 6,903,579
Tuition	1,092,593	1,165,678	1,256,586	1,048,829	1,073,341
Other	1,045,734	919,794	1,177,819	938,838	947,654
Intermediate sources	-	-	-	-	-
State sources	11,902,828	12,032,983	12,298,964	12,075,172	11,901,230
Federal sources	495,165	611,801	619,208	604,294	586,418
Total	<u>\$ 23,264,968</u>	<u>\$ 22,364,009</u>	<u>\$ 22,826,760</u>	<u>\$ 21,807,595</u>	<u>\$ 21,412,222</u>
Expenditures:					
Instruction	\$ 11,825,456	\$ 12,018,262	\$ 11,938,561	\$ 12,247,780	\$ 12,097,185
Support services:					
Student	1,045,279	886,446	926,739	894,537	1,068,493
Instructional staff	1,522,520	1,537,038	1,528,462	1,561,101	1,438,892
Administration	2,257,073	2,085,227	2,187,694	2,062,161	1,822,260
Operation and maintenance of plant	1,657,998	1,618,376	1,635,833	1,515,769	1,451,006
Transportation	561,116	503,261	595,065	537,826	577,414
Non-instructional programs	-	18,041	-	2,178	-
Other expenditures:					
Capital outlay:					
Facilities acquisition	498,037	1,033,382	1,140,877	2,588,753	4,064,860
Debt Service:					
Principal	561,004	1,390,000	1,241,000	3,582,000	810,000
Interest and other charges	322,943	490,893	485,660	675,033	1,770,067
AEA flowthrough	647,602	645,590	650,598	620,355	623,500
Total	<u>\$ 20,899,028</u>	<u>\$ 22,226,516</u>	<u>\$ 22,330,489</u>	<u>\$ 26,287,493</u>	<u>\$ 25,723,677</u>

See accompanying independent auditor's report

2015	2014	2013	2012	2011
\$ 6,405,154	\$ 6,150,262	\$ 7,411,008	\$ 7,024,048	\$ 7,086,356
780,934	877,552	802,661	805,606	627,440
904,258	956,125	1,328,460	4,209,427	738,972
-	-	354	11,843	10,491
11,239,925	10,411,671	8,666,541	8,686,429	8,144,467
623,954	508,619	439,632	1,084,570	1,590,824
<u>\$ 19,954,225</u>	<u>\$ 18,904,229</u>	<u>\$ 18,648,656</u>	<u>\$ 21,821,923</u>	<u>\$ 18,198,550</u>
\$ 11,674,783	\$ 10,356,121	\$ 10,364,216	\$ 10,354,718	\$ 9,329,002
1,022,009	980,105	889,923	767,385	755,352
937,604	809,535	902,037	680,026	752,153
1,695,007	1,449,247	1,288,736	1,253,032	1,188,237
1,363,901	1,367,412	1,345,642	1,160,057	1,237,995
499,511	671,788	688,525	516,590	498,694
-	970	-	-	1,897
664,763	3,260,324	3,362,682	5,499,364	3,871,655
1,045,000	1,205,000	1,265,900	2,834,821	1,130,884
681,025	721,163	799,180	706,112	783,386
605,478	563,800	533,548	508,759	560,349
<u>\$ 20,189,081</u>	<u>\$ 21,385,465</u>	<u>\$ 21,440,389</u>	<u>\$ 24,280,864</u>	<u>\$ 20,109,604</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.	88-104
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District’s ability to generate its property taxes.	105-108
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.	109-114
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.	115-116
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.	118-123

Schedule 1
Nevada Community School District

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental activities:					
Net investment in capital assets	\$ 20,685,068	\$ 21,066,357	\$ 20,517,038	\$ 19,556,639	\$ 18,539,454
Restricted	5,792,404	3,713,705	2,962,133	2,319,779	3,184,971
Unrestricted	(5,874,831)	(5,776,641)	(5,430,943)	(4,300,514)	(4,650,918)
Total governmental activities net position	\$ 20,602,641	\$ 19,003,421	\$ 18,048,228	\$ 17,575,904	\$ 17,073,507
Business-type activities:					
Net investment in capital assets	\$ 365,829	\$ 399,804	\$ 416,371	\$ 450,514	\$ 481,567
Restricted	-	-	-	-	-
Unrestricted	(396,569)	(620,737)	(628,545)	(532,880)	(445,604)
Total business-type activities net position	\$ (30,740)	\$ (220,933)	\$ (212,174)	\$ (82,366)	\$ 35,963
Primary government:					
Net investment in capital assets	\$ 21,050,897	\$ 21,466,161	\$ 20,933,409	\$ 20,007,153	\$ 19,021,021
Restricted	5,792,404	3,713,705	2,962,133	2,319,779	3,184,971
Unrestricted	(6,271,400)	(6,397,378)	(6,059,488)	(4,833,394)	(5,096,522)
Total primary government net position	\$ 20,571,901	\$ 18,782,488	\$ 17,836,054	\$ 17,493,538	\$ 17,109,470

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				
2015	2014	2013	2012	2011
\$ 16,986,240	\$ 16,280,078	\$ 15,986,691	\$ 14,567,782	\$ 6,882,710
4,650,933	4,394,978	3,907,390	3,760,529	6,945,794
(4,948,186)	1,821,446	1,861,420	2,083,344	1,287,665
<u>\$ 16,688,987</u>	<u>\$ 22,496,502</u>	<u>\$ 21,755,501</u>	<u>\$ 20,411,655</u>	<u>\$ 15,116,169</u>
\$ 504,806	\$ 498,340	\$ 72,840	\$ 66,647	\$ 53,203
-	-	-	-	-
(339,948)	(6,596)	(13,817)	61,705	140,617
<u>\$ 164,858</u>	<u>\$ 491,744</u>	<u>\$ 59,023</u>	<u>\$ 128,352</u>	<u>\$ 193,820</u>
\$ 17,491,046	\$ 16,778,418	\$ 16,059,531	\$ 14,634,429	\$ 6,935,913
4,650,933	4,394,978	3,907,390	3,760,529	6,945,794
(5,288,134)	1,814,850	1,847,603	2,145,049	1,428,282
<u>\$ 16,853,845</u>	<u>\$ 22,988,246</u>	<u>\$ 21,814,524</u>	<u>\$ 20,540,007</u>	<u>\$ 15,309,989</u>

Schedule 2
Nevada Community School District

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Expenses:					
Governmental Activities:					
Instruction	\$ 12,003,043	\$ 12,242,644	\$ 12,346,197	\$ 12,189,329	\$ 11,607,305
Student services	1,082,762	906,583	955,818	908,293	1,054,442
Instructional staff services	1,552,758	1,560,158	1,567,400	1,569,432	1,431,634
Administration services	2,326,797	2,143,756	2,317,454	2,104,474	1,869,827
Operation and maintenance of plant	1,979,133	1,776,565	1,851,351	1,975,352	1,648,647
Pupil transportation services	571,832	557,706	553,672	554,198	515,648
Non-instructional programs	-	18,041	-	2,178	-
Facilities acquisitions	-	-	-	-	-
Interest on long-term debt	455,160	491,813	484,690	534,828	1,696,651
AEA flowthrough	647,602	645,590	650,598	620,355	623,500
Depreciation (unallocated)	1,108,719	1,103,648	1,088,384	966,610	490,444
Total governmental activities expenses	<u>21,727,806</u>	<u>21,446,504</u>	<u>21,815,564</u>	<u>21,425,049</u>	<u>20,938,098</u>
Business-Type activities:					
Administration services	-	-	-	-	-
Operation and maintenance of plant	-	-	-	3,901	4,653
Food Service Operations	755,298	859,480	942,265	953,825	946,413
Total business-type activities expenses	<u>755,298</u>	<u>859,480</u>	<u>942,265</u>	<u>957,726</u>	<u>951,066</u>
Total primary government expenses	<u>\$ 22,483,104</u>	<u>\$ 22,305,984</u>	<u>\$ 22,757,829</u>	<u>\$ 22,382,775</u>	<u>\$ 21,889,164</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 1,738,607	\$ 1,698,137	\$ 1,834,325	\$ 1,829,041	\$ 1,776,673
Support services	189,825	352,198	490,574	234,466	142,045
Operating grants and contributions	3,089,352	3,031,753	2,985,975	3,003,524	3,019,796
Capital grants and contributions	-	-	-	-	84,915
Total governmental activities program revenues	<u>5,017,784</u>	<u>5,082,088</u>	<u>5,310,874</u>	<u>5,067,031</u>	<u>5,023,429</u>

(Continued on the following page.)

		Fiscal Year							
		2015	2014	2013	2012	2011			
\$	11,291,330	\$	10,348,540	\$	10,344,934	\$	9,845,207	\$	9,443,658
	989,300		982,690		894,291		767,057		756,836
	927,240		855,627		916,823		1,197,317		752,446
	1,654,129		1,471,692		1,331,779		1,245,889		1,215,724
	1,569,297		1,741,410		1,495,870		1,162,153		1,363,732
	529,605		607,470		650,381		567,134		482,232
	-		435,656		-		-		1,897
	-		-		-		212,015		-
	670,085		706,685		795,901		658,890		823,115
	605,478		563,800		533,548		508,759		560,349
	475,455		460,378		352,429		373,519		398,604
	18,711,919		18,173,948		17,315,956		16,537,940		15,798,593
	-		-		-		194		-
	4,949		4,244		6,116		13,059		13,899
	948,243		768,146		772,810		771,782		653,428
	953,192		772,390		778,926		785,035		667,327
\$	19,665,111	\$	18,946,338	\$	18,094,882	\$	17,322,975	\$	16,465,920
\$	1,640,322	\$	1,513,912	\$	1,409,639	\$	1,293,350	\$	1,020,925
	87,703		73,263		103,627		79,110		45,968
	2,531,339		2,661,300		2,342,535		2,308,371		2,082,308
	-		-		476,612		4,136,811		759,124
	4,259,364		4,248,475		4,332,413		7,817,642		3,908,325

Schedule 2
Nevada Community School District

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Business-type activities:					
FoodService Operations:					
Charges for services:	357,459	469,959	473,913	439,044	448,928
Operating grants and contributions	552,667	388,272	380,254	398,835	373,138
Capital grants and contributions	-	17,811	-	1,284	-
Total governmental activities program revenues	910,126	876,042	854,167	839,163	822,066
Total primary government program revenues	\$ 5,927,910	\$ 5,958,130	\$ 6,165,041	\$ 5,906,194	\$ 5,845,495
Net (expense) revenue:					
Governmental activities	\$ (16,710,022)	\$ (16,364,416)	\$ (16,504,690)	\$ (16,358,018)	\$ (15,914,669)
Business-type activities	154,828	16,562	(88,098)	(118,563)	(129,000)
Total primary government net expense	\$ (16,555,194)	\$ (16,347,854)	\$ (16,592,788)	\$ (16,476,581)	\$ (16,043,669)

Source: School District financial records.

(Continued on the following page.)

Fiscal Year				
2015	2014	2013	2012	2011
393,815	393,612	353,840	375,585	363,456
390,345	376,625	340,062	343,378	329,311
38,603	434,686	15,407	-	-
822,763	1,204,923	709,309	718,963	692,767
<u>\$ 5,082,127</u>	<u>\$ 5,453,398</u>	<u>\$ 5,041,722</u>	<u>\$ 8,536,605</u>	<u>\$ 4,601,092</u>
<u>\$ (14,452,555)</u>	<u>\$ (13,925,473)</u>	<u>\$ (12,983,543)</u>	<u>\$ (8,720,298)</u>	<u>\$ (11,890,268)</u>
<u>(130,429)</u>	<u>432,533</u>	<u>(69,617)</u>	<u>(66,072)</u>	<u>25,440</u>
<u>\$ (14,582,984)</u>	<u>\$ (13,492,940)</u>	<u>\$ (13,053,160)</u>	<u>\$ (8,786,370)</u>	<u>\$ (11,864,828)</u>

Schedule 2
Nevada Community School District

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Net (Expense) Revenue:					
Total governmental activities net expense	\$ (16,710,022)	\$ (16,364,416)	\$ (16,504,690)	\$ (16,358,018)	\$ (15,914,669)
Total business-type activities net revenue (expense)	154,828	16,562	(88,098)	(118,563)	(129,000)
Total primary government net expense	(16,555,194)	(16,347,854)	(16,592,788)	(16,476,581)	(16,043,669)
General revenues and other changes in net position					
Governmental activities:					
Property tax levied for:					
General purposes	6,493,137	5,418,153	5,257,729	5,756,691	5,358,339
Debt service	1,425,365	1,388,120	1,344,462	567,902	821,603
Capital Outlay	527,275	516,017	498,264	482,795	457,891
Income surtax	514,688	481,681	461,541	446,752	439,358
Sales tax	1,536,278	1,532,470	1,441,575	1,472,870	1,500,122
Unrestricted grants and contributions	7,532,375	7,777,835	8,183,587	7,916,067	7,653,422
Nonspecific program federal grants	-	-	-	-	-
Miscellaneous	54,087	29,991	258,735	174,610	36,242
Investment earnings	199,419	149,033	83,154	42,728	32,212
Transfers	26,618	26,309	25,943	-	-
Total governmental activities general revenues	18,309,242	17,319,609	17,554,990	16,860,415	16,299,189
Business-type activities:					
Miscellaneous	60,847	-	-	-	-
Investment earnings	1,136	988	762	234	105
Transfers	(26,618)	(26,309)	(25,943)	-	-
Total business-type activities general revenues	35,365	(25,321)	(25,181)	234	105
Total primary government	18,344,607	17,294,288	17,529,809	16,860,649	16,299,294
Changes in Net Position					
Governmental activities	1,599,220	955,193	1,050,300	502,397	384,520
Business-type activities	190,193	(8,759)	(113,279)	(118,329)	(128,895)
Total primary government	\$ 1,789,413	\$ 946,434	\$ 937,021	\$ 384,068	\$ 255,625

Source: School District financial records.

Fiscal Year				
2015	2014	2013	2012	2011
\$ (14,452,555)	\$ (13,925,473)	\$ (12,983,543)	\$ (8,720,298)	\$ (11,890,268)
(130,429)	432,533	(69,617)	(66,072)	25,440
(14,582,984)	(13,492,940)	(13,053,160)	(8,786,370)	(11,864,828)
4,830,959	4,519,309	4,163,355	4,218,791	4,468,324
810,088	798,646	804,333	409,776	411,979
411,725	389,827	372,276	356,414	342,385
494,014	451,403	380,484	395,075	403,325
1,466,392	1,298,640	1,683,338	1,658,000	1,470,798
7,666,125	7,139,410	6,803,318	6,652,762	6,642,372
-	-	-	213,809	340,684
139,383	28,427	152,973	34,134	119,446
25,359	40,812	58,759	77,023	102,267
-	-	-	-	-
15,844,045	14,666,474	14,418,836	14,015,784	14,301,580
-	-	-	-	3,813
117	188	288	604	730
-	-	-	-	-
117	188	288	604	4,543
15,844,162	14,666,662	14,419,124	14,016,388	14,306,123
1,391,490	741,001	1,435,293	5,295,486	2,411,312
(130,312)	432,721	(69,329)	(65,468)	29,983
\$ 1,261,178	\$ 1,173,722	\$ 1,365,964	\$ 5,230,018	\$ 2,441,295

**Schedule 3
Nevada Community School District**

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

	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 7,609
Restricted	549,186	444,037	391,700	365,330	381,457
Committed	-	-	-	-	26,962
Assigned	210,301	171,864	160,268	153,885	186,303
Unassigned	2,835,262	2,481,801	2,508,404	2,217,135	1,528,024
Total General Fund	\$ 3,594,749	\$ 3,097,702	\$ 3,060,372	\$ 2,736,350	\$ 2,130,355
All other governmental funds:					
Reserved					
Debt service	\$ 4,157,781	\$ 2,232,288	\$ 1,370,460	\$ 555,769	\$ 1,207,674
School infrastructure	868,876	926,614	1,450,694	1,098,978	3,224,808
Physical plant and equipment	67,194	6,779	4,093	234,988	401,464
Management levy purposes	435,928	335,729	316,413	82,828	164,884
Student activities	263,943	206,136	242,609	180,892	165,221
Unassigned	(374,114)	(195,505)	-	(87,839)	(43,478)
Total all other governmental funds	\$ 5,419,608	\$ 3,512,041	\$ 3,384,269	\$ 2,065,616	\$ 5,120,573

Source: School District financial records.

Fiscal Year				
2015	2014	2013	2012	2011
\$ 97,878	\$ 5,817	\$ -	\$ -	\$ -
379,972	432,818	255,106	401,934	328,749
26,962	26,962	26,962	26,961	54,000
174,038	181,780	171,040	102,280	98,862
1,354,933	1,612,155	1,564,549	1,686,656	1,274,047
<u>\$ 2,033,783</u>	<u>\$ 2,259,532</u>	<u>\$ 2,017,657</u>	<u>\$ 2,217,831</u>	<u>\$ 1,755,658</u>

\$ 1,786,730	\$ 1,825,093	\$ 2,019,211	\$ 2,013,206	\$ 4,953,232
2,451,628	2,543,453	5,074,048	1,175,513	1,219,992
380,166	319,207	298,086	250,564	283,287
13,566	-	-	175,466	11,208
186,410	179,546	147,113	140,174	160,534
-	(49,851)	(2,024)	(47,759)	-
<u>\$ 4,818,500</u>	<u>\$ 4,817,448</u>	<u>\$ 7,536,434</u>	<u>\$ 3,707,164</u>	<u>\$ 6,628,253</u>

Schedule 4
Nevada Community School District

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Federal sources:					
Federal sources	\$ 495,165	\$ 611,801	\$ 619,208	\$ 604,294	\$ 586,418
State sources:					
State sources	\$ 11,902,828	\$ 12,032,983	\$ 12,298,964	\$ 12,075,172	\$ 11,901,230
Intermediate sources:					
Intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources:					
Local taxes	\$ 8,728,648	\$ 7,633,753	\$ 7,474,183	\$ 7,140,462	\$ 6,903,579
Tuition	1,092,593	1,165,678	1,256,586	1,048,829	1,073,341
Other revenues	1,045,734	919,794	1,177,819	938,838	947,654
Total local sources	10,866,975	9,719,225	9,908,588	9,128,129	8,924,574
Total revenues	\$ 23,264,968	\$ 22,364,009	\$ 22,826,760	\$ 21,807,595	\$ 21,412,222

Source: School District financial records.

					Fiscal Year				
2015		2014		2013		2012		2011	
\$	623,954	\$	508,619	\$	439,632	\$	1,084,570	\$	1,590,824
\$	11,239,925	\$	10,411,671	\$	8,666,541	\$	8,686,429	\$	8,144,467
\$	-	\$	-	\$	354	\$	11,843	\$	10,491
\$	6,405,154	\$	6,150,262	\$	7,411,008	\$	7,024,048	\$	7,086,356
	780,934		877,552		802,661		805,606		627,440
	904,258		956,125		1,328,460		4,209,427		738,972
	8,090,346		7,983,939		9,542,129		12,039,081		8,452,768
\$	19,954,225	\$	18,904,229	\$	18,648,656	\$	21,821,923	\$	18,198,550

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				
	2020	2019	2018	2017	2016
Instruction	\$ 11,825,456	\$ 12,018,262	\$ 11,938,561	\$ 12,247,780	\$ 12,097,185
Student services	1,045,279	886,446	926,739	894,537	1,068,493
Instructional staff services	1,522,520	1,537,038	1,528,462	1,561,101	1,438,892
Administration services	2,257,073	2,085,227	2,187,694	2,062,161	1,822,260
Operation and maintenance of plant services	1,657,998	1,618,376	1,635,833	1,515,769	1,451,006
Pupil transportation services	561,116	503,261	595,065	537,826	577,414
Non-instructional programs	-	18,041	-	2,178	-
AEA flow through	647,602	645,590	650,598	620,355	623,500
Capital outlay:					
Facilities acquisition/construction	498,037	955,671	1,090,021	2,410,291	4,343,352
Debt service:					
Principal	561,004	1,390,000	1,241,000	3,582,000	810,000
Interest and fiscal charges	322,943	490,893	485,660	675,033	1,770,067
Total expenditures	\$ 20,899,028	\$ 22,148,805	\$ 22,279,633	\$ 26,109,031	\$ 26,002,169
Debt service as a percentage of noncapital expenditures	4.33%	8.88%	8.15%	17.96%	11.91%

Source: School District financial records.

Fiscal Year				
2015	2014	2013	2012	2011
\$11,674,783	\$10,356,121	\$10,364,216	\$ 9,837,427	\$ 9,329,002
1,022,009	980,105	889,923	767,385	755,352
937,604	809,535	902,037	1,197,317	752,153
1,695,007	1,449,247	1,288,736	1,253,032	1,188,237
1,363,901	1,367,412	1,345,642	1,160,057	1,237,995
499,511	671,788	688,525	516,590	498,694
-	970	-	-	1,897
605,478	563,800	533,548	508,759	560,349
584,296	2,587,909	3,358,638	5,296,370	3,766,960
1,045,000	1,205,000	1,265,900	2,834,821	1,130,884
681,025	721,163	799,180	706,112	783,386
<u>\$20,108,614</u>	<u>\$20,713,050</u>	<u>\$21,436,345</u>	<u>\$24,077,870</u>	<u>\$20,004,909</u>
8.84%	10.63%	11.42%	18.85%	11.79%

**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				
	2020	2019	2018	2017	2016
Excess of revenues over (under) expenditures	\$ 2,365,940	\$ 137,493	\$ 496,271	\$ (4,479,898)	\$ (4,311,455)
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	546	1,300	7,461	118,936	100
Compensation for loss of capital assets	11,510	-	-	-	-
Transfers in	1,378,806	1,371,397	1,224,059	1,142,651	1,108,270
Transfers out	(1,352,188)	(1,345,088)	(1,198,116)	(1,142,651)	(1,108,270)
Total other financing sources (uses)	38,674	27,609	1,146,404	2,030,936	4,710,100
Net change in fund balances	\$ 2,404,614	\$ 165,102	\$ 1,642,675	\$ (2,448,962)	\$ 398,645

Source: School District financial records.

	Fiscal Year				
	2015	2014	2013	2012	2011
\$	(234,856)	\$ (2,481,236)	\$ (2,787,689)	\$ (2,255,947)	\$ (1,806,359)
	-	-	6,400,000	-	-
	-	-	-	-	77,699
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	1,000,000	-
	-	-	-	(1,000,000)	-
	-	-	112,236	-	-
	10,159	4,125	40	25	900
	-	-	-	-	-
	868,002	947,055	1,152,080	1,252,989	730,477
	(868,002)	(947,055)	(1,152,080)	(1,252,989)	(730,477)
	10,159	4,125	6,512,276	25	78,599
\$	(224,697)	\$ (2,477,111)	\$ 3,724,587	\$ (2,255,922)	\$ (1,727,760)

**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*
2020	\$ 2,835,262	\$ 18,836,351	15.05%
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%

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			
2020	\$ 457,367,100	\$ 75,292,000	\$ 315,790,195	332,923,042	\$ 515,526,253	\$ 16.81278
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

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
2020	\$ 12.08923	\$ 1.00000	\$ 2.69165	\$ 1.03190	\$ 16.81278	\$ 14.61800	5.12714	\$ 0.47087	\$ 0.07784	\$ 0.65249	\$ 0.94500	\$ 0.00280
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

Source: Story County Auditor

**Schedule 10
Nevada Community School District**

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

Taxpayer	2020			2011		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Union Pacific Corporation	\$ 26,458,647	1	5.07%	\$ 10,579,041	2	3.85%
Lincolnway Energy LLC	10,582,030	2	2.03%	10,870,282	1	3.95%
Interstate Power & Light	7,099,536	3	1.36%	-	-	-
Van Houweling Property LLC	7,082,550	4	1.36%	-	-	-
Key Cooperative	6,020,190	5	1.15%	6,418,800	3	2.33%
Vetter Equipment Company	5,355,284	6	1.03%	-	-	-
Burke Marketing Corporation	4,962,690	7	0.95%	5,363,700	4	1.95%
Verbio Nevada LLC	4,627,440	8	0.89%	-	-	-
Iowa Falls Nursing Corp.	3,832,110	9	0.73%	-	-	-
Nevada IA Assisted Living	3,084,057	10	0.59%	-	-	-
Flexi-Coil Inc-Ctr	-	-	-	2,483,200	5	0.90%
PR Investments LLC	-	-	-	2,147,900	6	0.78%
General Financial Supply Inc	-	-	-	1,749,000	7	0.64%
Evergreen Lane Inc	-	-	-	1,723,588	8	0.63%
Paragon International	-	-	-	1,540,000	9	0.56%
Flummerfelts Country Club Est	-	-	-	1,496,900	10	0.55%
Total	\$ 79,104,534		15.16%	\$ 44,372,411		16.14%

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
2020	\$ 8,215,140	\$ 8,040,707	97.88%	\$ 12,143	\$ 8,052,850	98.02%
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%

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			
2020	\$ 5,586,000	\$ 10,780,000	\$ 884,996	\$ -	17,250,996	0.41%	178
2019	5,994,000	10,820,000	998,000	-	17,812,000	0.43%	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

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 (b)	Ratio Of Bonded Debt To Assessed Value	Bonded Debt Per Capita
2019-20	97,117	\$ 848,449,295	\$ 42,422,465	\$ 6,470,996	0.76%	\$ 66.63
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

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

(b) For 2017-18 and 2018-19, amounts externally restricted for repayment of principal are deducted from bonded debt.

**Schedule 14
Nevada Community School District**

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2020
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Story County	\$ 11,830,904	9.98%	\$ 1,180,466
City of Nevada	17,130,000	100.00%	17,130,000
Area XI Community College	49,909,896	1.02%	507,230
Subtotal, overlapping debt			\$ 18,817,696
District direct debt			\$ 17,250,996
Total direct and overlapping debt			\$ 36,068,692

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)

	2020	2019	2018	2017	2016
Debt limit	\$ 42,422,465	\$ 41,305,610	\$ 39,975,318	\$ 39,278,530	\$ 35,371,586
Total net debt applicable to limit	17,250,996	17,812,000	19,202,000	19,330,000	21,000,000
Legal debt margin	\$ 25,171,469	\$ 23,493,610	\$ 20,773,318	\$ 19,948,530	\$ 14,371,586
Total net debt applicable to the limit as a percentage of debt limit	40.66%	43.12%	48.03%	49.21%	59.37%

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 2020

Actual assessed value (a)	\$ 848,449,295
Debt limit (5% of assessed value) (b)	\$ 42,422,465
Debt applicable to limit	17,250,996
Legal debt margin	\$ 25,171,469

	2015	2014	2013	2012	2011
\$	29,332,045	\$ 31,806,023	\$ 31,081,933	\$ 28,362,602	\$ 24,568,779
	17,100,000	18,145,000	19,350,000	14,215,900	17,050,720
\$	12,232,045	\$ 13,661,023	\$ 11,731,933	\$ 14,146,702	\$ 7,518,059

	58.30%	57.05%	62.25%	50.12%	69.40%
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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		
2020	\$ 1,536,278	\$ 40,000	\$ 163,282	7.56	
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	

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)
2019	97,117	4,238,524	43,643	2.00%
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%

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	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Burke Marketing	350	1	10.48%	350	2	3.53%
Story County	290	2	8.69%	373	1	3.77%
Nevada Community School District	283	3	8.48%	220	3	2.22%
ALMACO	201	4	6.02%	150	6	1.51%
Story County Medical Center	200	5	5.99%	200	4	2.02%
General Financial Supply	157	6	4.70%	115	5	1.16%
Mid-America Manufacturing	75	7	2.25%	75	7	0.76%
Printgraphics	55	8	1.65%	55	9	0.56%
City of Nevada	45	9	1.35%	45	10	0.45%
Paragon International	40	10	1.20%	56	8	0.57%
Total	1,346		40.31%	1,289		13.02%

Source: Nevada Economic Development Council & Employers' websites.

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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				
	2020	2019	2018	2017	2016
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	3.0	2.0	3.0	3.0	2.5
All other administrators	7.0	7.0	7.0	6.0	7.5
Total supervisory	14.0	13.0	14.0	13.0	14.0
Instruction:					
Teachers	106.1	106.1	112.8	112.1	111.4
Teachers' Aides	55.0	49.5	47.0	48.0	46.5
Other	0.0	0.0	0.0	0.0	0.0
Total instruction	161.1	155.6	159.8	160.1	157.9
Student services:					
Counselors	5.0	6.0	4.0	4.0	4.0
Nurses	2.0	2.0	2.0	2.0	2.0
Librarians	0.1	0.1	1.1	1.1	1.0
Total student services	7.1	8.1	7.1	7.1	7.0
Support and administration:					
Office/Clerical	9.4	9.0	9.4	9.2	10.0
Operative	21.0	18.0	27.0	21.0	21.0
Service	12.0	14.6	10.0	22.0	19.0
Other support	7.0	0.0	7.0	8.5	8.5
Total support and administration	49.4	41.6	53.4	60.7	58.5
Total	231.6	218.3	234.3	240.9	237.4

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage
2015	2014	2013	2012	2011	Change 2011-20
1.0	1.0	1.0	1.0	1.0	-
3.0	3.0	3.0	3.0	3.0	-
2.5	1.2	0.7	0.7	0.7	328.6%
6.5	6.3	7.0	4.8	4.8	45.8%
13.0	11.5	11.7	9.5	9.5	47.4%
106.1	104.5	112.4	102.8	100.7	5.4%
50.5	46.0	43.5	43.0	43.0	27.9%
0.0	0.0	0.0	0.0	8.0	-100.0%
156.6	150.5	155.9	145.8	151.7	6.2%
4.0	3.5	5.0	5.0	5.0	-
2.0	2.0	2.0	2.0	2.0	-
1.0	1.0	2.0	2.0	2.0	-95.0%
7.0	6.5	9.0	9.0	9.0	-21.1%
9.0	9.0	9.0	8.0	9.4	0.0%
19.0	19.0	19.0	25.0	22.0	-4.5%
15.0	17.0	34.0	22.0	25.0	-52.0%
7.5	4.5	1.5	0.0	0.0	100.0%
50.5	49.5	63.5	55.0	56.4	-12.4%
227.1	218.0	240.1	219.3	226.6	2.2%

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
2020	1,504	\$ 19,094,336	12,696	(0.50)%
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
\$ 20,899,028	13,896	(7.68)%	106.10	14.18	34.3%
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			
	2020	2019	2018	2017
Elementary:				
Central (2006)				
Square feet	103,000	103,000	103,000	103,000
Capacity	800	800	800	800
Enrollment	594	594	594	615
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	452	479
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	460	454
Other District Facilities:				
Bus Garage (1988)				

Source: District records

Fiscal Year					
2016	2015	2014	2013	2012	2011
103,000	103,000	103,000	103,000	103,000	103,000
800	800	800	800	800	800
639	639	617	617	688	688
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	462	450	450	431	431
148,574	148,574	148,574	148,574	125,790	125,790
870	870	870	870	870	870
447	447	421	421	438	438

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Single Audit Compliance Section

Nevada Community School District

**Schedule of Expenditures of Federal Awards
Year ended June 30, 2020**

Grantor / Program	CFDA Number	Pass-through Entity Identifying Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	4617-20	\$ 27,208
National School Lunch Program	10.555	4617-20	257,433 * #
National School Lunch Program - CARES Grants to States	10.555	4617-20	247,866 #
Special Milk Program for Children	10.556	4617-20	2,253
Summer Food Service Program for Children	10.559	4617-20	8,241
			<u>543,001</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	4617-20	<u>180,680</u>
Special Education Cluster:			
Special Education Grants to States	84.027	4617-20	<u>586 @</u>
Supporting Effective Instruction State Grants	84.367	4617-20	<u>40,273</u>
Student Support and Academic Enrichment Program	84.424	4617-20	<u>10,696</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4617-20	<u>17,394</u>
Heartland Area Education Agency:			
Special Education Cluster:			
Special Education Grants to States	84.027	4617-20	<u>67,212 @</u>
Ames Community School District:			
Career and Technical Education - Basic Grants to States	84.048	4617-20	<u>10,714</u>
U. S. Department of Health and Human Services:			
Iowa Department of Education:			
Foster Care Title IV-E	93.658	4617-20	<u>6,284</u>
Total			<u>\$ 876,840</u>

* = Includes \$72,962 of non-cash awards

= Total for CFDA # 10.555 = \$505,299

@ = Total for CFDA # 84.027 = \$67,798

Nevada Community School District

Schedule of Expenditures of Federal Awards Year ended June 30, 2020

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Nevada Community School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Nevada Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Nevada Community School District.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - Nevada Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

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

To the Board of Education of
Nevada Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nevada Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 5, 2021.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-20 and II-B-20 to be material weaknesses.

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. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-C-20 to be a significant deficiency.

Compliance

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2020 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 the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Nevada Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 report 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
May 5, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of
Nevada Community School District:

Report on Compliance for the Major Federal Program

We have audited Nevada Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2020. Nevada Community School District's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Nevada Community School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nevada Community School District's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Nevada Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

In planning and performing our audit of compliance, we considered Nevada Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nevada Community School District's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hunt & Associates, P.C.

Oskaloosa, Iowa
May 5, 2021

**Nevada Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

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

- (a) Unmodified opinions were issued on all opinion units.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were reported.
- (c) The audit did not report any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was as follows:
 - Child Nutrition Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Nevada Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-A-20 Financial Reporting

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

Condition – Material differences in trust fund land and donations and capital assets accumulated depreciation were noted in the District's financial statements. In addition, the required transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund for the capital loan note payments was not made. Adjustments were subsequently made by the District to properly record these amounts in the financial statements.

Cause – District policies do not require and procedures have not been established to require independent review of year end balances, capital assets transactions, and debt service required transfers to ensure the District's financial statements are accurate and reliable.

**Nevada Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

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

Internal Control Deficiencies (continued):

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

Recommendation – The District should implement procedures to ensure all trust fund assets and donations, capital asset transactions, and debt service required transfers are properly recorded in the District’s financial statements.

Response – We will implement procedures to double check these in the future to avoid misstating any trust fund assets and donations, capital asset transactions, or debt service required transfers.

Conclusion – Response accepted.

II-B-20 Food Service Department

Criteria – Management is responsible for establishing and maintaining internal controls. This includes the proper handling of food service department transactions. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District’s financial statements.

Condition – As a result of a special investigation, the following items were noted:

- One individual in the Food Service Department had control over the ordering, receiving, using, and tracking of food inventory.
- Sufficient inventory records were not maintained and periodic inventory counts were not performed for the Food Service Department. In addition, District officials were unable to determine who had access to the inventory.
- District practice allows staff, parents, affiliated organizations, and others to purchase items from or through the Food Service Department. District policy requires a receipt to be prepared whenever money is collected by the District and the amounts collected and the related receipts are to be remitted to the Business Office to be recorded in the accounting system and deposited in the District’s bank account. District officials reported they could not locate support which should have been maintained documenting the items sold to staff, parents, affiliated organizations, and others and the amounts collected for the items sold.
- The Iowa Department of Education has issued guidance specifying that a district cannot use the benefits it holds as a nonprofit governmental entity on behalf of an outside entity. As a result, the District should not allow the resale of items to staff, parents, affiliated organizations, and others.
- Chapter 11.6(7) of the Code of Iowa requires governmental subdivisions to notify the Auditor of State regarding any suspected embezzlement, theft, or other significant financial irregularities. The Auditor of State was not notified by the District in September of 2018 when the Food Service Department concerns were first identified.

Cause – District officials have a fiduciary responsibility to provide oversight of the District’s operations and financial transactions. Oversight is typically defined as the “watchful and responsible care” a governing body

**Nevada Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

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

Internal Control Deficiencies (continued):

II-B-20 Food Service Department (continued)

exercises in its fiduciary capacity. It appears that District officials failed to exercise proper fiduciary oversight. The lack of appropriate oversight and the failure to ensure implementation of adequate internal controls permitted an employee to exercise too much control over the operations of the District's Food Service Department.

Effect – Lack of policies and procedures, inadequate segregation of duties, insufficient support documentation, and lack of proper fiduciary oversight resulted in the Food Service Department's large losses for several years and ending deficit balances. The District would be unable to determine if all Food Service Department transactions have been properly accounted for since it would not know what should have been recorded. The District was also not in compliance with Iowa Department of Education guidance and with the Code of Iowa.

Recommendations –

- We realize segregation of duties is difficult with a limited number of individuals involved. District officials should segregate the process of ordering, receiving, and tracking to prevent one employee from having total control over the inventory. The District employs Kitchen Managers in each building which would allow the District to segregate duties and limit the opportunity for an individual to use inventory for personal use.
- Inventory records should be maintained which enables the District to determine the type and quantity of any food item in inventory at any point in time. These records may include purchase orders, receiving reports, invoices, deletion/usage reports, and spoilage reports. In addition, the District should restrict access to the inventory to staff who need access in order to perform their job duties.
- District officials should establish and implement procedures to prohibit the practice of allowing staff, parents, affiliated organizations, and others to purchase items from the District.
- District officials should implement procedures to ensure compliance with guidance provided by the Iowa Department of Education.
- The District should implement procedures to ensure compliance with Chapter 11.6(7) of the Code of Iowa.

Response – Starting in FY21, Kitchen Managers are now involved in performing these duties to help with segregation of duties related to inventory. We will start taking periodic inventory counts starting in FY21. We have discontinued the practice of resale of items to staff, parents, affiliated organizations, and others in FY21. We will make sure that the Auditor of State is notified timely if this occurs again in the future. We will also monitor the Food Service Department more closely in the future by requesting sufficient reports to review and make our decisions.

Conclusion – Response accepted.

II-C-20 Receipt Documentation

Criteria – Support documentation should be maintained for all receipts in order to safeguard the underlying assets and to maximize the accuracy of revenues and revenue classifications in the District's financial statements.

**Nevada Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

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

Internal Control Deficiencies (continued):

II-C-20 Receipt Documentation (continued)

Condition – Two receipts out of eleven tested did not have any support documentation with them. The District was able to later obtain the documentation.

Cause – The District has not established or implemented policies and procedures to ensure all receipts have the appropriate support documentation with them.

Effect – Lack of support documentation could result in revenues not being properly recorded or accounted for.

Recommendation – To protect the underlying asset and to facilitate the tracking of revenues through the District’s accounting system, all supporting receipt documentation should be maintained and kept with the receipt.

Response – We will try to ensure that support documentation for all receipts is properly maintained.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

**Nevada Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

Part IV: Other Findings Related to Statutory Reporting:

IV-A-20 Certified Budget – Expenditures/expenses for the year ended June 30, 2020, exceeded the amounts budgeted in the support services and non-instructional programs functions.

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 amend our budget in sufficient amounts before expenditures/expenses exceed the budget in the future.

Conclusion – Response accepted.

IV-B-20 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-20 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-20 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-20 Restricted Donor Activity – No transactions were noted between the District, District officials, or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

IV-F-20 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 the coverage is adequate for current operations.

IV-G-20 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-H-20 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 2019 was overstated by 1.0 due to the inclusion of one student who was a resident of another district.

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 Iowa Department of Management have been contacted by our auditors regarding this.

Conclusion – Response accepted.

IV-I-20 Supplementary Weighting – The District’s supplementary weighting certified to the Iowa Department of Education for October 2019 was understated by 0.018 due to one course that was not claimed for concurrent enrollment but should have been.

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

**Nevada Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

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

IV-I-20 Supplementary Weighting (continued)

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

Conclusion – Response accepted.

IV-J-20 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

IV-K-20 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and, except as noted in comment II-A-20, we noted no significant deficiencies in the amounts reported.

IV-L-20 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.

IV-M-20 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2020, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$	926,614
Revenues:			
Statewide sales, services and use tax			1,536,278
Expenditures/transfers out:			
School infrastructure construction	161,982		
Equipment	237,583		
Transfers to other funds:			
Debt Service Fund	1,194,451		1,594,016
			<hr/>
Ending balance		\$	<u>868,876</u>

For the year ended June 30, 2020, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-N-20 Financial Condition – At June 30, 2020, the governmental activities, business-type activities, and the Enterprise, School Nutrition Fund had deficit unrestricted net positions of \$5,874,831, \$396,569, and \$396,569, respectively. In addition, the business-type activities and the School Nutrition Fund had a deficit total net position of \$30,740. This represents a \$190,193 increase in net position during the fiscal year. The Capital Projects: Building Project Fund also had a deficit unassigned fund balance of \$374,114. 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 deficits in the

**Nevada Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

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

IV-N-20 Financial Condition (continued)

governmental activities and exacerbated the deficit in the business-type activities and the School Nutrition Fund.

Recommendation – Even though some of the deficits arose due to the net pension liability and deferred outflows and inflows of resources, the District should investigate ways to return the governmental activities, business-type activities and the School Nutrition Fund to sound financial conditions. 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 deferred inflows of resources since actions related to this area are controlled by the Iowa Legislature. However, we will look into this situation and investigate ways to return the governmental activities, business-type activities, and the School Nutrition Fund to sound financial conditions. We have made large improvements in the business-type activities and School Nutrition Fund deficits in this fiscal year. We will also consider making the recommended transfer between the Capital Projects Fund accounts.

Conclusion – Response accepted.

IV-O-20 Interfund Loans – We noted that the Board had approved an interfund loan between the General Fund and the Enterprise, School Nutrition Fund, including the interest rate to be charged. However, the loan was approved in June 2020 but was actually outstanding for the whole fiscal year. In addition, no interest was actually charged and the interfund loan was not repaid timely. Also, the District had 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 for the entire 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, include interest, and be repaid timely to comply with the declaratory order.

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

Conclusion – Response accepted.

IV-P-20 Netting of Revenues to Expenditures – We noted revenues for library fees and coffee shop and other student activity sales that were posted against expenditure accounts in the General and Special Revenue, Student Activity Funds totaling \$3,651.

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

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

**Nevada Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

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

IV-P-20 Netting of Revenues to Expenditures (continued)

Conclusion – Response accepted.

IV-Q-20 SAVE/SILO Reporting – We noted that the SAVE/SILO reporting certified to the Iowa Department of Education reported that the Physical Plant and Equipment Levy (PPEL) was reduced as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa for the statewide sales, services and use tax revenue. However, the PPEL levy was at the maximum approved levy rate and was not reduced.

Recommendation – The SAVE/SILO reporting should be reviewed and recalculated before certification to ensure accuracy.

Response – We will review the SAVE/SILO report before certification to ensure accuracy in the future.

Conclusion – Response accepted.