

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

June 30, 2004

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## Independent Auditor's Report

To the Board of Education of  
Coon Rapids-Bayard Community School District:

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 Coon Rapids-Bayard Community School District, Coon Rapids, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. 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, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 Coon Rapids-Bayard Community School District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 10 to the financial statements, during the year ended June 30, 2004, Coon Rapids-Bayard Community School District adopted Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement Number 38, Certain Financial Statement Note Disclosures; Statement Number 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation Number 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated September 23, 2004, on our consideration of Coon Rapids-Bayard Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 16 and 39 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coon Rapids-Bayard Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003, (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

September 23, 2004

# **Coon Rapids-Bayard Community School District**

## **Management Discussion and Analysis**

For the Year Ended June 30, 2004

This section of the Coon Rapids-Bayard Community School District's Comprehensive Annual Financial Report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2004. The analysis focuses on school district financial performance as a whole. Please read it in conjunction with the Independent Auditor's Report at the front of this report and the District's financial statements, which immediately follow this section.

Because the District is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

### **Financial Highlights**

- The General Fund June 30, 2004 fund balance decreased to \$270,496 from the June 30, 2003 fund balance of \$629,065. The (\$358,569) decrease was due to general fund cash on hand being used for furnishing and equipping the new intermediate building.
- The District's tax levy rate decreased by \$.274. This decrease was possible because of the following items:
  - \$100,000 of the general fund balance was used to reduce general fund levy
  - Cash reserve was not levied
  - There was not a special education deficit to levy property taxes
- Due to declining enrollment, the District was in "budget guarantee" for fiscal 2003-04. Despite the state setting allowable growth at 2%, the District had to apply to the state to guarantee funding at a level no less than what was in place for 2002-03. The "budget guarantee" of \$353,190 was levied in property taxes, an additional \$2.71 levy.
- The District received notice on October 13, 2003 that state aid to school districts would be reduced by 2.5% beginning in November of 2003. Then on June 25, 2004, Governor Vilsack issued Executive Order #36 to rescind ten percent of the October 2003 across-the-board reduction. This reduced the FY 2004 across-the-board cut from 2.5% to 2.25%. The reduction for Coon Rapids-Bayard Community School District was \$55,640.
- September 2003 Certified Enrollment once again decreased (13 students). September 1999 Certified Enrollment was 624 students; since then there has been a steady loss of students for a total of 127 students (20%).

- Due to the drop of student enrollment, the District has reduced the total staff FTE from 91.7 in 1997-98 to 77.57 in 2003-04, a 15% reduction in staff.

## Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements (government-wide and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different view of the District:

- The *statement of net assets* and *statement of activities* provide information on a government-wide basis. The statements present an aggregate view of the District's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains the supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

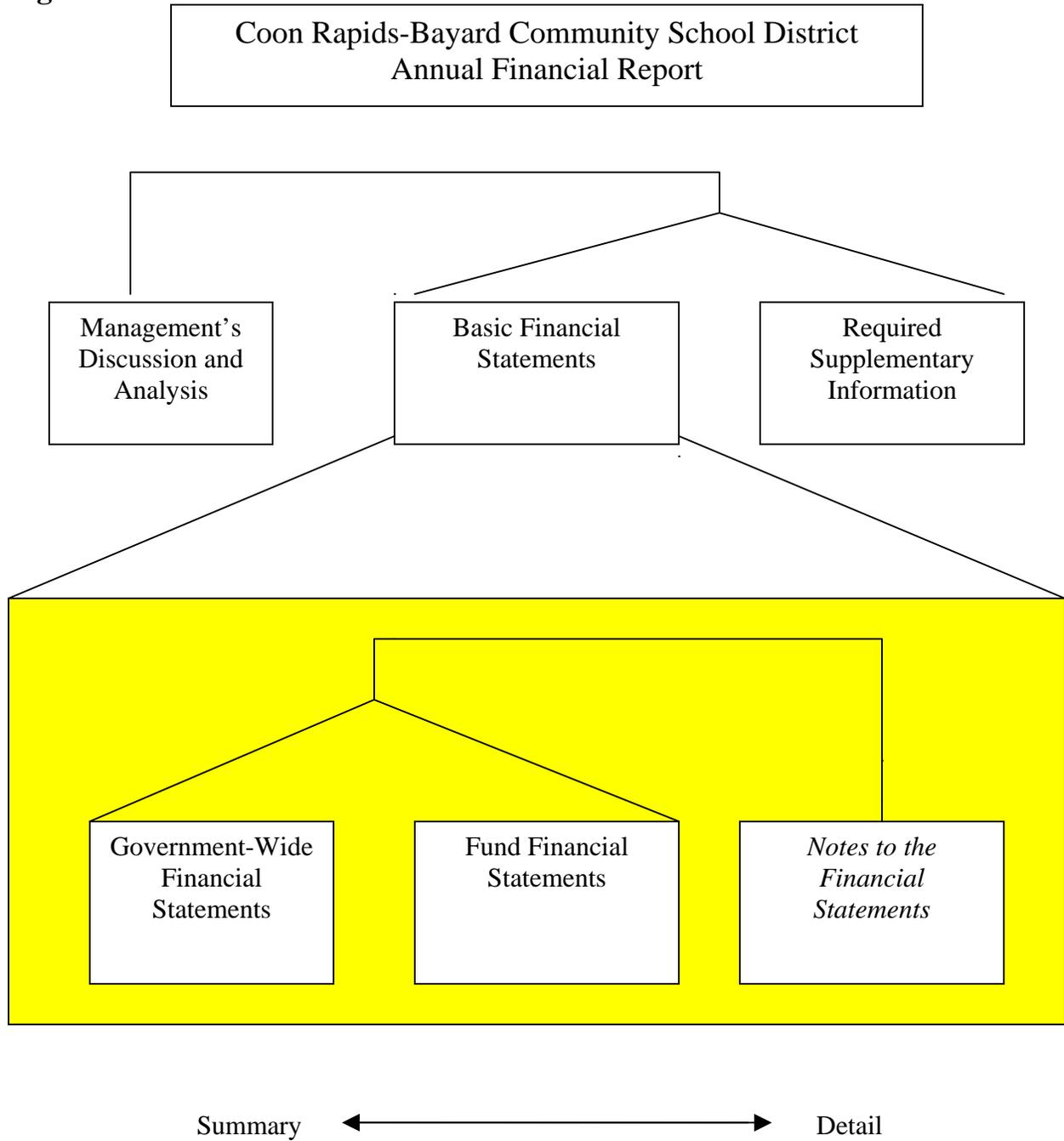


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

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

	Government-wide Center	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of cash flows</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

## **Government-wide Financial Statements**

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

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

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

## **Fund Financial Statements**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District’s *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently does not have an internal service fund.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District does not have a fiduciary fund.

### Financial Analysis of the District as a Whole

**Net assets.** Figure A-3 below provides a summary of the District’s net assets for the year ended June 30, 2004 compared to 2003.

**Figure A-3**

*Condensed Statement of Net Assets*

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2003-04
	2003	2004	2003	2004	2003	2004	
Current and other assets	\$3,495,092	\$3,650,494	\$17,028	\$10,556	\$3,512,120	\$3,661,050	4.24%
Capital assets	\$3,483,623	\$3,578,972	\$14,192	\$17,702	\$3,497,815	\$3,596,674	2.83%
<b>Total Assets</b>	<b>\$6,978,715</b>	<b>\$7,229,466</b>	<b>\$31,220</b>	<b>\$28,258</b>	<b>\$7,009,935</b>	<b>\$7,257,724</b>	<b>3.53%</b>
Long-term debt outstanding	\$1,414,636	\$1,264,704	\$0	\$0	\$1,414,636	\$1,264,704	-10.60%
Other liabilities	\$2,872,293	\$3,120,247	\$9,823	\$8,669	\$2,882,116	\$3,128,916	8.56%
<b>Total liabilities</b>	<b>\$4,286,929</b>	<b>\$4,384,951</b>	<b>\$9,823</b>	<b>\$8,669</b>	<b>\$4,296,752</b>	<b>\$4,393,620</b>	<b>2.25%</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	\$2,143,623	\$2,363,972	\$14,192	\$17,702	\$2,157,815	\$2,381,674	10.37%
Restricted	\$201,001	\$178,783	\$0	\$0	\$201,001	\$178,783	-11.05%
Unrestricted	\$347,162	\$301,760	\$7,205	\$1,887	\$354,367	\$303,647	-14.31%
<b>TOTAL NET ASSETS</b>	<b>\$2,691,786</b>	<b>\$2,844,515</b>	<b>\$21,397</b>	<b>\$19,589</b>	<b>\$2,713,183</b>	<b>\$2,864,104</b>	<b>5.56%</b>

The District's combined net assets increased by 5.56% to \$2,864,104. The majority of this improvement in the financial position came from governmental activities, the net assets of which grew \$152,729. Unrestricted net assets decreased to \$301,760 down from the 2003 amount of \$347,162. The net assets of the District's business-type activities decreased \$1,808.

**Changes in net assets.** Figure A-4 shows the changes in net assets for the fiscal year 2004.

**Figure A-4**

*Changes in Net Assets from Operating Results*

	<b>Governmental Activities 2004</b>	<b>Business-Type Activities 2004</b>	<b>Total School District 2004</b>
<b>Revenues</b>			
Program Revenues			
Charges for services	\$ 307,307	\$ 113,760	\$ 421,067
Operating Grants & Contributions	\$ 523,341	\$ 91,991	\$ 615,332
Capital Grants & Contributions	\$ 136,749	\$ -	\$ 136,749
General Revenues			
Property taxes & income surtax	\$ 1,917,649		\$ 1,917,649
Unrestricted state grants	\$ 1,635,220		\$ 1,635,220
Other	\$ 67,980	\$ 33	\$ 68,013
<b>Total Revenues</b>	<b>\$ 4,588,246</b>	<b>\$ 205,784</b>	<b>\$ 4,794,030</b>
<b>Expenses</b>			
Instruction	\$ 2,834,200		\$ 2,834,200
Pupil & Instructional Svcs	\$ 269,322		\$ 269,322
Administrative & Business	\$ 436,758		\$ 436,758
Maintenance & Operations	\$ 365,946		\$ 365,946
Transportation	\$ 175,239		\$ 175,239
Other	\$ 354,052	\$ 207,592	\$ 561,644
<b>Total Expenses</b>	<b>\$ 4,435,517</b>	<b>\$ 207,592</b>	<b>\$ 4,643,109</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 152,729</b>	<b>\$ (1,808)</b>	<b>\$ 150,921</b>

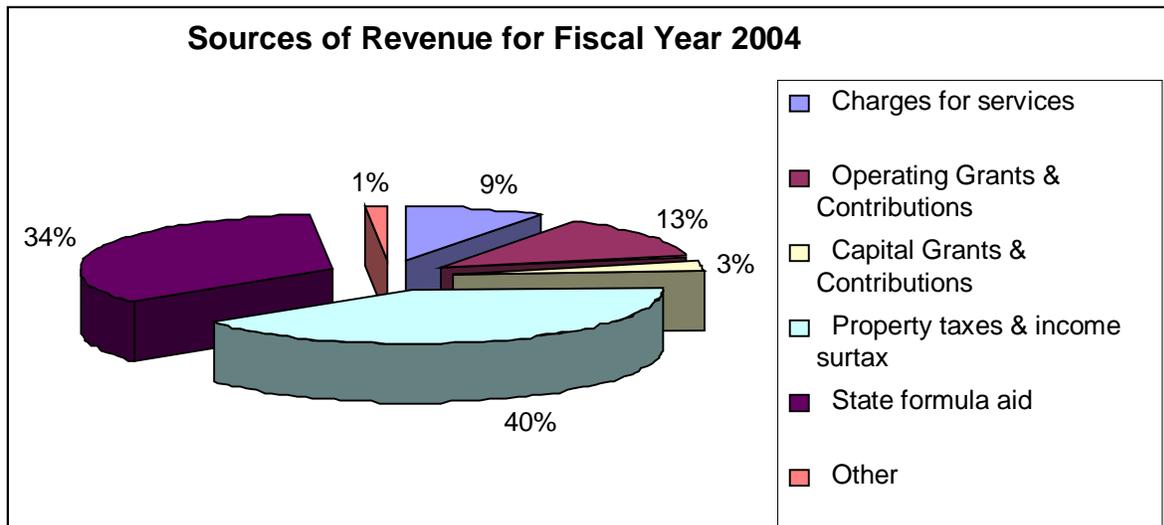
As shown in Figure A-4, property tax, income surtax and state aid provide 77.43% of the funding required for governmental programs while charges for services and operating grants and contributions make up 99.98% of the funding for business-type activities. Figure A-5 shows the majority of funding is received from property tax and state aid.

The District had total revenues of \$4,794,030 of which \$4,588,246 was for governmental activities and \$205,784 was for business-type activities.

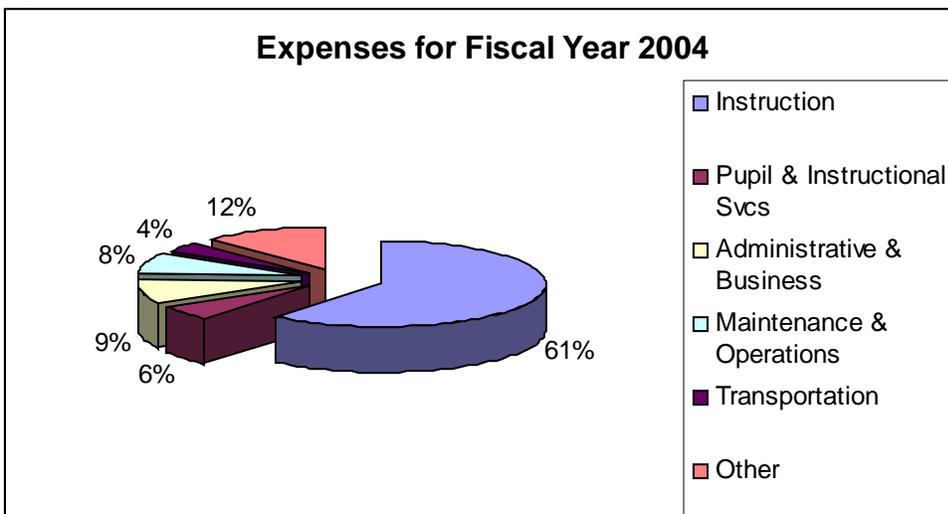
Total revenues surpassed expenses, increasing net assets \$150,921. Only the governmental activities contributed to the increase. The business-type activities showed a deficiency of (\$1,808).

The District's predominant expenses are related to instruction, as can be seen in Figure A-6. Basic instructional services together with Pupil & Instructional services comprise 67% of the District's expenses. *Other* expenses accounts for the next largest percentage of expenses at 12%. *Other* expenses primarily reflect expenses associated with business-type activities, the majority being food & nutrition.

**Figure A-5**



**Figure A-6**



## Governmental Activities

Revenues for governmental activities were \$4,588,246 while total expenses amounted to \$4,435,517.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-7**

### *Net Cost of Governmental Activities*

	<b>Total Cost of Services 2004</b>	<b>Net Cost of Services 2004</b>
Instruction	\$ 2,834,200	\$2,171,031
Pupil & Instructional Svcs	\$ 269,322	\$269,322
Administrative & Business	\$ 436,758	\$436,758
Maintenance & Operations	\$ 365,946	\$364,146
Transportation	\$ 175,239	\$175,239
Other	\$ 354,052	\$51,624
<b>TOTAL</b>	<b>\$ 4,435,517</b>	<b>\$ 3,468,120</b>

- The cost of all governmental activities this year was \$4,435,517.
- The federal and state governments subsidized certain programs with grants and contributions of \$660,090.
- Most of the District's costs of \$3,468,120 were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$1,917,649 in property taxes and income surtax and \$1,635,220 of unrestricted state aid based on the statewide finance formula.

## Business-Type Activities

Revenues of the District's business-type activities (food and nutrition services) were comprised of charges for services, federal and state reimbursements and investment earnings. (See Figure A-4).

- Business-type activities expenses exceeded revenues by \$1,808.
- Charges for services represent \$113,760 or 54.80% of revenue. This represents the amount paid for students/staff for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, was \$91,991 or 44.31%.

### **Financial Analysis of the District's Funds**

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

**Governmental funds.** The focus of the Coon Rapids-Bayard Community School 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 Coon Rapids-Bayard Community School District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Coon Rapids-Bayard Community School District's governmental funds reported combined ending fund balances of \$452,281, a decrease of \$92,303 in comparison with the prior year. Of this amount, 98.11% constitutes *unreserved fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$94) and 2) for the Iowa Early Intervention Block Grant Program (\$8,471).

The general fund is the chief operating fund of the Coon Rapids-Bayard Community Schools. At the end of the current fiscal year, unreserved fund balance of the general fund was \$262,025 while total fund balance increased to \$270,496.

The fund balance of the Coon Rapids-Bayard Community Schools general fund decreased by \$358,569 in comparison with the prior year. The key factor in this decrease was due to the fact the district used general funds to complete the furnishing and equipping of the intermediate building addition, with approval by the SBRC (School Budget Review Committee).

The District was in budget guarantee for 2003-04. The District would have received less funding in 2003-04 than in 2002-03 because of declining enrollment. By applying and receiving approval from the state for budget guarantee, the District was guaranteed funding for 2003-04 at the 2002-03 level.

The capital projects fund did not have a fund balance. The intermediate building addition project was completed at the end of current fiscal year.

The management levy fund had an unreserved fund balance of \$89,320, a decrease of \$29,881 compared to the previous fiscal year.

The student activity fund had an unreserved fund balance of \$73,630, an increase of \$12,345 compared to the previous fiscal year.

The physical plant and equipment levy (PPEL) fund had an unreserved fund balance of \$18,741, a decrease of \$31,534 compared to the previous fiscal year. This decrease was due to the fact of matching funds of \$142,000 were required for the \$284,000 Iowa Demonstration Construction Grant. The physical plant and equipment levy fund was nearly exhausted in order to complete the projects covered in the Iowa Demonstration Construction Grant. Some of those projects were as follows:

- Connectivity for the intermediate building addition to the junior-senior high school
- 4-6 playground next to the intermediate building addition
- Intermediate/junior-senior high school parking lot
- Deal elementary air conditioning project
- Deal elementary asbestos-free floor tile project

### **Budgetary Highlights**

The District adopts a budget in April for the following year and at the same time considers and approves a budget amendment for expenditures for the current year. The District modified its original budget for 2003-04 to reflect:

- \$379,880 in additional capital projects
- \$55,000 in additional nutrition

A schedule showing the original and final budget amounts compared to the District's actual financial activity is provided in this report as required supplementary information.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Coon Rapids-Bayard Community Schools investment in capital assets for its governmental and business type activities as of June 30, 2004 amounts to \$7,501,985. This investment in capital assets includes land, buildings, equipment and furniture, and construction in progress. The total increase in the Coon Rapids-Bayard Community School's investment in capital assets for the current fiscal year was 2.42%.

### **Figure A-8**

*Capital Assets at Cost*

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2003-04
	2003	2004	2003	2004	2003	2004	
Land and improvements	\$ 552,740	\$ 645,526	\$ -	\$ -	\$ 552,740	\$ 645,526	16.79%
		\$ -				\$ -	
Construction in progress	\$ 1,554,699		\$ -	\$ -	\$1,554,699		-100.00%
Buildings	\$ 4,533,187	\$ 6,112,067	\$ -	\$ -	\$4,533,187	\$6,112,067	34.83%
Equipment & Furniture	\$ 648,401	\$ 701,155	\$ 36,012	\$ 43,237	\$ 684,413	\$ 744,392	8.76%
<b>TOTAL</b>	<b>\$ 7,289,027</b>	<b>\$ 7,458,748</b>	<b>\$ 36,012</b>	<b>\$ 43,237</b>	<b>\$7,325,039</b>	<b>\$7,501,985</b>	<b>2.42%</b>

Buildings accounted for the majority of the increase over 2002-03. The intermediate building addition is the reason for this increase. The intermediate building addition project was completed in the current fiscal year, this is reflected in the -100.00% decrease of construction in progress category.

Detailed information about depreciation expense and accumulated depreciation is available in Note 5 to the financial statements. Depreciation expense for the year was \$173,087.

### Long-Term Debt

At year-end, the District had \$0 in general obligation bond debt. The District has not had general obligation bond debt since 1996-97. The District has a balance of \$1,215,000 in capital loan notes. These capital loan notes are for the financing of the junior high addition (\$400,000) in 1999-00 and the intermediate building addition (\$1,240,000) in 2002-03. The junior high addition capital loan note will be paid in full June 2005 and the intermediate building addition capital loan note will be paid in full June 2012.

The District also has long-term debt for the early retirement program of \$11,379 and compensated absences of \$38,325.

More detailed information on the District's long term debt can be found in the Note 6 to the financial statements.

### Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- All bargaining unit contracts are one year contracts, and open for renegotiation for next year. Salary and benefits represent 69.77% of general fund expenditures. Salary and benefit settlements, with any employee group, exceeding the rate of growth of state funding will have an adverse impact upon the District's General Fund budget.
- The national recession that has adversely impacted the State of Iowa's budget has translated into reduced levels of state aid funding for education. Future increases in state aid to schools, (allowable growth) will be predicated upon the condition of the national economy. State funding growth for public schools for fiscal year 2003, previously set during the 2001 legislative session at 4% was subsequently reduced to 1% during the 2002 legislative session. The allowable growth for 2004 and 2005 was set at 2%.

- District enrollment increased in fiscal year 2004-05 by 25 students, first increase since 1996-97. Under Iowa's school funding formula, District funding is highly dependant upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- Forecasts for higher utility costs in the fall and winter of 2005 will require constant monitoring. Fluctuations in utility costs of great magnitude will negatively impact the General Fund Budget.
- Local Option Sales Tax (SILO – School Infrastructure Local Option Sales Tax) has been passed in two of the District's four counties. This sales tax is greatly needed in the other two counties to relieve the general fund of major equipment purchases such as vehicles and buses, as these two counties encompass 95% of district student enrollment. This sales tax is also needed to demolish the old Bayard School Building that was vacated and closed July 2003.
- The District's taxable valuations with gas and electric had a decrease of 19.17% for budget year 2004-05. The decrease was due to rollback of Ag Land valuations. This had a direct impact on the board directed physical plant and equipment levy (33 cents) and voted physical plant and equipment levy funds (\$1.34). The revenue generated by these funds will decrease \$35,496. Since the voted physical plant and equipment levy funds are for capital loan note principle and interest payments, the District had an obligation to generate the revenue needed for the payments, which increased the levy from \$1.34 to \$1.47.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report of need additional financial information, contact Dennis Wentz, Superintendent of Schools, or Gail Hopkins, District/Board Secretary, Coon Rapids-Bayard Community School District, 905 North Street, Coon Rapids, Iowa 50058.

## BASIC FINANCIAL STATEMENTS

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2004

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents:			
ISCAP	913,189	-	913,189
Other	759,760	9,829	769,589
Receivables:			
Property tax:			
Delinquent	25,138	-	25,138
Succeeding year	1,823,248	-	1,823,248
Accounts	881	-	881
Accrued interest:			
ISCAP	1,056	-	1,056
Due from other governments	127,222	-	127,222
Inventories	-	727	727
Capital assets, net of accumulated depreciation	3,578,972	17,702	3,596,674
<b>Total assets</b>	<b>7,229,466</b>	<b>28,258</b>	<b>7,257,724</b>
<b>Liabilities</b>			
Accounts payable	3,033	-	3,033
Salaries and benefits payable	369,255	6,801	376,056
Accrued interest payable	4,261	-	4,261
Deferred revenue:			
Succeeding year property tax	1,823,248	-	1,823,248
Other	-	1,868	1,868
ISCAP warrants payable	908,000	-	908,000
ISCAP accrued interest payable	1,603	-	1,603
ISCAP premium	10,847	-	10,847
Long-term liabilities:			
Portion due within one year:			
Capital loan notes	130,000	-	130,000
Early retirement	11,379	-	11,379
Compensated absences	3,000	-	3,000
Portion due after one year:			
Capital loan notes	1,085,000	-	1,085,000
Compensated absences	35,325	-	35,325
<b>Total Liabilities</b>	<b>4,384,951</b>	<b>8,669</b>	<b>4,393,620</b>

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2004

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Net assets</b>			
Invested in capital assets, net of related debt	2,363,972	17,702	2,381,674
Restricted for:			
Iowa early intervention block grant	8,471	-	8,471
Management levy	77,941	-	77,941
Physical plant and equipment levy	18,741	-	18,741
Other special revenue purposes	73,630	-	73,630
Unrestricted	<u>301,760</u>	<u>1,887</u>	<u>303,647</u>
<b>Total net assets</b>	<u><u>2,844,515</u></u>	<u><u>19,589</u></u>	<u><u>2,864,104</u></u>

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2004

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental activities:</b>				
Instruction:				
Regular instruction	1,737,105	96,187	247,040	-
Special instruction	655,031	14,613	115,809	-
Other instruction	442,064	175,302	14,218	-
	<u>2,834,200</u>	<u>286,102</u>	<u>377,067</u>	<u>-</u>
Support services:				
Student services	122,554	-	-	-
Instructional staff services	146,768	-	-	-
Administration services	436,758	-	-	-
Operation and maintenance of plant services	365,946	1,800	-	-
Transportation services	175,239	-	-	-
	<u>1,247,265</u>	<u>1,800</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	32,927	19,405	498	136,749
Long-term debt interest	56,412	-	17	-
AEA flowthrough	145,759	-	145,759	-
Depreciation (unallocated)*	118,954	-	-	-
	<u>354,052</u>	<u>19,405</u>	<u>146,274</u>	<u>136,749</u>
Total governmental activities	4,435,517	307,307	523,341	136,749
<b>Business type activities</b>				
Non-instructional programs:				
Food service operations	207,592	113,760	91,991	-
Total	<u>4,643,109</u>	<u>421,067</u>	<u>615,332</u>	<u>136,749</u>

**General Revenues:**

Property taxes levied for:  
  General purposes  
  Capital outlay  
Income surtax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total general revenues

**Change in net assets**

Net assets beginning of year, as restated

Net assets end of year

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

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2004

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
(1,393,878)	-	(1,393,878)
(524,609)	-	(524,609)
<u>(252,544)</u>	<u>-</u>	<u>(252,544)</u>
<u>(2,171,031)</u>	<u>-</u>	<u>(2,171,031)</u>
(122,554)	-	(122,554)
(146,768)	-	(146,768)
(436,758)	-	(436,758)
(364,146)	-	(364,146)
<u>(175,239)</u>	<u>-</u>	<u>(175,239)</u>
<u>(1,245,465)</u>	<u>-</u>	<u>(1,245,465)</u>
123,725	-	123,725
(56,395)	-	(56,395)
-	-	-
<u>(118,954)</u>	<u>-</u>	<u>(118,954)</u>
<u>(51,624)</u>	<u>-</u>	<u>(51,624)</u>
(3,468,120)	-	(3,468,120)
<u>-</u>	<u>(1,841)</u>	<u>(1,841)</u>
<u>(3,468,120)</u>	<u>(1,841)</u>	<u>(3,469,961)</u>
1,600,766	-	1,600,766
240,032	-	240,032
76,851	-	76,851
1,635,220	-	1,635,220
10,797	33	10,830
<u>57,183</u>	<u>-</u>	<u>57,183</u>
<u>2,020,083</u>	<u>33</u>	<u>2,020,116</u>
152,729	(1,808)	150,921
<u>2,691,786</u>	<u>21,397</u>	<u>2,713,183</u>
<u>2,844,515</u>	<u>19,589</u>	<u>2,864,104</u>

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2004

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
<b>Assets</b>			
Cash and pooled investments:			
ISCAP	913,189	-	913,189
Other	581,978	177,782	759,760
Receivables:			
Property tax:			
Delinquent	21,135	4,003	25,138
Succeeding year	1,551,428	271,820	1,823,248
Accounts	881	-	881
Accrued interest - ISCAP	1,056	-	1,056
Due from other governments	127,222	-	127,222
	<u>3,196,889</u>	<u>453,605</u>	<u>3,650,494</u>
<b>Total assets</b>			
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	3,033	-	3,033
Salaries and benefits payable	369,255	-	369,255
ISCAP warrants payable	908,000	-	908,000
ISCAP accrued interest payable	1,603	-	1,603
ISCAP premium	10,847	-	10,847
Deferred revenue:			
Succeeding year property tax	1,551,428	271,820	1,823,248
Other	82,227	-	82,227
Total liabilities	<u>2,926,393</u>	<u>271,820</u>	<u>3,198,213</u>
Fund balances:			
Reserved for:			
Iowa early intervention block grant	8,471	-	8,471
Debt service	-	94	94
Unreserved	262,025	181,691	443,716
Total fund balances	<u>270,496</u>	<u>181,785</u>	<u>452,281</u>
	<u>3,196,889</u>	<u>453,605</u>	<u>3,650,494</u>
<b>Total liabilities and fund balances</b>			

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2004

<b>Total fund balances of governmental funds (Exhibit C)</b>	452,281
<i>Amounts reported for governmental activities in the Statement of Net Assets 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.	3,578,972
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	82,227
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	(4,261)
Long-term liabilities, including Capital loan notes, compensated absences and early retirement benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(1,264,704)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>2,844,515</u></u>

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2004

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
	\$	\$
Revenues:		
Local sources:		
Local tax	1,608,948	309,636
Tuition	18,031	-
Other	104,019	221,338
Intermediate sources	6,492	-
State sources	1,959,010	1,228
Federal sources	191,316	136,749
Total revenues	<u>3,887,816</u>	<u>668,951</u>
Expenditures:		
Current:		
Instruction:		
Regular instruction	1,700,699	41,206
Special instruction	655,031	-
Other instruction	274,338	164,125
	<u>2,630,068</u>	<u>205,331</u>
Support services:		
Student services	122,554	-
Instructional staff services	146,768	-
Administration services	404,202	32,556
Operation and maintenance of plant services	341,966	16,405
Transportation services	150,178	10,061
	<u>1,165,668</u>	<u>59,022</u>
Other expenditures:		
Facilities acquisition	-	293,538
Long-term debt:		
Principal	-	125,000
Interest and fiscal charges	-	56,838
AEA flowthrough	145,759	-
	<u>145,759</u>	<u>475,376</u>
Total expenditures	<u>3,941,495</u>	<u>739,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,679)</u>	<u>(70,778)</u>
Other financing sources (uses):		
Compensation for loss of fixed assets	9,030	-
Sales of materials and equipment	22,124	1,000
Operating transfers in	-	517,863
Operating transfers out	(336,044)	(181,819)
Total other financing sources (uses)	<u>(304,890)</u>	<u>337,044</u>
Net change in fund balances	(358,569)	266,266
Fund balances beginning of year, as restated	<u>629,065</u>	<u>(84,481)</u>
Fund balances end of year	<u>270,496</u>	<u>181,785</u>

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2004

	<u>Total</u>
	\$
Revenues:	
Local sources:	
Local tax	1,918,584
Tuition	18,031
Other	325,357
Intermediate sources	6,492
State sources	1,960,238
Federal sources	328,065
Total revenues	<u>4,556,767</u>
Expenditures:	
Current:	
Instruction:	
Regular instruction	1,741,905
Special instruction	655,031
Other instruction	438,463
	<u>2,835,399</u>
Support services:	
Student services	122,554
Instructional staff services	146,768
Administration services	436,758
Operation and maintenance of plant services	358,371
Transportation services	160,239
	<u>1,224,690</u>
Other expenditures:	
Facilities acquisition	293,538
Long-term debt:	
Principal	125,000
Interest and fiscal charges	56,838
AEA flowthrough	145,759
	<u>621,135</u>
Total expenditures	<u>4,681,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(124,457)</u>
Other financing sources (uses):	
Compensation for loss of fixed assets	9,030
Sales of materials and equipment	23,124
Operating transfers in	517,863
Operating transfers out	(517,863)
Total other financing sources (uses)	<u>32,154</u>
Net change in fund balances	(92,303)
Fund balances beginning of year, as restated	<u>544,584</u>
Fund balances end of year	<u><u>452,281</u></u>

## COON RAPIDS-BAYARD 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, 2004

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		(92,303)

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

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

Expenditures for capital assets	264,721	
Depreciation expense	<u>(169,372)</u>	95,349

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities.

(675)

Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

125,000

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

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

Early retirement	29,827	
Compensated absences	<u>(4,895)</u>	<u>24,932</u>

**Changes in net assets of governmental activities (Exhibit B)**

152,729

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2004

	Nonmajor School Nutrition
	<u>\$</u>
<b>Assets</b>	
Cash and cash equivalents	9,829
Inventories	727
Capital assets, net of accumulated depreciation	<u>17,702</u>
<b>Total assets</b>	<u>28,258</u>
<b>Liabilities</b>	
Salaries and benefits payable	6,801
Deferred revenue	<u>1,868</u>
<b>Total Liabilities</b>	<u>8,669</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	17,702
Unrestricted	<u>1,887</u>
<b>Total net assets</b>	<u><u>19,589</u></u>

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds

Year ended June 30, 2004

	Nonmajor School Nutrition <u>          </u> \$
Operating revenue:	
Local sources:	
Charges for service	<u>113,760</u>
Operating expenses:	
Non-instructional programs:	
Salaries	71,758
Benefits	13,194
Purchased services	4,323
Supplies	114,602
Depreciation	<u>3,715</u>
	<u>207,592</u>
Operating gain (loss)	<u>(93,832)</u>
Non-operating revenue:	
State sources	2,999
Federal sources	88,992
Interest income	33
Total non-operating revenue	<u>92,024</u>
Change in net assets	(1,808)
Net assets beginning of year	<u>21,397</u>
Net assets end of year	<u><u>19,589</u></u>

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2004

	Nonmajor School Nutrition \$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	114,415
Cash payments to employees for services	(86,652)
Cash payments to suppliers for goods or services	<u>(102,672)</u>
Net cash used by operating activities	<u>(74,909)</u>
Cash flows from non-capital financing activities:	
State grants received	2,999
Federal grants received	<u>75,571</u>
Net cash provided by non-capital financing activities	<u>78,570</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(7,225)</u>
Cash flows from investing activities:	
Interest on investments	<u>33</u>
Net increase (decrease) in cash and cash equivalents	(3,531)
Cash and cash equivalents at beginning of year	<u>13,360</u>
Cash and cash equivalents at end of year	<u><u>9,829</u></u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>	
Operating gain (loss)	(93,832)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	13,421
Depreciation	3,715
Decrease (increase) in inventories	2,832
Decrease (increase) in accounts receivable	109
(Decrease) increase in salaries and benefits payable	(1,700)
(Decrease) increase in deferred revenue	<u>546</u>
Net cash used in operating activities	<u><u>(74,909)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2004, the District received \$13,421 of federal commodities.

# COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### 1. Summary of Significant Accounting Policies

Coon Rapids-Bayard Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Coon Rapids and Bayard, Iowa and the predominate agricultural territory in a portion of Audubon, Carroll, Greene and Guthrie Counties. 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, Coon Rapids-Bayard 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. The Coon Rapids-Bayard Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

#### B. Basis of Presentation

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

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* 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 assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have 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 clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003, through June 30, 2004, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2003.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-12 years

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds, amounts received in advance for meal sales and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General fund.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements in the other expenditures function exceeded the amount budgeted.

**2. Cash and Pooled Investments**

The District's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

**3. Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
		\$
Capital Projects Fund	General Fund	336,044
Debt Service Fund	Special Revenue: Physical Plant and Equipment Levy	181,819

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The State School Budget Review Committee approved the transfer from the General Fund to the Capital Projects Fund for costs associated with furnishing and equipping new construction or an addition approved by the voters.

#### 4. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each participating entity is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of [June 30, 2004](#), is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2003-04B	1/30/04	1/28/05	194,314	1,056	193,000	1,603
2004-05A	6/30/04	6/30/05	718,875	-	715,000	-
Total			<u>913,189</u>	<u>1,056</u>	<u>908,000</u>	<u>1,603</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, [2004](#), is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	<u>200,000</u>	<u>200,000</u>	-

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
	%	%
2003-04A	2.000	1.050
2003-04B	2.000	1.310
2004-05A	3.000	2.463

## 5. Capital Assets

Capital assets activity for the year ended June 30, 2004 is as follows:

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Construction in progress	1,554,699	-	1,554,699	-
Land	162,873	-	-	162,873
Total capital assets not being depr.	<u>1,717,572</u>	<u>-</u>	<u>1,554,699</u>	<u>162,873</u>
Capital assets being depreciated:				
Buildings	4,533,187	1,578,880	-	6,112,067
Improvements other than buildings	389,867	92,786	-	482,653
Furniture and equipment	648,401	147,754	95,000	701,155
Total capital assets being deprec.	<u>5,571,455</u>	<u>1,819,420</u>	<u>95,000</u>	<u>7,295,875</u>
Less accumulated depreciation for:				
Buildings	3,057,140	91,649	-	3,148,789
Improvements other than buildings	136,453	24,132	-	160,585
Furniture and equipment	611,811	53,591	95,000	570,402
Total accumulated depreciation	<u>3,805,404</u>	<u>169,372</u>	<u>95,000</u>	<u>3,879,776</u>
Total capital assets being depreciated, net	<u>1,766,051</u>	<u>1,650,048</u>	<u>-</u>	<u>3,416,099</u>
Governmental activities capital assets, net	<u>3,483,623</u>	<u>1,650,048</u>	<u>1,554,699</u>	<u>3,578,972</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	36,012	7,225	-	43,237
Less accumulated depreciation	<u>21,820</u>	<u>3,715</u>	<u>-</u>	<u>25,535</u>
Business type activities capital assets, net	<u>14,192</u>	<u>3,510</u>	<u>-</u>	<u>17,702</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	20,132
Other	7,711
Operation and maintenance of plant services	7,575
Transportation	15,000
	<u>50,418</u>
Unallocated depreciation	118,954
	<u>118,954</u>
Total depreciation expense – governmental activities	<u><u>169,372</u></u>
Business type activities:	
Food services	3,715
	<u><u>3,715</u></u>

## 6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2004, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Capital loan notes	1,340,000	-	125,000	1,215,000	130,000
Early retirement	41,206	11,379	41,206	11,379	11,379
Compensated absences	33,430	4,895	-	38,325	3,000
	<u>1,414,636</u>	<u>16,274</u>	<u>166,206</u>	<u>1,264,704</u>	<u>144,379</u>
Total	<u><u>1,414,636</u></u>	<u><u>16,274</u></u>	<u><u>166,206</u></u>	<u><u>1,264,704</u></u>	<u><u>144,379</u></u>

### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age 55 and must have completed twenty years of credited service, at least ten years of which have been in the employment of Coon Rapids-Bayard Community School District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement incentives are based on [base salary during the last year of employment and number of years of credited service](#). Early retirement expenditures for the year ended June 30, 2004 totaled \$41,206

### Capital Loan Notes

The District issued \$400,000 of capital loan notes during the year ended June 30, 2000, for a fitness center and issued \$1,240,000 of capital loan notes during the year ended June 30, 2002 to finance a construction project. These notes and the interest will be paid from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the capital loan notes are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2005	3.00-4.85	130,000	51,126	181,126
2006	3.75	135,000	45,563	180,563
2007	4.00	140,000	40,500	180,500
2008	4.10	145,000	34,900	179,900
2009	4.20	160,000	28,955	188,955
2010-2012	4.30-4.50	505,000	45,465	550,465
		<u>1,215,000</u>	<u>246,509</u>	<u>1,461,509</u>

During the year ended June 30, 2004 the District made principal and interest payments totaling \$181,238 under the note agreements.

## 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$136,591, \$140,921, and \$135,040 respectively, equal to the required contributions for each year.

## 8. Risk Management

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

## 9. 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 \$145,759 for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## 10. Accounting Change and Restatement

Governmental Accounting Standards Board (GASB) Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences, were implemented for the year ended [June 30, 2004](#). The statements create new basic financial statements for reporting the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements separate the District's programs between governmental and business type activities. The beginning net assets for governmental activities has been restated to include capital assets, long-term liabilities, and the changes in assets and liabilities at [July 1, 2003](#) caused by the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
	\$	\$	\$
Net assets, June 30, 2003, as previously reported	629,065	(84,481)	544,584
GASB Interpretation 6 adjustments	-	-	-
Net assets, July 1, 2003, as restated for governmental funds	<u>629,065</u>	<u>(84,481)</u>	544,584
GASB 34 adjustments:			
Capital assets net of accumulated depreciation of <a href="#">\$3,805,404</a>			3,483,623
Net assets and liabilities of Internal Service Fund			
Long-term liabilities:			
Capital loan notes		1,340,000	
Compensated absences		33,430	
Early retirement		<u>41,206</u>	(1,414,636)
Accrued interest payable			(4,687)
Deferred revenue			<u>82,902</u>
Net assets July 1, 2003, as restated			<u><u>2,691,786</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2004

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$		\$	\$
<b>Receipts:</b>						
Local sources	2,270,210	114,448	2,384,658	2,361,320	2,361,320	23,338
Intermediate sources	6,492	-	6,492	15,000	15,000	(8,508)
State sources	1,956,721	2,999	1,959,720	2,048,410	2,048,410	(88,690)
Federal sources	401,635	88,992	490,627	120,000	120,000	370,627
Total receipts	<u>4,635,058</u>	<u>206,439</u>	<u>4,841,497</u>	<u>4,544,730</u>	<u>4,544,730</u>	<u>296,767</u>
<b>Disbursements:</b>						
Instruction	2,841,119	-	2,841,119	3,278,431	3,278,431	437,312
Support services	1,224,439	-	1,224,439	1,588,840	1,588,840	364,401
Non-instructional programs	-	209,970	209,970	194,200	250,000	40,030
Other expenditures	865,595	-	865,595	370,120	750,000	(115,595)
Total disbursements	<u>4,931,153</u>	<u>209,970</u>	<u>5,141,123</u>	<u>5,431,591</u>	<u>5,867,271</u>	<u>726,148</u>
Excess (deficiency) of receipts over (under) disbursements	(296,095)	(3,531)	(299,626)	(886,861)	(1,322,541)	1,022,915
Other financing sources (uses) net	<u>32,154</u>	<u>-</u>	<u>32,154</u>	<u>-</u>	<u>-</u>	<u>32,154</u>
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements	(263,941)	(3,531)	(267,472)	(886,861)	(1,322,541)	1,055,069
Balance beginning of year	<u>1,023,701</u>	<u>13,360</u>	<u>1,037,061</u>	<u>886,861</u>	<u>1,322,541</u>	<u>(285,480)</u>
Balance end of year	<u><u>759,760</u></u>	<u><u>9,829</u></u>	<u><u>769,589</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>769,589</u></u>

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2004

	<u>Governmental Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
	\$	\$	\$
Revenues	4,635,058	(78,291)	4,556,767
Expenditures	4,931,153	(249,929)	4,681,224
Net	(296,095)	171,638	(124,457)
Other financing sources (uses) net	32,154	-	32,154
Beginning fund balances	1,023,701	(479,117)	544,584
Ending fund balances	<u>759,760</u>	<u>(307,479)</u>	<u>452,281</u>

	<u>Proprietary Fund Enterprise</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Accrual Basis</u>
	\$	\$	\$
Revenues	206,439	(655)	205,784
Expenditures	209,970	(2,378)	207,592
Net	(3,531)	1,723	(1,808)
Beginning fund balances	13,360	8,037	21,397
Ending fund balances	<u>9,829</u>	<u>9,760</u>	<u>19,589</u>

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2004

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 [cash basis](#). Encumbrances are not recognized on the cash 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 functional level, not fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by [\\$435,680](#).

During the year ended June 30, [2004](#), disbursements in the [other expenditures](#) function exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2004

Assets	Special Revenue Funds			Capital Projects		Total \$
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Construction	Debt Service	
	\$	\$	\$	\$	\$	
Cash and pooled investments	88,357	73,630	15,701	-	94	177,782
Receivables:						
Property tax:						
Delinquent	963	-	3,040	-	-	4,003
Succeeding year	50,000	-	221,820	-	-	271,820
<b>Total assets</b>	<b>139,320</b>	<b>73,630</b>	<b>240,561</b>	<b>-</b>	<b>94</b>	<b>453,605</b>
<b>Liabilities &amp; Fund Balances</b>						
Liabilities:						
Deferred revenue:						-
Succeeding year property tax	50,000	-	221,820	-	-	271,820
Fund balances:						
Reserved for debt service	-	-	-	-	94	94
Unreserved fund balance	89,320	73,630	18,741	-	-	181,691
Total fund balances	89,320	73,630	18,741	-	94	181,785
<b>Total liabilities and fund balances</b>	<b>139,320</b>	<b>73,630</b>	<b>240,561</b>	<b>-</b>	<b>94</b>	<b>453,605</b>

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2004

	Special Revenue Funds			Capital Projects		Total
	Management Levy \$	Student Activity Fund \$	Physical Plant and Equipment Levy \$	Construction \$	Debt Service \$	
Revenues:						
Local sources:						
Local tax	69,573	-	240,063	-	-	309,636
Other	476	176,470	19,857	24,518	17	221,338
State sources	298	-	930	-	-	1,228
Federal sources	-	-	136,749	-	-	136,749
Total revenues	<u>70,347</u>	<u>176,470</u>	<u>397,599</u>	<u>24,518</u>	<u>17</u>	<u>668,951</u>
Expenditures:						
Current:						
Instruction:						
Regular instruction	41,206	-	-	-	-	41,206
Other instruction	-	164,125	-	-	-	164,125
Support services:						
Administration services	32,556	-	-	-	-	32,556
Operation and maintenance of plant services	16,405	-	-	-	-	16,405
Transportation services	10,061	-	-	-	-	10,061
Other expenditures:						
Facilities acquisition	-	-	248,314	45,224	-	293,538
Long-term debt:						
Principal	-	-	-	-	125,000	125,000
Interest and fiscal charges	-	-	-	-	56,838	56,838
Total expenditures	<u>100,228</u>	<u>164,125</u>	<u>248,314</u>	<u>45,224</u>	<u>181,838</u>	<u>739,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,881)</u>	<u>12,345</u>	<u>149,285</u>	<u>(20,706)</u>	<u>(181,821)</u>	<u>(70,778)</u>
Other financing sources (uses):						
Sales of real property	-	-	1,000	-	-	1,000
Operating transfers in	-	-	-	336,044	181,819	517,863
Operating transfers out	-	-	(181,819)	-	-	(181,819)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(180,819)</u>	<u>336,044</u>	<u>181,819</u>	<u>337,044</u>
Net change in fund balances	(29,881)	12,345	(31,534)	315,338	(2)	266,266
Fund balances beginning of year, as restated	119,201	61,285	50,275	(315,338)	96	(84,481)
Fund balances end of year	<u>89,320</u>	<u>73,630</u>	<u>18,741</u>	<u>-</u>	<u>94</u>	<u>181,785</u>

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2004

Account	Balance	Revenues	Expenditures	Balance End
	Beginning of			of Year
	Year			
	\$	\$	\$	\$
Co-ed athletics	2,972	49,095	49,587	2,480
Interest	15,999	3,853	5,550	14,302
RIF club	941	650	665	926
Technology club	132	-	-	132
Elementary club	1,478	4,111	3,611	1,978
Kindergarten	124	176	180	120
MS cheerleaders	80	-	-	80
MS concessions	3,334	-	549	2,785
MS club	734	555	328	961
MS student council	93	129	70	152
Drama & speech	2,353	2,183	2,434	2,102
Cross country	-	1,025	992	33
Boys basketball	3	6,551	6,554	-
HS football	327	4,493	4,708	112
Boys track	-	182	-	182
Boys golf	81	-	-	81
Wrestling club	1,986	5,773	4,088	3,671
Wrestling	-	1,921	1,921	-
Girls basketball	342	2,498	2,839	1
Girls volleyball	647	2,336	1,856	1,127
Softball	415	1,051	1,364	102
Baseball	158	4,997	5,155	-
Art club	623	-	-	623
Pepsi products	2,462	12,286	9,762	4,986
HS cheerleaders	1,335	5,357	5,335	1,357
Class of 2002	203	-	203	-
Class of 2003	310	-	47	263
Class of 2004	2,448	279	1,867	860
Class of 2005	996	7,892	6,458	2,430
Class of 2006	1,130	1,500	8	2,622
Class of 2007	-	160	52	108
Concessions	721	17,234	17,777	178
FFA	1,957	17,908	15,610	4,255
FCCLA	1	465	429	37
YSO	4	22	-	26
NHS	66	116	182	-
FCA	11	34	40	5
Student agendas	248	160	317	91
Sign fund	2,051	324	2,185	190
Spanish club	9,903	237	147	9,993
Student council	3,845	2,852	3,730	2,967

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2004

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Band trip	-	9,124	4,074	5,050
Yearbook	623	8,432	3,066	5,989
Phone card sales	108	65	-	173
Flags/Winterguard	41	444	385	100
	<hr/>	<hr/>	<hr/>	<hr/>
Total	61,285	176,470	164,125	73,630
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

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

For the Last Four Years

	Modified Accrual Basis			
	2004	2003	2002	2001
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,918,584	1,867,173	1,966,905	1,745,981
Tuition	18,031	36,885	65,129	19,321
Other	325,357	263,571	283,190	290,541
Intermediate sources	6,492	6,492	13,693	12,000
State sources	1,960,238	2,043,338	2,113,016	2,293,835
Federal sources	328,065	268,646	165,893	95,312
Total revenues	<u>4,556,767</u>	<u>4,486,105</u>	<u>4,607,826</u>	<u>4,456,990</u>
Expenditures:				
Instruction:				
Regular instruction	1,741,905	1,756,303	1,814,354	1,780,260
Special instruction	655,031	599,485	502,543	477,602
Other instruction	438,463	469,666	445,833	454,340
Support services:				
Student services	122,554	128,680	130,549	124,178
Instructional staff services	146,768	157,872	163,114	163,006
Administration services	436,758	426,683	446,140	398,162
Operation and maintenances of plant services	358,371	419,585	364,807	438,515
Transportation services	160,239	170,763	165,625	212,725
Central support services	-	-	14,926	15,824
Non-instructional programs	-	-	10,059	13,739
Other expenditures:				
Facilities acquisition	293,538	1,416,938	304,922	5,861
Long-term debt:				
Principal	125,000	115,000	65,000	60,000
Interest and other charges	56,838	65,660	13,670	15,785
AEA flowthrough	145,759	158,147	159,799	170,336
Total expenditures	<u>4,681,224</u>	<u>5,884,782</u>	<u>4,601,341</u>	<u>4,330,333</u>

## Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting

To the Board of Education of the  
[Coon Rapids-Bayard](#) Community School District

We have audited the financial statements of the [Coon Rapids-Bayard](#) Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated [September 23, 2004](#). We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether [Coon Rapids-Bayard](#) 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. [However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.](#)

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 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. Prior year statutory comments have all been resolved except for item [04-II-B](#) and [04-II-K](#).

### Internal Control over Financial Reporting

In planning and performing our audit, we considered [Coon Rapids-Bayard](#) Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items [04-I-A](#) is a material weakness. Prior year reportable conditions have all been resolved except for item [04-I-A](#).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the [Coon Rapids-Bayard](#) Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of [Coon Rapids-Bayard](#) 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.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

[September 23, 2004](#)

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

Part I: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Reportable Conditions:

**04-I-A**     Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures and increase monitoring procedures to obtain the maximum internal control possible under the circumstances.

District Response: The District is aware of the lack of complete segregation of duties and will implement additional monitoring procedures.

Conclusion: Response accepted.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

Part II: Other Findings Related to Statutory Reporting:

**04-II-A** Official Depositories: Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.

**04-II-B** Certified Budget: Disbursements for the year ended June 30, 2004, exceeded the amount budgeted in the **other expenditures** functional area.

Recommendation: The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

District Response: We did amend the budget, but expenditures in this area were more than anticipated.

Conclusion: Response accepted.

**04-II-C** Questionable Expenditures: We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**04-II-D** Travel Expenses: 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.

**04-II-E** Business Transactions: We noted no transactions between the District and District officials or employees.

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

**04-II-G** Board Minutes: We noted two Student Activity Fund expenditures and one General Fund expenditure for student book orders that were not on the list of bills approved by the board.

Recommendation: The Code of Iowa and the District's payment policy require that all District expenditures be approved by the board. All District expenditures should be on the lists of bills approved by the board.

District Response: The omission of these bills from the lists approved by the board was an oversight. All future payments will be included on the lists.

Conclusion: Response accepted.

**04-II-H** Certified Enrollment: We noted no variances in the basic enrollment data certified to the Department of Education.

**04-II-I** Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

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

04-II-J Certified Annual Report (CAR): The CAR was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

04-II-K Reclassification of Student Activity Fund Accounts: The Student Activity Fund is to be used to account for the District's extra-curricular programs for students. We noted that the Student Activity Fund included accounts for items that do not appear to be for the student extra-curricular activity program.

Recommendation: The District should review all accounts in the Student Activity Fund. Any accounts that are not for student extra-curricular activities should be transferred to the General Fund.

District Response: We will review the accounts and make any necessary adjustments.

Conclusion: Response accepted.

04-II-L Retention of Electronic Records: The District receives copies of the front of cancelled checks in the monthly bank statements. The District's bank maintains electronic copies of the front and back of each cancelled check. Chapter 554D.114 of the Code of Iowa allows the retention of checks in electronic format, however the electronic image must remain accessible to the District for later reference.

Recommendation: The District should determine how long the bank's electronic images will be readily accessible by the District. If the period of time is shorter than that specified by the District's record retention policy, the District should obtain printed copies of the backs of the cancelled checks.

District Response: We will discuss record retention with the bank.

Conclusion: Response accepted.