

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Coon Rapids-Bayard Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 Election)		
Roger Tapps	President	2008
Jim Schwaller	Vice President	2008
Pat McAlister	Board Member	2009
Nancy Hagan	Board Member	2009
Allen Schroeder	Board Member	2008
Larry Nees	Board Member	2010
Mike Oswald	Board Member	2010

**Board of Education
(After September 2008 Election)**

Roger Tapps	President	2011
Allen Schroeder	Vice President	2009
Pat McAlister	Board Member	2009
Nancy Hagan	Board Member	2009
Jim Schwaller	Board Member	2011
Larry Nees	Board Member	2011*
Mike Oswald	Board Member	2011*

School Officials

Rich Stoffers	Superintendent	2009
Gail Hopkins	District Secretary/ Treasurer	2009
Rick Engel	District Attorney	2009
Neu, Minnich, Comito & Neu, P.C.	District Attorney	2009

* Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
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, 2009, which collectively comprise the District's basic financial statements 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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 at June 30, 2009, 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.

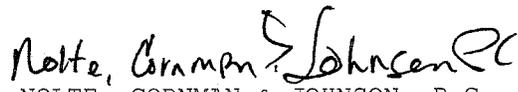
In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2010 on our consideration of Coon Rapids-Bayard Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is 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 12 and 34 through 35 are not required

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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 required supplementary information. 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 four years ended June 30, 2008 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2004 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.


NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Coon Rapids-Bayard Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,253,647 in fiscal year 2008 to \$4,463,605 in fiscal year 2009, while General Fund expenditures decreased from \$4,423,649 in fiscal 2008 to \$4,376,921 in fiscal 2009. This resulted in an increase in the District's General Fund balance from \$236,402 in fiscal 2008 to \$323,086 in fiscal 2009, a 36.67% increase from prior year.
- The School Nutrition fund balance decreased 335.72%, or \$4,539, due to an increase in expenses during the year.
- The District's solvency ratio as of June 30, 2009 is 6.07%, up from the previous year's solvency ratio of 4.88%.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

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

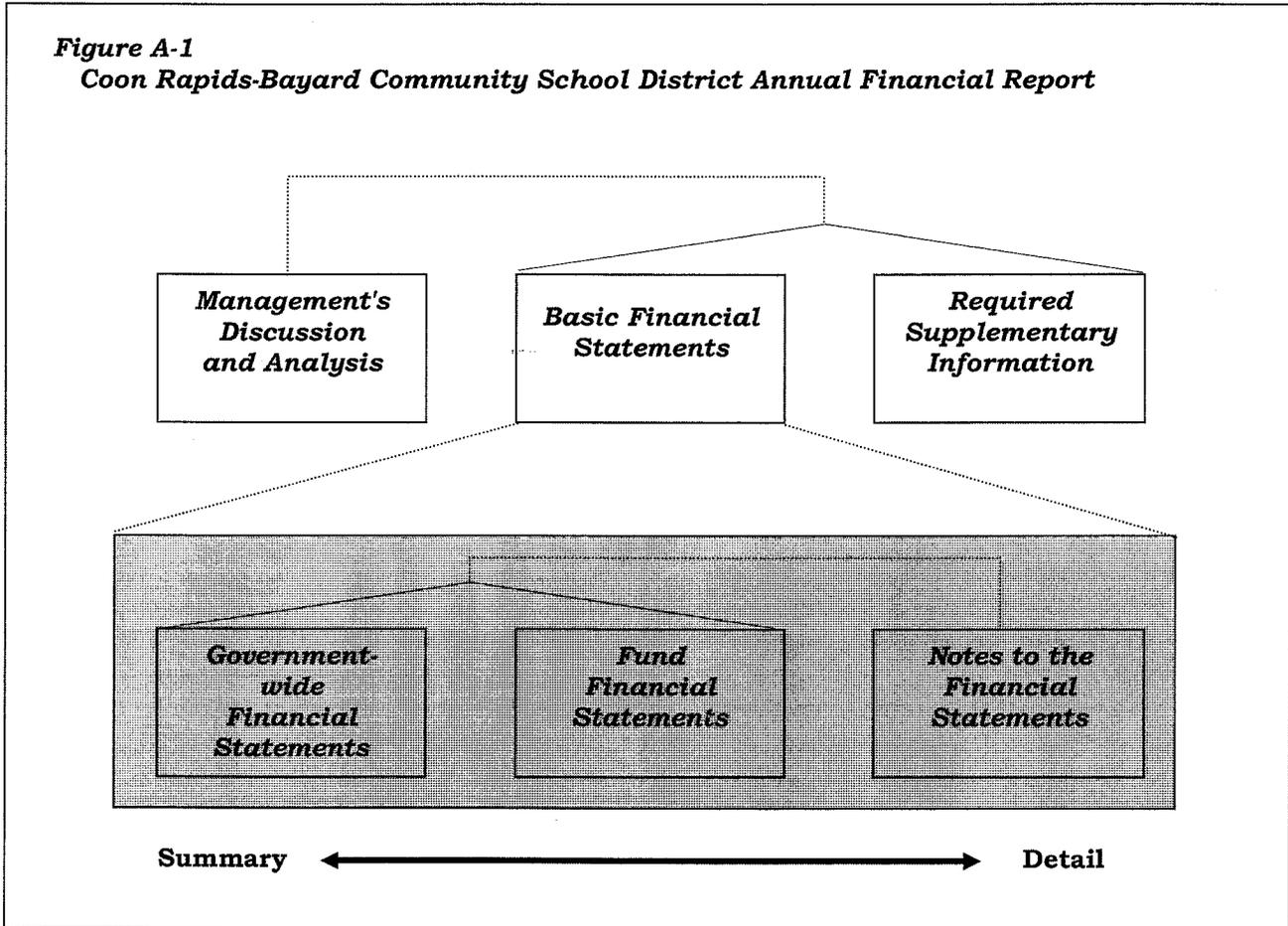


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The required financial statements for the proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Agency fund and Private-Purpose Trust Fund.

- Agency Fund – These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other entities and the Empowerment Program, whereby the District acts as the fiscal agent.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2009 compared to June 30, 2008.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 4,018,609	3,367,330	(5,900)	672	4,012,709	3,368,002	19.14%
Capital assets	3,458,855	3,398,760	13,636	14,737	3,472,491	3,413,497	1.73%
Total assets	<u>7,477,464</u>	<u>6,766,090</u>	<u>7,736</u>	<u>15,409</u>	<u>7,485,200</u>	<u>6,781,499</u>	<u>10.38%</u>
Long-term obligations	545,442	704,793	0	0	545,442	704,793	-22.61%
Other liabilities	2,943,916	2,501,813	10,923	14,057	2,954,839	2,515,870	17.45%
Total liabilities	<u>3,489,358</u>	<u>3,206,606</u>	<u>10,923</u>	<u>14,057</u>	<u>3,500,281</u>	<u>3,220,663</u>	<u>8.68%</u>
Net assets:							
Invested in capital assets, net of related debt	2,953,855	2,733,760	13,636	14,737	2,967,491	2,748,497	7.97%
Restricted	706,347	576,106	0	0	706,347	576,106	22.61%
Unrestricted	327,904	249,618	(16,823)	(13,385)	311,081	236,233	31.68%
Total net assets	<u>\$ 3,988,106</u>	<u>3,559,484</u>	<u>(3,187)</u>	<u>1,352</u>	<u>3,984,919</u>	<u>3,560,836</u>	<u>11.91%</u>

The District's combined net assets increased by 11.91% or \$424,083 over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased 22.61% or \$130,241 over the prior year.

Unrestricted net assets are the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- increased 31.68% or \$74,848 from the prior year.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to June 30, 2008.

Figure A-4 Changes of Net Assets								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	2009	2008	2009	2008	2009	2008	2008-09	
Revenues:								
Program revenues:								
Charges for services	\$ 383,396	237,616	115,979	102,505	499,375	340,121	46.82%	
Operating grants and contributions and restricted interest	834,048	652,446	124,345	128,759	958,393	781,205	22.68%	
Capital grants and contributions and restricted interest	0	7,082	0	0	0	7,082	-100.00%	
General revenues:								
Property tax	1,825,635	1,691,467	0	0	1,825,635	1,691,467	7.93%	
Income surtax	112,501	99,750	0	0	112,501	99,750	12.78%	
Statewide sales and service tax	333,170	262,230	0	0	333,170	262,230	27.05%	
Unrestricted state grants	1,851,159	1,959,134	0	0	1,851,159	1,959,134	-5.51%	
Other	79,209	109,928	9	44	79,218	109,972	-27.97%	
Total revenues	5,419,118	5,019,653	240,333	231,308	5,659,451	5,250,961	7.78%	
Program expenses:								
Governmental activities:								
Instructional	3,336,105	3,221,797	0	0	3,336,105	3,221,797	3.55%	
Support services	1,263,314	1,353,843	0	0	1,263,314	1,353,843	-6.69%	
Non-instructional programs	0	0	244,872	241,048	244,872	241,048	1.59%	
Other expenses	391,077	333,268	0	0	391,077	333,268	17.35%	
Total expenses	4,990,496	4,908,908	244,872	241,048	5,235,368	5,149,956	1.66%	
Change in net assets	428,622	110,745	(4,539)	(9,740)	424,083	101,005	319.86%	
Net assets beginning of year	3,559,484	3,448,739	1,352	11,092	3,560,836	3,459,831	2.92%	
Net assets end of year	\$ 3,988,106	3,559,484	(3,187)	1,352	3,984,919	3,560,836	11.91%	

In fiscal 2009, property tax and unrestricted state grants account for 67.85% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.99% of the revenue from business type activities.

The District's total revenues were \$5,659,451 of which \$5,419,118 was for governmental activities and \$240,333 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 7.78% increase in revenues and a 1.66% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$5,419,118 and expenses were \$4,990,496.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 3,336,105	3,221,797	3.55%	2,275,935	2,485,795	-8.44%
Support services	1,263,314	1,353,843	-6.69%	1,263,314	1,353,843	-6.69%
Other expenses	391,077	333,268	17.35%	233,803	172,126	35.83%
Totals	\$ 4,990,496	4,908,908	1.66%	3,773,052	4,011,764	-5.95%

- The cost financed by users of the District's programs was \$383,396.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$834,048.
- The net cost of governmental activities was financed with \$1,825,635 in property tax, \$112,501 of income surtax, \$333,170 in statewide sales and services tax, \$1,851,159 in unrestricted state revenues, \$23,134 in interest income and \$56,075 in other general revenue.

Business type Activities

Revenues of the District's business type activities were \$240,333 and expenses were \$244,872. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$977,292, above last year's ending fund balances of \$783,810. However, the primary reason for the increase is the increased fund balances of the General Fund and Capital Projects Fund.

Governmental Fund Highlights

- The District's General Fund financial position changed from \$236,402 to \$323,086. This was due to the District's diligent efforts to control costs.
- The District continued receiving statewide sales and service tax and the additional revenues allowed the Capital Projects Fund to increase from a balance of \$302,499 for fiscal 2008 to a balance of \$386,330 for fiscal 2009.
- The Special Revenue, Management Levy Fund balance increased to \$105,558 as compared to \$89,343 from the prior year.

Proprietary Funds Highlights

The School Nutrition Fund net assets decreased from \$1,352 at June 30, 2008 to a deficit balance of \$3,187 at June 30, 2009.

BUDGETARY HIGHLIGHTS

The District's revenues were \$265,693 more than budgeted revenues, a variance of 4.97%. The most significant variance resulted from the District receiving more in local and state sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional programs functional area due to timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$3,472,491, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$188,603.

The original cost of the District's capital assets was \$6,946,960. Governmental funds account for \$6,892,892 with the remainder of \$54,068 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$141,970 at June 30, 2008 compared to \$152,539 at June 30, 2009.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	2008-09
Land	\$ 122,400	122,400	0	0	122,400	122,400	0.00%
Buildings	2,686,606	2,655,664	0	0	2,686,606	2,655,664	1.17%
Improvements other than buildings	510,946	493,463	0	0	510,946	493,463	3.54%
Machinery and equipment	138,903	127,233	13,636	14,737	152,539	141,970	7.44%
Total	\$ 3,458,855	3,398,760	13,636	14,737	3,472,491	3,413,497	1.73%

Long-Term Debt

At June 30, 2009, the District had \$545,442 in other long-term debt outstanding. This represents a decrease of 22.61% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

At year-end, the District had total capital loan notes payable from the Special Revenue, Physical Plant and Equipment Levy of \$505,000.

At year-end, the District had total Compensated Absences payable from the General Fund of \$40,442.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2009	2008	2008-09
Capital loan notes	\$ 505,000	665,000	-24.06%
Compensated absences	40,442	39,793	1.63%
Totals	<u>\$ 545,442</u>	<u>704,793</u>	<u>-22.61%</u>

ECONOMIC 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:

- Increases in health insurance premiums, along with salaries and benefits for the employees is always a concern for the District.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.
- With the September 25, 2009 ten percent across-the-board reduction, the District will continue to implement cost-saving measures and develop a plan for the remainder of the 2009/2010 year. The Board of Education will determine what cost-saving measures we will implement and how much we can spend from our reserves.
- October 2009 certified enrollment increased 23.7 students, compared to the previous year that saw District enrollment decrease of 20.9 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Gail Hopkins, District Board Secretary/Treasurer, Coon Rapids-Bayard Community School District, 905 North Street, P.O. Box 297, Coon Rapids, Iowa, 50058-0297.

BASIC FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments:			
ISCAP	\$ 377,890	0	377,890
Other	1,348,838	6,512	1,355,350
Receivables:			
Property tax:			
Delinquent	51,047	0	51,047
Succeeding year	1,978,965	0	1,978,965
Income surtax	99,254	0	99,254
Interfund	17,319	(17,319)	0
Accounts	2,037	29	2,066
Accrued ISCAP interest	47	0	47
Due from other governments	138,824	0	138,824
Prepaid items	4,388	0	4,388
Inventories	0	4,878	4,878
Capital assets, net of accumulated depreciation	3,458,855	13,636	3,472,491
Total assets	7,477,464	7,736	7,485,200
Liabilities			
Accounts payable	131,128	54	131,182
Salaries and benefits payable	393,138	7,357	400,495
Accrued interest payable	1,853	0	1,853
ISCAP warrants payable	372,000	0	372,000
ISCAP accrued interest payable	54	0	54
ISCAP premiums payable	7,201	0	7,201
Deferred revenue:			
Succeeding year property tax	1,978,965	0	1,978,965
Other	59,577	0	59,577
Unearned revenue	0	3,512	3,512
Long-term liabilities:			
Portion due within one year:			
Capital loan notes payable	160,000	0	160,000
Compensated absences payable	40,442	0	40,442
Portion due after one year:			
Capital loan notes payable	345,000	0	345,000
Total liabilities	3,489,358	10,923	3,500,281
Net Assets			
Invested in capital assets, net of related debt	2,953,855	13,636	2,967,491
Restricted for:			
Categorical funding	52,141	0	52,141
Management levy	105,558	0	105,558
Physical plant and equipment levy	75,182	0	75,182
Capital projects	386,330	0	386,330
Debt service	320	0	320
Other special revenue purposes	86,816	0	86,816
Unrestricted	327,904	(16,823)	311,081
Total net assets	\$ 3,988,106	(3,187)	3,984,919

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Charges for Expenses	Operating Grants, Contributions and Restricted Services Interest		Govern- mental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,140,828	156,738	629,842	(1,354,248)	0	(1,354,248)
Special	517,807	16,416	25,813	(475,578)	0	(475,578)
Other	677,470	210,242	21,119	(446,109)	0	(446,109)
	<u>3,336,105</u>	<u>383,396</u>	<u>676,774</u>	<u>(2,275,935)</u>	<u>0</u>	<u>(2,275,935)</u>
Support services:						
Student	91,272	0	0	(91,272)	0	(91,272)
Instructional staff	145,618	0	0	(145,618)	0	(145,618)
Administration	442,727	0	0	(442,727)	0	(442,727)
Operation and maintenance of plant	361,917	0	0	(361,917)	0	(361,917)
Transportation	221,780	0	0	(221,780)	0	(221,780)
	<u>1,263,314</u>	<u>0</u>	<u>0</u>	<u>(1,263,314)</u>	<u>0</u>	<u>(1,263,314)</u>
Other expenditures:						
Facilities acquisitions	79,863	0	0	(79,863)	0	(79,863)
Long-term debt interest	28,795	0	0	(28,795)	0	(28,795)
AEA flowthrough	157,274	0	157,274	0	0	0
Depreciation (unallocated)*	125,145	0	0	(125,145)	0	(125,145)
	<u>391,077</u>	<u>0</u>	<u>157,274</u>	<u>(233,803)</u>	<u>0</u>	<u>(233,803)</u>
Total governmental activities	4,990,496	383,396	834,048	(3,773,052)	0	(3,773,052)
Business Type activities:						
Non-instructional programs:						
Nutrition services	244,872	115,979	124,345	0	(4,548)	(4,548)
Total business type activities	<u>244,872</u>	<u>115,979</u>	<u>124,345</u>	<u>0</u>	<u>(4,548)</u>	<u>(4,548)</u>
Total	<u>\$ 5,235,368</u>	<u>499,375</u>	<u>958,393</u>	<u>(3,773,052)</u>	<u>(4,548)</u>	<u>(3,777,600)</u>
General Revenues:						
Property tax levied for:						
General purposes			\$ 1,577,387	0	1,577,387	
Capital outlay			248,248	0	248,248	
Income surtax			112,501	0	112,501	
Statewide sales and services tax			333,170	0	333,170	
Unrestricted state grants			1,851,159	0	1,851,159	
Unrestricted investment earnings			23,134	9	23,143	
Other			56,075	0	56,075	
Total general revenues			<u>4,201,674</u>	<u>9</u>	<u>4,201,683</u>	
Changes in net assets			428,622	(4,539)	424,083	
Net assets beginning of year			<u>3,559,484</u>	<u>1,352</u>	<u>3,560,836</u>	
Net assets end of year			<u>\$ 3,988,106</u>	<u>(3,187)</u>	<u>3,984,919</u>	

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

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments:				
ISCAP	\$ 377,890	0	0	377,890
Other	747,931	336,647	264,260	1,348,838
Receivables:				
Property tax:				
Delinquent	42,728	0	8,319	51,047
Succeeding year	1,643,708	0	335,257	1,978,965
Income surtax	99,254	0	0	99,254
Interfund	17,319	0	0	17,319
Accounts	1,065	0	972	2,037
Accrued ISCAP interest	47	0	0	47
Prepaid items	4,388	0	0	4,388
Due from other governments	66,517	72,307	0	138,824
Total assets	\$ 3,000,847	408,954	608,808	4,018,609
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 102,829	22,624	5,675	131,128
Salaries and benefits payable	393,138	0	0	393,138
ISCAP warrants payable	372,000	0	0	372,000
ISCAP accrued interest payable	54	0	0	54
ISCAP premiums payable	7,201	0	0	7,201
Deferred revenue:				
Succeeding year property tax	1,643,708	0	335,257	1,978,965
Income surtax	99,254	0	0	99,254
Other	59,577	0	0	59,577
Total liabilities	2,677,761	22,624	340,932	3,041,317
Fund balances:				
Reserved for:				
Categorical funding	52,141	0	0	52,141
Debt service	0	0	320	320
Unreserved	270,945	386,330	267,556	924,831
Total fund balances	323,086	386,330	267,876	977,292
Total liabilities and fund balances	\$ 3,000,847	408,954	608,808	4,018,609

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

Total fund balances of governmental funds (page 15)	\$ 977,292
 <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 report as assets in the governmental funds.	3,458,855
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	99,254
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.	(1,853)
Long-term liabilities including notes payable, and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(545,442)</u>
Net assets of governmental activities (page 13)	<u><u>\$ 3,988,106</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,598,234	333,170	324,768	2,256,172
Tuition	75,079	0	0	75,079
Other	138,582	4,706	245,488	388,776
State sources	2,482,641	0	206	2,482,847
Federal sources	169,069	0	1,801	170,870
Total revenues	<u>4,463,605</u>	<u>337,876</u>	<u>572,263</u>	<u>5,373,744</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,112,815	0	22,360	2,135,175
Special	517,807	0	0	517,807
Other	449,506	0	222,774	672,280
	<u>3,080,128</u>	<u>0</u>	<u>245,134</u>	<u>3,325,262</u>
Support services:				
Student	91,272	0	0	91,272
Instructional staff	145,618	0	0	145,618
Administration	403,712	0	39,015	442,727
Operation and maintenance of plant	338,643	0	20,848	359,491
Transportation	160,274	73,124	12,672	246,070
	<u>1,139,519</u>	<u>73,124</u>	<u>72,535</u>	<u>1,285,178</u>
Other expenditures:				
Facilities acquisitions	0	180,921	72,512	253,433
Long-term debt:				
Principal	0	0	160,000	160,000
Interest	0	0	29,355	29,355
AEA flowthrough	157,274	0	0	157,274
	<u>157,274</u>	<u>180,921</u>	<u>261,867</u>	<u>600,062</u>
Total expenditures	<u>4,376,921</u>	<u>254,045</u>	<u>579,536</u>	<u>5,210,502</u>
Excess(deficiency) of revenues over(under) expenditures	86,684	83,831	(7,273)	163,242
Other financing sources(uses):				
Transfer in	0	0	189,155	189,155
Transfer out	0	0	(189,155)	(189,155)
Sale of equipment	0	0	500	500
Compensation for loss on capital assets	0	0	29,740	29,740
Total other financing sources(uses)	<u>0</u>	<u>0</u>	<u>30,240</u>	<u>30,240</u>
Net change in fund balances	86,684	83,831	22,967	193,482
Fund balance beginning of year	236,402	302,499	244,909	783,810
Fund balance end of year	<u>\$ 323,086</u>	<u>386,330</u>	<u>267,876</u>	<u>977,292</u>

SEE NOTES TO FINANCIAL STATEMENTS

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, 2009

Net change in fund balances - total governmental funds (page 17) \$ 193,482

*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 reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense, capital expenditures, and loss on disposal of capital assets in the current year, as follows:

Capital expenditures	\$ 246,694	
Depreciation expense	<u>(186,599)</u>	60,095

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 15,134

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.

Compensated absences (649)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 160,000

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. 560

Changes in net assets of governmental activities (page 14) \$ 428,622

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>School</u> <u>Nutrition</u>
Assets	
Cash and pooled investments	\$ 6,512
Accounts	29
Inventories	4,878
Capital assets, net of accumulated depreciation	<u>13,636</u>
Total assets	<u><u>25,055</u></u>
Liabilities	
Accounts payable	54
Interfund payable	17,319
Salaries and benefits payable	7,357
Unearned revenue	<u>3,512</u>
Total liabilities	<u><u>28,242</u></u>
Net Assets	
Invested in capital assets	13,636
Unrestricted	<u>(16,823)</u>
Total net assets	<u><u>\$ (3,187)</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 113,490
Miscellaneous	2,489
TOTAL OPERATING REVENUE	115,979
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	79,903
Benefits	18,156
Services	494
Supplies	144,315
Depreciation	2,004
TOTAL OPERATING EXPENSES	244,872
OPERATING LOSS	(128,893)
NON-OPERATING REVENUES:	
State sources	2,733
Federal sources	121,612
Interest income	9
TOTAL NON-OPERATING REVENUES	124,354
Changes in net assets	(4,539)
Net assets beginning of year	1,352
Net assets end of year	\$ (3,187)

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 113,254
Cash received from miscellaneous operating activities	2,489
Cash payments to employees for services	(97,969)
Cash payments to suppliers for goods or services	(130,460)
Net cash used in operating activities	(112,686)
Cash flows from non-capital financing activities:	
State grants received	2,733
Federal grants received	106,560
Net cash provided by non-capital financing activities	109,293
Cash flows from capital financing activities:	
Acquisition of capital assets	(903)
Cash flows from investing activities:	
Interest on investment	9
Net decrease in cash and cash equivalents	(4,287)
Cash and cash equivalents at beginning of year	10,799
Cash and cash equivalents at end of year	\$ 6,512
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (128,893)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	15,052
Depreciation	2,004
Decrease in inventories	187
Decrease in accounts receivable	116
Decrease in accounts payable	(890)
Increase in salaries and benefits payable	90
Decrease in unearned revenue	(352)
Net cash used in operating activities	\$ (112,686)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received Federal commodities valued at \$15,052.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Agency</u>
Assets	
Cash and pooled investments	<u>\$ 9,979</u>
Liabilities	
Due to other groups	<u>\$ 9,979</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) **Summary of Significant Accounting Policies**

The 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 and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the 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 which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Audubon, Carroll, Greene and Guthrie 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 support.

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 assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under 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 Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the 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, they have a maturity date no longer than three months.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and

reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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, machinery 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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 0
Buildings	10,000
Land improvements	10,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

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

Asset Class	Estimated Useful Life (In Years)
Buildings	50 years
Land improvements	20-50 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is 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 receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. 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 Balances - 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, 2009, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2009 were entirely covered by federal depository insurance or 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 has no investments as of June 30, 2009.

(3) Transfers

The detail of transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue: Physical Plant and Equipment Levy	<u>\$ 189,155</u>

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

The Special Revenues: Physical Plant and Equipment Levy Fund transferred funds to the Debt Service Fund for the payment of the Capital Loan Notes.

(4) Due From and Due To Other Funds

The detail of the interfund receivables and payables at June 30, 2009, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nutrition Fund	<u>\$ 17,319</u>

The Nutrition Fund is repaying the General Fund for the shortfall in cash flow for Nutrition expenses incurred. The balance will be repaid by June 30, 2010.

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools 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 school corporation 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. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2009-10A	6/25/2009	6/23/2010	\$ 377,890	47	372,000	54

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, and 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, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ 0	224,000	224,000	0

The warrants bear an interest rate and the available proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2008-09A	3.500%	3.469%
2009-10A	0.542%	0.902%

(6) Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 53,165	903	0	54,068
Less accumulated depreciation	38,428	2,004	0	40,432
Business type activities capital assets, net	\$ 14,737	(1,101)	0	13,636

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 122,400	0	0	122,400
Total capital assets not being depreciated	122,400	0	0	122,400
Capital assets being depreciated:				
Buildings	4,930,931	114,005	0	5,044,936
Land improvements	782,058	59,565	0	841,623
Machinery and equipment	845,809	73,124	35,000	883,933
Total capital assets being depreciated	6,558,798	246,694	35,000	6,770,492
Less accumulated depreciation for:				
Buildings	2,275,267	83,063	0	2,358,330
Land improvements	288,595	42,082	0	330,677
Machinery and equipment	718,576	61,454	35,000	745,030
Total accumulated depreciation	3,282,438	186,599	35,000	3,434,037
Total capital assets being depreciated, net	3,276,360	60,095	0	3,336,455
Governmental activities capital assets, net	\$ 3,398,760	60,095	0	3,458,855

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 5,004
Other		5,190
Support services:		
Operation and maintenance of plant		2,426
Transportation		48,834
Unallocated depreciation		125,145
Total governmental activities depreciation expense		\$ 186,599
Business type activities:		
Food services		\$ 2,004

(7) Long-Term Liabilities

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Capital loan notes	\$ 665,000	0	160,000	505,000	160,000
Compensated absences	39,793	40,442	39,793	40,442	40,442
Total	\$ 704,793	40,442	199,793	545,442	200,442

Capital Loan Notes Payable

The District 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
2010	4.30	% \$	160,000	22,235	182,235
2011	4.40		170,000	15,355	185,355
2012	4.50		175,000	7,875	182,875
Total			\$ 505,000	45,465	550,465

(8) 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 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$175,205, \$165,644, and \$150,264 respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits

GASB Statement No.45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 2004, will be effective for the District beginning with its year ending June 30, 2010. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The District is in the process of obtaining an actuarial opinion to be in compliance with GASB Statement No.45.

(10) Risk Management

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

(11) 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 \$157,274 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(12) Deficit Net Assets

At the year ended June 30, 2009, the Nutrition Fund had deficit unrestricted net assets of \$16,823.

(13) Categorical Funding

The District's ending balances for categorical funding by project as of June 30, 2009 are as follows:

<u>Project</u>	<u>Amount</u>
Early intervention	\$ 1,995
Professional development for model core curriculum	4,039
Market factor incentives	485
Limited English proficient	29,251
Beginning teacher mentoring and induction program	168
At-risk programs	6,818
Salary improvement program	293
Professional development	3,411
Gifted and talented program	5,681
	<hr/>
Total	\$ 52,141

REQUIRED SUPPLEMENTARY INFORMATION

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES,
 EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2009

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 2,720,027	115,988	2,836,015	2,696,432	2,696,432	139,583
Intermediate sources	0	0	0	6,000	6,000	(6,000)
State sources	2,482,847	2,733	2,485,580	2,343,952	2,343,952	141,628
Federal sources	170,870	121,612	292,482	302,000	302,000	(9,518)
Total revenues	<u>5,373,744</u>	<u>240,333</u>	<u>5,614,077</u>	<u>5,348,384</u>	<u>5,348,384</u>	<u>265,693</u>
Expenditures/Expenses:						
Instruction	3,325,262	0	3,325,262	3,575,397	3,575,397	250,135
Support services	1,285,178	0	1,285,178	1,559,000	1,559,000	273,822
Non-instructional programs	0	244,872	244,872	244,492	244,492	(380)
Other expenditures	600,062	0	600,062	760,186	760,186	160,124
Total expenditures/expenses	<u>5,210,502</u>	<u>244,872</u>	<u>5,455,374</u>	<u>6,139,075</u>	<u>6,139,075</u>	<u>683,701</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	163,242	(4,539)	158,703	(790,691)	(790,691)	949,394
Other financing sources, net	30,240	0	30,240	500	500	29,740
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	193,482	(4,539)	188,943	(790,191)	(790,191)	979,134
Balance beginning of year	783,810	1,352	785,162	791,613	791,613	(6,451)
Balance end of year	<u>\$ 977,292</u>	<u>(3,187)</u>	<u>974,105</u>	<u>1,422</u>	<u>1,422</u>	<u>972,683</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2009

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

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

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

During the year ended June 20, 2009, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue Funds					Total
	Student Activity	Manage- ment Levy	Physical		Debt Service	Other Nonmajor Governmental Funds
			Plant and Equipment Levy	Total Special Revenue		
Assets						
Cash and pooled investments	\$ 91,519	103,380	69,041	263,940	320	264,260
Receivables:						
Property tax:						
Current year delinquent	0	2,178	6,141	8,319	0	8,319
Succeeding year	0	75,000	260,257	335,257	0	335,257
Accounts	972	0	0	972	0	972
Total assets	\$ 92,491	180,558	335,439	608,488	320	608,808
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 5,675	0	0	5,675	0	5,675
Deferred revenue:						
Succeeding year property tax	0	75,000	260,257	335,257	0	335,257
Total liabilities	5,675	75,000	260,257	340,932	0	340,932
Fund balances:						
Reserved:						
Debt service	0	0	0	0	320	320
Unreserved	86,816	105,558	75,182	267,556	0	267,556
Total fund balances	86,816	105,558	75,182	267,556	320	267,876
Total liabilities and fund balances	\$ 92,491	180,558	335,439	608,488	320	608,808

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					Total
	Student Activity	Manage- ment Levy	Physical Plant and Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	\$ 0	76,520	248,248	324,768	0	324,768
Other	234,050	9,248	2,122	245,420	68	245,488
State sources	0	53	153	206	0	206
Federal sources	0	0	1,801	1,801	0	1,801
TOTAL REVENUES	234,050	85,821	252,324	572,195	68	572,263
EXPENDITURES:						
Current:						
Instruction:						
Regular	0	2,611	19,749	22,360	0	22,360
Other	222,774	0	0	222,774	0	222,774
Support services:						
Administration	0	39,015	0	39,015	0	39,015
Operation and maintenance of plant	0	20,848	0	20,848	0	20,848
Transportation	0	7,132	5,540	12,672	0	12,672
Other expenditures:						
Facilities acquisitions	0	0	72,512	72,512	0	72,512
Long-term debt:						
Principal	0	0	0	0	160,000	160,000
Interest and fiscal charges	0	0	0	0	29,355	29,355
TOTAL EXPENDITURES	222,774	69,606	97,801	390,181	189,355	579,536
Excess(deficiency) of revenues over(under) expenditures	11,276	16,215	154,523	182,014	(189,287)	(7,273)
OTHER FINANCING SOURCES(USES):						
Transfer in	0	0	0	0	189,155	189,155
Transfer out	0	0	(189,155)	(189,155)	0	(189,155)
Sale of equipment	0	0	500	500	0	500
Compensation for loss of capital assets	0	0	29,740	29,740	0	29,740
TOTAL OTHER FINANCING SOURCES(USES)	0	0	(158,915)	(158,915)	189,155	30,240
Net change in fund balances	11,276	16,215	(4,392)	23,099	(132)	22,967
FUND BALANCES BEGINNING OF YEAR	75,540	89,343	79,574	244,457	452	244,909
FUND BALANCES END OF YEAR	\$ 86,816	105,558	75,182	267,556	320	267,876

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Co-Ed athletics	\$ 454	79,004	74,636	1	4,823
Interest on investments	1,220	1,137	1,137	(1,220)	0
RIF club	2,021	1,344	629	0	2,736
Technology club	185	9	0	0	194
Elementary club	3,095	833	1,794	144	2,278
MS track	116	171	162	0	125
MS girls basketball	559	659	371	0	847
MS cheerleaders	113	5	0	0	118
MS concessions	1,819	85	25	0	1,879
MS club	557	457	807	0	207
MS student council	769	84	236	0	617
Drama and speech	1,845	810	1,236	0	1,419
Cross country	44	135	141	0	38
Boys basketball	786	4,010	3,261	0	1,535
Football	1,130	18,430	18,415	0	1,145
Baseball	322	6,547	6,926	0	(57)
Boys track	89	812	896	0	5
Boys golf	0	598	566	0	32
Wrestling club	2,685	10,237	9,620	125	3,427
Wrestling	(596)	661	65	0	0
Girls basketball	48	7,820	6,545	0	1,323
Girls volleyball	1,624	6,899	6,946	0	1,577
Softball	0	2,543	2,204	0	339
Girls golf	203	1,095	229	9	1,078
Art club	878	41	0	0	919
Pepsi products	1,947	11,745	11,698	0	1,994
High School Cheerleaders	1,713	5,837	5,425	0	2,125
Concessions	1,289	17,319	17,793	0	815
FFA	6,763	23,189	21,538	454	8,868
FCCLA	879	427	80	0	1,226
YSO	142	7	0	0	149
National honor society	0	1,484	302	0	1,182
Sign fund	(853)	3,240	3,042	157	(498)
Spanish club	13,285	619	371	0	13,533
Student council	6,174	5,132	5,369	1,634	7,571
Band trip	8,353	459	891	0	7,921
Yearbook	10,439	6,254	6,461	487	10,719
Phone card	157	0	0	(157)	0
Class of 2007	662	0	0	(662)	0
Class of 2008	972	0	0	(972)	0
Class of 2009	1,216	333	815	0	734
Class of 2010	2,146	8,513	8,879	0	1,780
Class of 2011	290	4,526	3,258	0	1,558
Class of 2012	0	540	5	0	535
Total	\$ 75,540	234,050	222,774	0	86,816

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Additions				
Cash and pooled investments	\$ 7,607	2,372	0	9,979
Deductions				
Due to other groups	\$ 7,607	2,372	0	9,979

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	Years Ended June 30					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 2,256,172	2,053,447	2,087,034	1,925,580	1,915,144	1,918,584
Tuition	75,079	52,364	52,897	12,394	20,427	18,031
Other	388,776	325,069	354,051	331,079	316,508	325,357
Intermediate sources	0	0	5,156	0	0	6,492
State sources	2,482,847	2,419,525	2,270,117	2,375,501	2,131,334	1,960,238
Federal sources	170,870	169,248	188,846	172,828	202,996	328,065
Total	<u>\$ 5,373,744</u>	<u>5,019,653</u>	<u>4,958,101</u>	<u>4,817,382</u>	<u>4,586,409</u>	<u>4,556,767</u>
Expenditures:						
Instruction:						
Regular	\$ 2,135,175	2,023,817	1,977,452	1,886,311	1,858,393	1,741,905
Special	517,807	674,584	491,232	585,131	447,281	655,031
Other	672,280	509,896	602,160	457,905	545,605	438,463
Support services:						
Student	91,272	114,789	120,087	98,707	150,235	122,554
Instructional staff	145,618	270,209	149,004	116,982	129,518	146,768
Administration	442,727	370,124	466,886	515,935	474,805	436,758
Operation and maintenance of plant	359,491	376,627	366,824	369,362	354,057	358,371
Transportation	246,070	187,081	291,658	178,054	155,619	160,239
Non-instructional programs	0	0	0	0	2,570	0
Other expenditures:						
Facilities acquisition	253,433	126,752	62,285	203,942	124,560	293,538
Long-term debt:						
Principal	160,000	145,000	140,000	135,000	130,000	125,000
Interest	29,355	35,300	40,900	45,563	51,925	56,838
AEA flowthrough	157,274	154,060	149,140	147,243	143,502	145,759
Total	<u>\$ 5,210,502</u>	<u>4,988,239</u>	<u>4,857,628</u>	<u>4,740,135</u>	<u>4,568,070</u>	<u>4,681,224</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

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

To the Board of Education of the
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 as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 24, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Coon Rapids-Bayard Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coon Rapids-Bayard Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Coon Rapids-Bayard Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Coon Rapids-Bayard Community School District's financial statements that is more than inconsequential will not be prevented or detected by Coon Rapids-Bayard Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Schedule of Findings as significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Coon Rapids-Bayard Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-09 is a material weakness.

Compliance and Other Matters

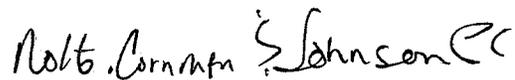
As part of obtaining reasonable assurance about whether Coon Rapids-Bayard Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters 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, 2009 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.

Coon Rapids-Bayard Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Coon Rapids-Bayard Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Coon Rapids-Bayard Community School District and other parties to whom Coon Rapids-Bayard Community School District may report, including federal awarding agencies and pass-through entities. 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.


NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2010

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipt listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

Response - Segregation of duties will be reviewed and modifications will be made if possible.

Conclusion - Response accepted.

I-B-09 Gate Admissions - The gate admissions were not reconciled to pre-numbered tickets.

Recommendation - The District should establish reconciliation procedures for gate admissions. The reconciliation should include the issuance of pre-numbered tickets and the reconciling of the admissions to the number of tickets issued.

Response - The gate admission practices will be reviewed and the administration team will determine alternative options to ensure proper procedures are used.

Conclusion - Response accepted.

I-C-09 Timely Deposits - We noted during our audit that sponsors of Student Activity fundraisers were not always turning in money collected in a timely fashion.

Recommendation - Sponsors should turn in money collected from fundraisers in a timely fashion so that those funds may be deposited and recorded. The district should review procedures to ensure that the deposits are made timely.

Response - Extracurricular Coaches and Sponsors will be educated on the correct procedures for handling student activity fundraisers to ensure deposits in a timely fashion.

Conclusion - Response accepted.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

II-A-09 Certified Budget - District expenditures for the year ended June 30, 2009, exceeded the amounts budgeted in the non-instructional programs functional area.

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

Response - The District will continually monitor the budget and take appropriate action to ensure the budget is not exceeded.

Conclusion - Response accepted.

II-B-09 Questionable Disbursements - No expenditures that do not appear to meet the guidelines for public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.

II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-09 Business Transactions - Business transactions between the District and District officials or employees are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kevin Reis, Coach Owns Reis Lawncare	Purchased services	\$8,637
Duane Esdohr, Coach Owns Tru Value	Purchased services	\$5,629
Teresa Ankenbauer, ParaEducator Co-owns Easy Street Catering	Purchased services	\$2,701
Larry Cady, Bus Driver Owns Private Shop	Rent	\$1,200

In accordance with Attorney General's Opinion dated July 2, 1990 the above transactions with District employees do not appear to represent a conflict of interest.

II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

- II-H-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-09 Certified Annual Report -The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-J-09 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- II-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	0
Statewide sales and services tax revenue			333,170
Expenditures:			
School infrastructure:			
Buildings	\$	160,121	
Equipment		93,924	254,045
		<u> </u>	<u> </u>
Ending balance		\$	<u>79,125</u>

- II-L-09 Financial Condition - At the year ended June 30, 2009, the Nutrition Fund had deficit unrestricted net assets of \$16,823.

At the year ended June 30, 2009, the Special Revenues: Student Activity Fund had two deficit accounts totaling \$555.

Recommendation - The District should monitor these accounts and investigate ways to eliminate the deficits.

Response - The Nutrition Fund will be monitored to increase revenues and decrease expenditures when possible, so a deficit is not realized at the end of the fiscal year.

Student activity accounts will be reviewed and a negative balance will not be accepted at the end of the fiscal year.

Conclusion - Response accepted.

II-M-09 Officiating Contracts - We noted during our audit that the Athletic Director was signing Activity Fund officiating contracts. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District.

Response - Action to change procedures has already been implemented.

Conclusion - Response accepted.

II-N-09 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st. The District should submit the outstanding checks to the State Treasurer as unclaimed property.

Response - The District has already taken action to remove all outstanding checks.

Conclusion - Response accepted.

II-O-09 Corrective Transfer - We noted during our audit that the District sold a bus for \$500 and recorded the revenue in the PPEL Fund which does not appear to be in compliance with Chapter 297.22 of the Code of Iowa.

Recommendation - We are requesting a corrective transfer be made from the PPEL Fund to the General Fund for \$500. The District should review Chapter 297.22 of the Code of Iowa for coding of sale of property and equipment.

Response - The District will transfer \$500 to General Fund from PPEL and follow 297.22 of the Code of Iowa.

Conclusion - Response accepted.