

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

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Coon Rapids-Bayard Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Mike Oswald	President	2011
Roger Tapps	Vice President	2011
Larry Nees	Board Member	2011
Jill Anthofer	Board Member	2011
Mike Carter	Board Member	2013
Joel Davis	Board Member	2013
Pat McAlister	Board Member	2013

School Officials

Rich Stoffers	Superintendent	2011
Gail Hopkins	District Secretary/ Treasurer	2011
Rick Engel	Attorney	2011

Coon Rapids-Bayard Community School District

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, 2011, 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, 2011, 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 February 29, 2012 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, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 40 through 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. 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 six years ended June 30, 2010 (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 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, 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.

February 29, 2012

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, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,427,011 in fiscal 2010 to \$5,014,494 in fiscal 2011, while General Fund expenditures increased from \$4,497,136 in fiscal 2010 to \$4,633,842 in fiscal 2011. This resulted in an increase in the District's General Fund balance from \$252,961 in fiscal 2010 to \$633,613 in fiscal 2011, a 150.48% increase from prior year.
- The fiscal year 2011 General Fund revenue increase was attributable to increases in all revenue sources during the year. The increase in expenditures was attributable to the increase in the instructional functional area expenditures.
- The School Nutrition fund balance increased 595.84%, or \$38,926, due to an increase in federal source revenues during the year.

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, as well as representing the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

Figure A-1
Coon Rapids-Bayard Community School District Annual Financial Report

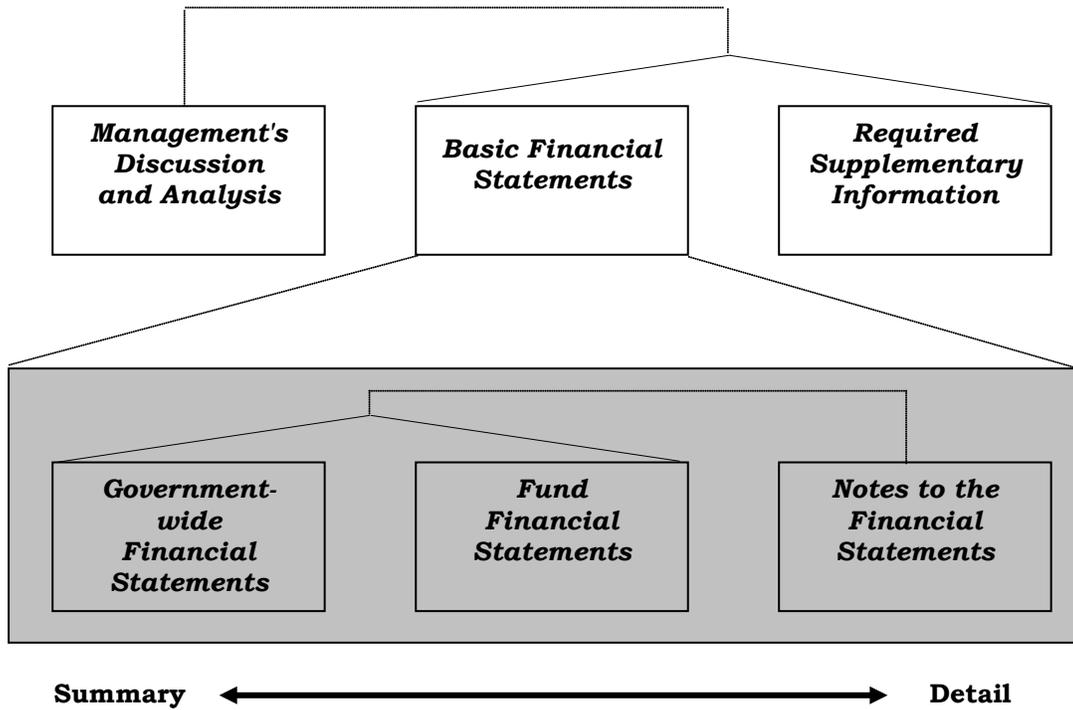


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
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: food services and adult education
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 Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
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
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
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

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2011 compared to June 30, 2010.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 4,435,695	4,066,949	27,763	7,936	4,463,458	4,074,885	9.54%
Capital assets	3,668,242	3,401,324	24,659	12,007	3,692,901	3,413,331	8.19%
Total assets	<u>8,103,937</u>	<u>7,468,273</u>	<u>52,422</u>	<u>19,943</u>	<u>8,156,359</u>	<u>7,488,216</u>	<u>8.92%</u>
Long-term obligations	277,134	440,937	263	189	277,397	441,126	-37.12%
Other liabilities	2,786,507	2,924,282	6,700	13,221	2,793,207	2,937,503	-4.91%
Total liabilities	<u>3,063,641</u>	<u>3,365,219</u>	<u>6,963</u>	<u>13,410</u>	<u>3,070,604</u>	<u>3,378,629</u>	<u>-9.12%</u>
Net assets:							
Invested in capital assets, net of related debt	3,493,242	3,056,324	24,659	12,007	3,517,901	3,068,331	14.65%
Restricted	1,060,881	916,803	-	-	1,060,881	916,803	15.72%
Unrestricted	486,173	129,927	20,800	(5,474)	506,973	124,453	307.36%
Total net assets	<u>\$ 5,040,296</u>	<u>4,103,054</u>	<u>45,459</u>	<u>6,533</u>	<u>5,085,755</u>	<u>4,109,587</u>	<u>23.75%</u>

The District's combined net assets increased by 23.75% or \$976,168 over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, intangibles, 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 15.72% or \$144,078 over the prior year. The increase in restricted net assets was primarily due to the increase in restriction of categorical funding in the General Fund and the increases in the fund balances of the Physical Plant and Equipment Levy and Management Levy.

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 307.36% or \$382,520 from the prior year. The increase in unrestricted net assets was primarily due to the increase in the fund balance of the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to June 30, 2010.

Figure A-4							
Changes of Net Assets							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 288,150	278,784	105,404	108,918	393,554	387,702	1.51%
Operating grants, contributions and restricted interest	488,885	939,941	171,886	150,659	660,771	1,090,600	-39.41%
Capital grants, contributions and restricted interest	27,250	200	-	-	27,250	200	13525.00%
General revenues:							
Property tax	2,231,676	1,976,922	-	-	2,231,676	1,976,922	12.89%
Income surtax	134,918	114,987	-	-	134,918	114,987	17.33%
Statewide sales, services and use tax	393,552	288,626	-	-	393,552	288,626	36.35%
Unrestricted state grants	2,139,219	1,590,732	-	-	2,139,219	1,590,732	34.48%
Nonspecific program federal grants	264,232	-	-	-	264,232	-	100.00%
Other	78,857	71,141	4,765	4,379	83,622	75,520	10.73%
Total revenues	6,046,739	5,261,333	282,055	263,956	6,328,794	5,525,289	14.54%
Program expenses:							
Governmental activities:							
Instructional	3,494,054	3,439,008	-	-	3,494,054	3,439,008	1.60%
Support services	1,276,526	1,303,700	-	-	1,276,526	1,303,700	-2.08%
Non-instructional programs	-	-	243,129	254,236	243,129	254,236	-4.37%
Other expenses	338,917	403,677	-	-	338,917	403,677	-16.04%
Total expenses	5,109,497	5,146,385	243,129	254,236	5,352,626	5,400,621	-0.89%
Change in net assets	937,242	114,948	38,926	9,720	976,168	124,668	683.01%
Net assets beginning of year, as restated	4,103,054	3,988,106	6,533	(3,187)	4,109,587	3,984,919	3.13%
Net assets end of year	\$ 5,040,296	4,103,054	45,459	6,533	5,085,755	4,109,587	23.75%

In fiscal 2011, local tax and unrestricted state grants account for 81.02% of the revenue from governmental activities while charges for services and operating grants, contributions and restricted interest account for 98.31% of the revenue from business type activities.

The District's total revenues were \$6,328,794 of which \$6,046,739 was for governmental activities and \$282,055 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 14.54% increase in revenues and a 0.89% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$6,046,739 and expenses were \$5,109,497.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2011 compared to the year end June 30, 2010.

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 3,494,054	3,439,008	1.60%	2,887,997	2,388,659	20.90%
Support services	1,276,526	1,303,700	-2.08%	1,262,858	1,303,700	-3.13%
Other expenses	338,917	403,677	-16.04%	154,357	235,101	-34.34%
Totals	\$ 5,109,497	5,146,385	-0.72%	4,305,212	3,927,460	9.62%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$288,150.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$516,135.
- The net cost of governmental activities was financed with \$2,231,676 in property tax, \$134,918 of income surtax, \$393,552 in statewide sales, services and use tax, \$2,139,219 in unrestricted state revenues, \$264,232 in nonspecific program federal grants, \$10,909 in interest income and \$67,948 in other general revenue.

Business type Activities

Revenues of the District's business type activities were \$282,055 and expenses were \$243,129. 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 \$1,532,457, above last year's ending fund balances of \$1,047,084. However, the primary reason for the increase is the increased fund balances of the General Fund and Capital Projects: Physical Plant and Equipment Levy.

Governmental Fund Highlights

- The District's General Fund financial position changed from \$252,961 to \$633,613. This was due to revenues exceeding expenditures during the year.

- The Capital Projects Fund balance increased from \$610,257 in fiscal 2010 to \$682,986 in fiscal 2011. The majority of the increase was due to the Physical Plant and Equipment Levy receiving more in local source revenues, while limiting expenditures during the year. The District implemented GASB Statement No. 54 which reclassified the Physical Plant and Equipment Levy Fund as a Capital Project Fund.

Proprietary Funds Highlights

The School Nutrition Fund net assets increased from a balance of \$6,533 at June 30, 2010 to \$45,459 at June 30, 2011.

BUDGETARY HIGHLIGHTS

Over the course of the year, Coon Rapids-Bayard Community School District amended its budget on time to reflect additional revenue and expenditures.

The District's revenues were \$64,075 less than budgeted revenues, a variance of 1.01%. The most significant variance resulted from the District receiving less in 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$3,692,901, 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 4 to the financial statements. Depreciation expense for the year was \$222,587.

The original cost of the District's capital assets was \$7,601,406. Governmental funds account for \$7,530,991 with the remainder of \$70,415 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 \$155,619 at June 30, 2011 compared to \$189,463 at June 30, 2010. The decrease was due primarily from depreciation taken during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 122,400	122,400	-	-	122,400	122,400	0.00%
Buildings	2,952,099	2,594,604	-	-	2,952,099	2,594,604	13.78%
Improvements other than buildings	462,783	506,864	-	-	462,783	506,864	-8.70%
Machinery and equipment	130,960	177,456	24,659	12,007	155,619	189,463	-17.86%
Total	\$ 3,668,242	3,401,324	24,659	12,007	3,692,901	3,413,331	8.19%

Long-Term Debt

At June 30, 2011, the District had \$277,397 in other long-term debt outstanding. This represents a decrease of 37.12% from last year. (See Figure A-7) More detailed information about the District’s long-term liabilities is available in Note 5 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 \$175,000.

At year-end, the District had total Compensated Absences payable from the General Fund of \$72,508.

At year-end, the District had total Early Retirement payable from the Special Revenue, Management Fund of \$13,848.

At year end, the District had a Net OPEB Liability payable of \$16,041.

Figure A-7 Outstanding Long-Term Obligations							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Capital loan notes	\$ 175,000	345,000	-	-	175,000	345,000	-49.28%
Compensated absences	72,508	72,463	-	-	72,508	72,463	0.06%
Early retirement	13,848	12,124	-	-	13,848	12,124	14.22%
Net OPEB liability	15,778	11,350	263	189	16,041	11,539	39.02%
Total	\$ 277,134	440,937	263	189	277,397	441,126	-37.12%

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.
- October 2011 certified enrollment decreased to 436.3 students from 468.1 students on the October 2010 enrollment.

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.

Coon Rapids-Bayard Community School District

BASIC FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 1,843,732	22,924	1,866,656
Receivables:			
Property tax:			
Delinquent	28,269	-	28,269
Succeeding year	2,310,644	-	2,310,644
Income surtax	117,387	-	117,387
Accounts	1,426	-	1,426
Due from other governments	134,237	-	134,237
Inventories	-	4,839	4,839
Capital assets, net of accumulated depreciation	3,668,242	24,659	3,692,901
Total assets	8,103,937	52,422	8,156,359
Liabilities			
Accounts payable	86,869	-	86,869
Salaries and benefits payable	388,338	3,198	391,536
Interest payable	656	-	656
Deferred revenue:			
Succeeding year property tax	2,310,644	-	2,310,644
Unearned revenue	-	3,502	3,502
Long-term liabilities:			
Portion due within one year:			
Capital loan notes payable	175,000	-	175,000
Early retirement payable	13,848	-	13,848
Compensated absences payable	72,508	-	72,508
Portion due after one year:			
Net OPEB liability	15,778	263	16,041
Total liabilities	3,063,641	6,963	3,070,604
Net Assets			
Invested in capital assets, net of related debt	3,493,242	24,659	3,517,901
Restricted for:			
Categorical funding	175,885	-	175,885
Management levy purposes	118,979	-	118,979
Student activities	82,943	-	82,943
Debt service	88	-	88
School infrastructure	544,038	-	544,038
Physical plant and equipment	138,948	-	138,948
Unrestricted	486,173	20,800	506,973
Total net assets	\$ 5,040,296	45,459	5,085,755

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Grants, Charges for Services		Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
		Interest	Interest				
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,082,621	75,354	65,898	-	(1,941,369)	-	(1,941,369)
Special	588,521	21,881	132,122	-	(434,518)	-	(434,518)
Other	822,912	190,915	92,637	27,250	(512,110)	-	(512,110)
	<u>3,494,054</u>	<u>288,150</u>	<u>290,657</u>	<u>27,250</u>	<u>(2,887,997)</u>	<u>-</u>	<u>(2,887,997)</u>
Support services:							
Student	35,528	-	-	-	(35,528)	-	(35,528)
Instructional staff	152,884	-	-	-	(152,884)	-	(152,884)
Administration	459,325	-	-	-	(459,325)	-	(459,325)
Operation and maintenance of plant	387,812	-	-	-	(387,812)	-	(387,812)
Transportation	240,977	-	13,668	-	(227,309)	-	(227,309)
	<u>1,276,526</u>	<u>-</u>	<u>13,668</u>	<u>-</u>	<u>(1,262,858)</u>	<u>-</u>	<u>(1,262,858)</u>
Other expenditures:							
Long-term debt interest	15,181	-	-	-	(15,181)	-	(15,181)
AEA flowthrough	184,560	-	184,560	-	-	-	-
Depreciation(unallocated)*	139,176	-	-	-	(139,176)	-	(139,176)
	<u>338,917</u>	<u>-</u>	<u>184,560</u>	<u>-</u>	<u>(154,357)</u>	<u>-</u>	<u>(154,357)</u>
Total governmental activities	5,109,497	288,150	488,885	27,250	(4,305,212)	-	(4,305,212)
Business Type activities:							
Non-instructional programs:							
Nutrition services	243,129	105,404	171,886	-	-	34,161	34,161
Total business type activities	<u>243,129</u>	<u>105,404</u>	<u>171,886</u>	<u>-</u>	<u>-</u>	<u>34,161</u>	<u>34,161</u>
Total	\$ <u>5,352,626</u>	<u>393,554</u>	<u>660,771</u>	<u>27,250</u>	<u>(4,305,212)</u>	<u>34,161</u>	<u>(4,271,051)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,948,763	-	1,948,763
Capital outlay					282,913	-	282,913
Income surtax					134,918	-	134,918
Statewide sales, services and use tax					393,552	-	393,552
Unrestricted state grants					2,139,219	-	2,139,219
Nonspecific program federal grants					264,232	-	264,232
Unrestricted investment earnings					10,909	71	10,980
Other					67,948	4,694	72,642
Total general revenues					<u>5,242,454</u>	<u>4,765</u>	<u>5,247,219</u>
Changes in net assets					937,242	38,926	976,168
Net assets beginning of year					4,103,054	6,533	4,109,587
Net assets end of year					<u>\$ 5,040,296</u>	<u>45,459</u>	<u>5,085,755</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, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments	\$ 1,030,738	595,032	217,962	1,843,732
Receivables:				
Property tax:				
Delinquent	23,886	3,157	1,226	28,269
Succeeding year	1,923,693	291,952	94,999	2,310,644
Income surtax	117,387	-	-	117,387
Accounts	1,426	-	-	1,426
Due from other governments	49,440	84,797	-	134,237
Total assets	\$ 3,146,570	974,938	314,187	4,435,695
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 83,539	-	3,330	86,869
Salaries and benefits payable	388,338	-	-	388,338
Deferred revenue:				
Succeeding year property tax	1,923,693	291,952	94,999	2,310,644
Income surtax	117,387	-	-	117,387
Total liabilities	2,512,957	291,952	98,329	2,903,238
Fund balances:				
Restricted for:				
Categorical funding	175,885	-	-	175,885
Management levy purposes	-	-	132,827	132,827
Student activities	-	-	82,943	82,943
Debt service	-	-	88	88
School infrastructure	-	544,038	-	544,038
Physical plant and equipment	-	138,948	-	138,948
Unassigned	457,728	-	-	457,728
Total fund balances	633,613	682,986	215,858	1,532,457
Total liabilities and fund balances	\$ 3,146,570	974,938	314,187	4,435,695

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, 2011

Total fund balances of governmental funds(page 20)	\$ 1,532,457
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.	3,668,242
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	117,387
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.	(656)
Long-term liabilities, including notes payable, early retirement payable, accrued compensation payable and other postemployment benefits payable, are not due and payable in the current period and, therefore are not reported in governmental funds.	<u>(277,134)</u>
Net assets of governmental activities(page 18)	<u><u>\$ 5,040,296</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, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 1,968,034	676,465	95,123	2,739,622
Tuition	96,865	-	-	96,865
Other	91,509	37,012	203,008	331,529
State sources	2,435,110	82	31	2,435,223
Federal sources	422,976	-	-	422,976
Total revenues	5,014,494	713,559	298,162	6,026,215
Expenditures:				
Current:				
Instruction:				
Regular	2,090,556	-	12,124	2,102,680
Special	587,570	-	-	587,570
Other	621,569	-	191,820	813,389
	3,299,695	-	203,944	3,503,639
Support services:				
Student	35,500	-	-	35,500
Instructional staff	152,729	-	-	152,729
Administration	419,455	-	39,401	458,856
Operation and maintenance of plant	356,159	34,128	16,200	406,487
Transportation	177,577	-	6,375	183,952
	1,141,420	34,128	61,976	1,237,524
Other expenditures:				
Facilities acquisitions	-	429,314	-	429,314
Long-term debt:				
Principal	-	-	170,000	170,000
Interest	-	-	15,805	15,805
AEA flowthrough	184,560	-	-	184,560
	184,560	429,314	185,805	799,679
Total expenditures	4,625,675	463,442	451,725	5,540,842
Excess(Deficiency) of revenues over(under) expenditures	388,819	250,117	(153,563)	485,373
Other financing sources(uses):				
Transfer in	-	8,167	185,555	193,722
Transfer out	(8,167)	(185,555)	-	(193,722)
Total other financing sources(uses)	(8,167)	(177,388)	185,555	-
Net change in fund balances	380,652	72,729	31,992	485,373
Fund balances beginning of year, as restated	252,961	610,257	183,866	1,047,084
Fund balances end of year	\$ 633,613	682,986	215,858	1,532,457

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, 2011

Net change in fund balances - total governmental funds(page 22) \$ 485,373

**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. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Capital expenditures	\$ 486,180	
Depreciation expense	(219,262)	266,918

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.		20,524
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	(1,724)	
Compensated absences	(45)	
Net OPEB liability	(4,428)	(6,197)

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.		170,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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Changes in net assets of governmental activities(page 19) \$ 937,242

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	School
	Nutrition
Assets	
Cash and pooled investments	\$ 22,924
Inventories	4,839
Capital assets, net of accumulated depreciation	24,659
Total assets	52,422
 Liabilities	
Salaries and benefits payable	3,198
Unearned revenue	3,502
OPEB liability	263
Total liabilities	6,963
 Net Assets	
Invested in capital assets	24,659
Unrestricted	20,800
Total net assets	\$ 45,459

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, 2011

	School Nutrition
Operating revenue:	
Local sources:	
Charges for service	\$ 105,404
Miscellaneous	4,694
Total operating revenue	110,098
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	82,773
Benefits	19,418
Services	450
Supplies	137,163
Depreciation	3,325
Total operating expenses	243,129
Operating loss	(133,031)
Non-operating revenues:	
State sources	2,318
Federal sources	169,568
Interest income	71
Total non-operating revenues	171,957
Changes in net assets	38,926
Net assets beginning of year	6,533
Net assets end of year	\$ 45,459

SEE NOTES TO FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 103,450
Cash received from miscellaneous operating activities	4,694
Cash payments to employees for services	(106,583)
Cash payments to suppliers for goods or services	(129,500)
Net cash used in operating activities	(127,939)
Cash flows from non-capital financing activities:	
State grants received	2,318
Federal grants received	153,646
Net cash provided by non-capital financing activities	155,964
Cash flows from capital financing activities:	
Acquisition of capital assets	(15,977)
Cash flows from investing activities:	
Interest on investment	71
Net increase in cash and cash equivalents	12,119
Cash and cash equivalents at beginning of year	10,805
Cash and cash equivalents at end of year	\$ 22,924
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (133,031)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	15,922
Depreciation	3,325
Increase in inventories	(211)
Decrease in accounts receivable	40
Decrease in accounts payable	(7,598)
Decrease in salaries and benefits payable	(4,466)
Decrease in unearned revenue	(1,994)
Increase in OPEB liability	74
Net cash used in operating activities	\$ (127,939)
Non-cash investing, capital and related financing activities:	
During the year ended June 30, 2011, the District received Federal commodities valued at \$15,922.	

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(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. Combining schedules are also included for the Capital Project Fund accounts.

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 and other capital assets.

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.

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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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 and intangibles 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	\$ -
Buildings	10,000
Land improvements	10,000
Intangibles	25,000
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
Intangibles	2 or more
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, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2011, the District had no investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk - The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) **Transfers**

The detail of transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Physical Plant and Equipment Levy	\$ 185,555
Capital Projects: Physical Plant and Equipment Levy	General	8,167
Total		<u>\$ 193,722</u>

The transfer from Capital Projects: Physical Plant and Equipment Levy fund to Debt Service Fund was needed for the payment of the Capital Loan Notes.

The transfer from General Fund to Capital Projects: Physical Plant and Equipment Levy fund was needed for prior year corrective transfer.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 122,400	-	-	122,400
Total capital assets not being depreciated	122,400	-	-	122,400
Capital assets being depreciated:				
Buildings	5,044,936	452,590	-	5,497,526
Land improvements	881,623	-	-	881,623
Machinery and equipment	995,852	33,590	-	1,029,442
Total capital assets being depreciated	6,922,411	486,180	-	7,408,591
Less accumulated depreciation for:				
Buildings	2,450,332	95,095	-	2,545,427
Land improvements	374,759	44,081	-	418,840
Machinery and equipment	818,396	80,086	-	898,482
Total accumulated depreciation	3,643,487	219,262	-	3,862,749
Total capital assets being depreciated, net	3,278,924	266,918	-	3,545,842
Governmental activities capital assets, net	\$ 3,401,324	266,918	-	3,668,242
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 54,438	15,977	-	70,415
Less accumulated depreciation	42,431	3,325	-	45,756
Business type activities capital assets, net	\$ 12,007	12,652	-	24,659

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 9,550
Other	9,141
Support services:	
Operation and maintenance of plant	4,425
Transportation	56,970
Unallocated depreciation	139,176
Total governmental activities depreciation expense	\$ 219,262
Business type activities:	
Food services	\$ 3,325

(5) Long-Term Liabilities

A summary of changes in long-term debt for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Capital loan notes	\$ 345,000	-	170,000	175,000	175,000
Compensated absences	72,463	72,508	72,463	72,508	72,508
Early retirement	12,124	13,848	12,124	13,848	13,848
Net OPEB liability	11,350	4,428	-	15,778	-
Total	<u>\$ 440,937</u>	<u>90,784</u>	<u>254,587</u>	<u>277,134</u>	<u>261,356</u>
	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ 189	74	-	263	-

Capital Loan Notes Payable

Details of District's June 30, 2011 capital loan notes are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	4.50 %	\$ 175,000	7,875	182,875

(6) 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 4.30% of their annual salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$193,256, \$177,727 and \$175,205, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits

Plan Description - The medical/prescription drug coverage is provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 30,434
Interest on net OPEB obligation	238
Adjustment to annual required contribution	(4,203)
Annual OPEB cost	<u>26,469</u>
Contributions made	<u>(21,967)</u>
Increase in net OPEB obligation	4,502
Net OPEB obligation beginning of year	11,539
Net OPEB obligation end of year	<u><u>\$ 16,041</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition date as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$21,967 to the medical and explicit plans. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 28,783	59.91%	\$ 11,539
2011	\$ 26,469	82.99%	\$ 16,041

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$358,569, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$358,569. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,754,978, and the ratio of the UAAL to covered payroll was 20.43%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0. Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are for the \$344 per month for retirees who have attained age 60. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$184,560 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(10) Categorical Funding

The District's ending balances for categorical funding by project as of June 30, 2011 are as follows:

<u>Project</u>	<u>Amount</u>
Statewide voluntary preschool	\$ 47,983
Professional development for model core curriculum	557
Limited English proficient	31,590
At-risk programs	75,475
Salary improvement program	11,979
Professional development	7,631
Early intervention	670
Total	<u>\$ 175,885</u>

(11) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 561,887	48,370
Change in fund type classifications per implementation of GASB Statement No. 54	48,370	(48,370)
Balances July 1, 2010, as restated	<u>\$ 610,257</u>	<u>0</u>

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, 2011

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,168,016	110,169	3,278,185	3,315,069	3,315,069	(36,884)
State sources	2,435,223	2,318	2,437,541	2,714,276	2,714,276	(276,735)
Federal sources	422,976	169,568	592,544	343,000	343,000	249,544
Total revenues	6,026,215	282,055	6,308,270	6,372,345	6,372,345	(64,075)
Expenditures/Expenses:						
Instruction	3,503,639	-	3,503,639	4,157,798	4,157,798	654,159
Support services	1,237,524	-	1,237,524	1,458,500	1,750,200	512,676
Non-instructional programs	-	243,129	243,129	338,963	355,000	111,871
Other expenditures	799,679	-	799,679	1,074,415	1,260,000	460,321
Total expenditures/expenses	5,540,842	243,129	5,783,971	7,029,676	7,522,998	1,739,027
Excess(Deficiency) of revenues over(under) expenditures/expenses	485,373	38,926	524,299	(657,331)	(1,150,653)	1,674,952
Other financing sources, net	-	-	-	30,000	30,000	(30,000)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	485,373	38,926	524,299	(627,331)	(1,120,653)	1,644,952
Balances beginning of year	1,047,084	6,533	1,053,617	804,128	804,128	249,489
Balances end of year	\$ 1,532,457	45,459	1,577,916	176,797	(316,525)	1,894,441

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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, the District adopted one budget amendment increasing expenditures by \$493,322.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

For Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 358,569	\$ 358,569	0.0%	\$ 1,821,016	19.69%
2011	July 1, 2009	\$ -	\$ 358,569	\$ 358,569	0.0%	\$ 1,754,978	20.43%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

OTHER SUPPLEMENTARY INFORMATION

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue Funds				Total
	Student Activity	Manage- ment Levy	Total Special Revenue	Debt Service	Other Nonmajor Governmental Funds
Assets					
Cash and pooled investments	\$ 86,273	131,601	217,874	88	217,962
Receivables:					
Property tax:					
Delinquent	-	1,226	1,226	-	1,226
Succeeding year	-	94,999	94,999	-	94,999
Total assets	\$ 86,273	227,826	314,099	88	314,187
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 3,330	-	3,330	-	3,330
Deferred revenue:					
Succeeding year property tax	-	94,999	94,999	-	94,999
Total liabilities	3,330	94,999	98,329	-	98,329
Fund balances:					
Restricted for:					
Management levy purposes	-	132,827	132,827	-	132,827
Student activities	82,943	-	82,943	-	82,943
Debt service	-	-	-	88	88
Total fund balances	82,943	132,827	215,770	88	215,858
Total liabilities and fund balances	\$ 86,273	227,826	314,099	88	314,187

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, 2011

	Special Revenue Funds				Total
	Student Activity	Manage- ment Levy	Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
Revenues:					
Local sources:					
Local tax	\$ -	95,123	95,123	-	95,123
Other	195,859	7,145	203,004	4	203,008
State sources	-	31	31	-	31
Total revenues	195,859	102,299	298,158	4	298,162
Expenditures:					
Current:					
Instruction:					
Regular	-	12,124	12,124	-	12,124
Other	191,820	-	191,820	-	191,820
Support services:					
Administration	-	39,401	39,401	-	39,401
Operation and maintenance of plant	-	16,200	16,200	-	16,200
Transportation	-	6,375	6,375	-	6,375
Other expenditures:					
Long-term debt:					
Principal	-	-	-	170,000	170,000
Interest and fiscal charges	-	-	-	15,805	15,805
Total expenditures	191,820	74,100	265,920	185,805	451,725
Excess(Deficiency) of revenues over(under) expenditures	4,039	28,199	32,238	(185,801)	(153,563)
Other financing sources:					
Transfer in	-	-	-	185,555	185,555
Net change in fund balances	4,039	28,199	32,238	(246)	31,992
Fund balances beginning of year, as restated	78,904	104,628	183,532	334	183,866
Fund balances end of year	\$ 82,943	132,827	215,770	88	215,858

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 459,241	135,791	595,032
Receivables:			
Property tax:			
Delinquent	-	3,157	3,157
Succeeding year	-	291,952	291,952
Due from other governments	84,797	-	84,797
Total assets	\$ 544,038	430,900	974,938
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	291,952	291,952
Fund balances:			
Restricted for:			
School infrastructure	544,038	-	544,038
Physical plant and equipment	-	138,948	138,948
Total fund balances	544,038	138,948	682,986
Total liabilities and fund balances	\$ 544,038	430,900	974,938

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 393,552	282,913	676,465
Other	9,631	27,381	37,012
State sources	-	82	82
Total revenues	<u>403,183</u>	<u>310,376</u>	<u>713,559</u>
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	-	34,128	34,128
Other expenditures:			
Facilities acquisitions	421,032	8,282	429,314
Total expenditures	<u>421,032</u>	<u>42,410</u>	<u>463,442</u>
Excess(Deficiency) of revenues over(under) expenditures	(17,849)	267,966	250,117
Other financing uses:			
Transfer out	-	(185,555)	(185,555)
Transfer in	-	8,167	8,167
Total financing sources(uses)	<u>-</u>	<u>(177,388)</u>	<u>(177,388)</u>
Net change in fund balances	(17,849)	90,578	72,729
Fund balances beginning of year, as restated	<u>561,887</u>	<u>48,370</u>	<u>610,257</u>
Fund balances end of year	<u>\$ 544,038</u>	<u>138,948</u>	<u>682,986</u>

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, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Co-Ed athletics	\$ 5,422	50,673	52,422	3,673
Flower club	-	3,507	3,507	-
RIF club	2,667	400	857	2,210
Elementary club	2,372	734	1,351	1,755
MS track	125	219	211	133
MS girls basketball	767	-	5	762
MS cheerleaders	118	-	-	118
MS concessions	1,342	-	763	579
Intermediate club	-	565	453	112
MS student council	828	449	430	847
Drama and speech	1,045	340	928	457
Cross country	20	389	324	85
Boys basketball	1,362	2,383	1,631	2,114
Football	976	17,062	13,517	4,521
Baseball	803	5,072	4,338	1,537
Boys track	79	849	896	32
Boys golf	32	-	-	32
Wrestling club	2,231	7,806	8,533	1,504
Girls basketball	1,330	4,482	5,592	220
Girls volleyball	1,033	3,738	4,656	115
Softball	92	675	127	640
Girls golf	821	-	63	758
Art club	919	-	919	-
Pepsi products	639	8,359	8,975	23
High School Cheerleaders	339	3,685	2,728	1,296
Concessions	596	16,553	16,651	498
FFA	6,540	35,141	31,228	10,453
FCCLA	1,135	160	244	1,051
YSO	149	-	-	149
National honor society	670	617	639	648
Sign fund	77	1,480	947	610
Spanish club	13,234	3,359	1,165	15,428
Student council	6,635	6,960	7,227	6,368
Band trip	7,328	837	796	7,369
Yearbook	7,221	7,783	3,981	11,023
Class of 2010	453	-	-	453
Class of 2011	2,324	-	1,992	332
Class of 2012	6,738	6,619	10,669	2,688
Class of 2013	442	4,828	3,055	2,215
Class of 2014	-	135	-	135
Total	\$ 78,904	195,859	191,820	82,943

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 EIGHT YEARS

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 2,739,622	2,382,926	2,256,172	2,053,447	2,087,034	1,925,580	1,915,144	1,918,584
Tuition	96,865	88,748	75,079	52,364	52,897	12,394	20,427	18,031
Other	331,529	289,785	388,776	325,069	354,051	331,079	316,508	325,357
Intermediate sources	-	-	-	-	5,156	-	-	6,492
State sources	2,435,223	2,084,471	2,482,847	2,419,525	2,270,117	2,375,501	2,131,334	1,960,238
Federal sources	422,976	410,431	170,870	169,248	188,846	172,828	202,996	328,065
Total	\$ 6,026,215	5,256,361	5,373,744	5,019,653	4,958,101	4,817,382	4,586,409	4,556,767
Expenditures:								
Instruction:								
Regular	\$ 2,102,680	2,034,452	2,135,175	2,023,817	1,977,452	1,886,311	1,858,393	1,741,905
Special	587,570	576,554	517,807	674,584	491,232	585,131	447,281	655,031
Other	813,389	796,718	672,280	509,896	602,160	457,905	545,605	438,463
Support services:								
Student	35,500	45,252	91,272	114,789	120,087	98,707	150,235	122,554
Instructional staff	152,729	129,828	145,618	270,209	149,004	116,982	129,518	146,768
Administration	458,856	472,060	442,727	370,124	466,886	515,935	474,805	436,758
Operation and maintenance of plant	406,487	382,318	359,491	376,627	366,824	369,362	354,057	358,371
Transportation	183,952	288,584	246,070	187,081	291,658	178,054	155,619	160,239
Non-instructional programs	-	-	-	-	-	-	2,570	-
Other expenditures:								
Facilities acquisition	429,314	117,155	253,433	126,752	62,285	203,942	124,560	293,538
Long-term debt:								
Principal	170,000	160,000	160,000	145,000	140,000	135,000	130,000	125,000
Interest and fiscal charges	15,805	22,635	29,355	35,300	40,900	45,563	51,925	56,838
AEA flowthrough	184,560	168,376	157,274	154,060	149,140	147,243	143,502	145,759
Total	\$ 5,540,842	5,193,932	5,210,502	4,988,239	4,857,628	4,740,135	4,568,070	4,681,224

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	35,703
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	119,288 *
			<u>154,991</u>
SCHOOL LUNCH EQUIPMENT GRANTS STABILIZATION	10.579	FY 11	<u>14,577</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 11	<u>75,058</u>
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	118,494
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 11	25,605
			<u>144,099 **</u>
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - GOVERNMENT SERVICES, RECOVERY ACT	84.397	FY 11	<u>22,839 **</u>
EDUCATION JOBS FUND	84.410	FY 11	<u>97,294</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 11	<u>20,267</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI A)	84.369	FY 11	<u>2,867</u>
RURAL EDUCATION ACHIEVEMENT PROGRAM (REAP)	84.358	FY 11	<u>30,232</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 11	<u>25,992</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 11	<u>4,328</u>
TOTAL			<u>\$ 592,544</u>

* - Includes \$15,922 in non-cash awards.

** - Total Stabilization cluster is \$166,938

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Coon Rapids-Bayard Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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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, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 29, 2012. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-11 to II-H-11 to be significant deficiencies.

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.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 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 and Questioned Costs. 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.

February 29, 2012

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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Independent Auditor's Report on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of Coon Rapids-Bayard Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. Coon Rapids-Bayard Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Coon Rapids-Bayard Community School District's management. Our responsibility is to express an opinion on Coon Rapids-Bayard Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coon Rapids-Bayard Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coon Rapids-Bayard Community School District's compliance with those requirements.

In our opinion, Coon Rapids-Bayard Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Coon Rapids-Bayard Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Coon Rapids-Bayard Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coon Rapids-Bayard Community School District's internal control over compliance.

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A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11 to be a material weakness.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed above, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

Coon Rapids-Bayard Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we 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.



NOLTE, CORNMAN & JOHNSON, P.C.

February 29, 2012

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - ARRA Cluster:
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund (SFSF) -
Education State Grants, Recovery Act
 - CFDA Number 84.397 - ARRA - State Fiscal Stabilization Fund (SFSF) -
Government Services, Recovery Act
 - Nutrition Cluster:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Coon Rapids-Bayard Community School District did not qualify as a low-risk auditee.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-11 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.

II-B-11 Commodity Pricing - We noted during our audit of the Enterprise, School Nutrition Fund that the District did not price food inventory using the correct values in the guidance provided by Department of Education.

Recommendation - The District should review procedures in place for calculation of food inventory prices. The Department of Education provides a price listing of food values to be used for year-end calculations.

Response - This was just an oversight and procedures will be put into place for correct pricing in the future.

Conclusion - Response accepted.

II-C-11 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 - The District will continue to educate staff to submit money to the office in a timely matter for the deposit to be reconciled.

Conclusion - Response accepted.

II-D-11 Concessions Inventory - We noted that the District currently maintains inventory records related to concessions, however the sales do not appear to be reconciled to the change in inventory. Better internal control can be achieved if the beginning inventory and ending inventory count is taken and the difference reconciled to actual sales.

Recommendation - The District should review its procedures and make and necessary changes to ensure that inventory counts are taken and verified to sales.

Response - The District will take these recommendations into consideration when they review their concessions policies and procedures.

Conclusion - Response accepted.

- II-E-11 Purchase Orders - We noted in the Student Activity Account invoices processed without purchase orders or purchase orders dated after the fact of the invoice. Although purchase orders are not required, the use of purchase orders enables the accounting office to more easily process payments. The invoice can be matched to the purchase order and the documentation is clearly identified as to which club should be charged and who approved the purchase. The practice of forwarding bills to sponsors for approval would not be necessary as the purchase order with the approval could be matched to the invoice. This could help in more timely payment of bills and less confusion for the sponsor. All bills should be sent directly to the business office for payment.

Recommendation - Better internal control is achieved when pre-numbered purchase orders are used and the sequence is monitored. The District should review the purchase order system in place. Purchase orders provide approval to order, therefore, pre-numbered purchase orders should be approved by the administrator before the ordering of supplies takes place.

Response - The District will continue to educate staff on the proper practice of purchasing which is to fill out a purchase order before a purchase is made with prior approval by administration.

Conclusion - Response accepted.

- II-F-11 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that the Flower Fund and the Pepsi Product Funds appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be transferred to the proper fund where these monies can be receipted and expended.

We noted during our audit that the District has a Class of 2010 account. Upon graduation, the remaining balance in old class accounts should be redistributed to other individual activity fund accounts, or used as startup funds for the next incoming class.

Response - The issues were addressed and properly accounted for. The Flower Fund was removed from the Activity Fund and the Pepsi Product Fund was moved to the School Store Fund. The Class of 2010 account balance was transferred to the Student Council account; and all transfers were approved by the Board.

Conclusion - Response accepted.

II-G-11 Infinite Campus - We noted during our audit that the District uses Infinite Campus software for the accounting of individual balances for lunch accounts. The District does not appear to reconcile the balance in the individual student accounts to the General Ledger.

Recommendation - The District should reconcile the amount in the student lunch accounts to the deferred revenue account on a monthly basis.

Response - The District is in its second year of the Infinite Meal system software and is becoming more familiar to the reports. Proper reconciliation will be done in the future.

Conclusion - Response accepted.

II-H-11 Scholarships - We noted that the District paid scholarships out of the high school student council Student Activity account. The District indicated that the money was raised for the purpose of a scholarship, however, was deposited and recorded in the Student Activity Fund.

Recommendation - The District should deposit the fundraised money into the fund where it can be legally paid. The revenue and expenditures should be recorded directly into the Trust Fund.

Response - The Activity Fund will make this change and educate the staff on the proper accounting procedures for scholarships.

Conclusion - Response accepted.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund (SFSF) -
Education State Grants, Recovery Act

CFDA Number 84.397 - ARRA - State Fiscal Stabilization Fund (SFSF) -
Government Services, Recovery Act

Federal Award Year: 2010 and 2011

U.S. Department of Education

Passed through the Iowa Department of Education

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program

Federal Award Year: 2011

U.S. Department of Agriculture

Passed through the Iowa Department of Education

III-A-11 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 - The District will continue to seek ways of segregating duties.

Conclusion - Response accepted.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - District disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.

IV-B-11 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-11 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	\$ 8,313
Jill Anthofer, Board Member Husband does some mowing	Lawncare	\$ 690
Teresa Ankenbauer, ParaEducator Co-owns Easy Street Catering	Purchased services	\$ 1,604
Larry Cady, Bus Driver Owns Private Shop	Rent	\$ 1,800

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the spouse of the board member does not appear to represent a conflict of interest.

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.

IV-E-11 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.

IV-F-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-11 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-11 Supplementary Weighting - We noted no variances in the supplementary weighting data certified to the Department of Education.

IV-I-11 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.

IV-J-11 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.

IV-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance noted with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	561,887
Revenues/transfers in:			
Sales tax revenues	\$	393,552	
Other local revenues		9,631	403,183
			<u>965,070</u>
Expenditures/transfers out:			
School infrastructure construction			<u>421,032</u>
Ending balance		\$	<u><u>544,038</u></u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.