

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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## Coon Rapids-Bayard Community School District

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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#### **Board of Education (Before September Election)**

Joel Davis	President	2013
Mike Carter	Vice President	2013
Pat McAlister	Board Member	2013
Brenda Schlatter	Board Member	2013
Jill Anthofer	Board Member	2015
Mike Oswald	Board Member	2015
Steve Dentlinger	Board Member	2015

#### **(After September Election) (After Boundary Reorganization)**

Joel Davis	President	2017
Brenda Schlatter	Vice President	2015
Pat McAlister	Board Member	2017
Jill Anthofer	Board Member	2015
Mike Oswald	Board Member	2015
Chad Leighty	Board Member	2017
Jason Rosenbeck	Board Member	2015

#### **School Officials**

Rich Stoffers	Superintendent	2014
Gail Hopkins	District Secretary/ Treasurer	2014
Ahlers & Cooney	Attorney	2014
Engel Law Firm	Attorney	2014

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:**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Coon Rapids-Bayard Community School District, Coon Rapids, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Coon Rapids-Bayard Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

**Members American Institute & Iowa Society of Certified Public Accountants**

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of Funding Progress for the Retiree Health Plan and the Schedule of Funding Progress for the Supplement Pension Plan on pages 7 through 16 and 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coon Rapids-Bayard Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2013 (none of which are presented herein) and expressed an unmodified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2005 (none of which are presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2015 on our consideration of Coon Rapids-Bayard Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 in considering Coon Rapids-Bayard Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

January 19, 2015  
Newton, Iowa

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2014 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$4,473,752 in fiscal 2013 to \$4,592,296 in fiscal 2014, while General Fund expenditures decreased from \$4,559,556 in fiscal 2013 to \$4,429,842 in fiscal 2014. The increase in general fund revenue and decrease in expenditures resulted in an increase in the District's General Fund balance from \$615,833 in fiscal 2013 to \$778,287 in fiscal 2014, a 26.38% increase from the prior 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 Position 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 and the Schedule of Funding Progress for the Supplement Pension Plan.

Supplementary Information provides detailed information about the non-major governmental funds.

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**

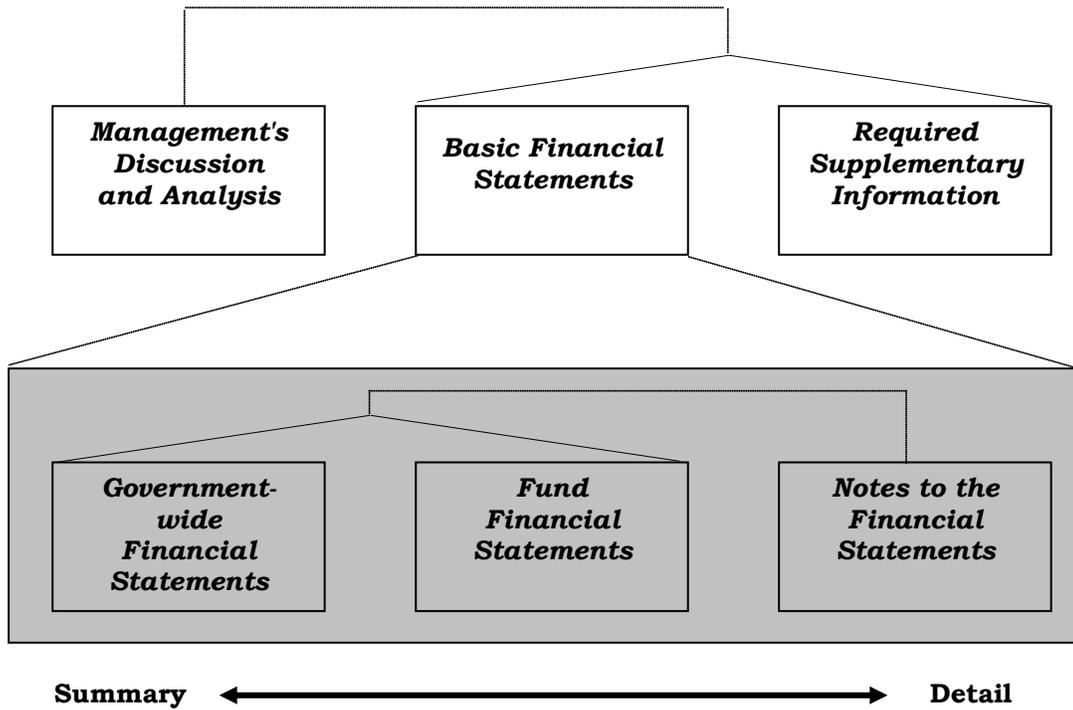


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

## **REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

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

The two government-wide financial statements report the District's net position and how it has changed. Net Position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) *Fiduciary Funds*: The District is the trustee, or fiduciary, for net position that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust - The District accounts for outside donations for FFA and student council scholarships in this fund.
- Agency Funds - These are funds through which the District administers acts as a fiscal agent for a faculty pop fund.

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2014 compared to June 30, 2013.

Figure A-3								
Condensed Statement of Net Position								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2014	2013	2014	2013	2014	2013	2013-14	
Current and other assets	\$ 5,126,362	4,962,154	35,146	25,581	5,161,508	4,987,735	3.48%	
Capital and other assets	6,308,493	6,161,786	48,360	35,966	6,356,853	6,197,752	2.57%	
Total assets	11,434,855	11,123,940	83,506	61,547	11,518,361	11,185,487	2.98%	
Long-term obligations	3,006,881	3,008,147	242	167	3,007,123	3,008,314	-0.04%	
Other liabilities	687,806	679,628	6,256	5,954	694,062	685,582	1.24%	
Total liabilities	3,694,687	3,687,775	6,498	6,121	3,701,185	3,693,896	0.20%	
Deferred inflows of resources	2,324,909	2,384,216	-	-	2,324,909	2,384,216	-2.49%	
Net position:								
Net Investment in capital assets	3,416,446	3,296,786	35,146	35,966	3,451,592	3,332,752	3.57%	
Restricted	1,264,938	1,227,844	-	-	1,264,938	1,227,844	3.02%	
Unrestricted	733,875	527,319	41,862	19,460	775,737	546,779	41.87%	
Total net position	\$ 5,415,259	5,051,949	77,008	55,426	5,492,267	5,107,375	7.54%	

The District's combined net position increased by 7.54% or \$384,892 from the prior year. The largest portion of the District's net position is 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 position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased 3.02% or \$37,094 above the prior year. The increase in restricted net position was primarily due to increases in the fund balances of the General fund.

Unrestricted net position - is the part of net position that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased 41.87% or \$228,958 from the prior year. The increase in unrestricted net position was primarily due to an increase in the total assets of the Enterprise fund.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to June 30, 2014.

Figure A-4							
Changes of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for services	367,003	329,448	115,152	106,443	482,155	435,891	10.61%
Operating grants, contributions and restricted interest	522,448	498,544	152,471	143,789	674,919	642,333	5.07%
General revenues and transfers:							
Property tax	2,400,125	2,195,785	-	-	2,400,125	2,195,785	9.31%
Income surtax	160,320	118,634	-	-	160,320	118,634	35.14%
Statewide sales, services and use tax	344,841	367,204	-	-	344,841	367,204	-6.09%
Unrestricted state grants	1,721,448	1,948,566	-	-	1,721,448	1,948,566	-11.66%
Unrestricted investment earnings	3,618	4,494	65	55	3,683	4,549	-19.04%
Other	91,041	40,030	-	-	91,041	40,030	127.43%
Transfers	(4,186)	(16,358)	4,186	16,358	-	-	0.00%
Total revenues and transfers	<u>5,606,658</u>	<u>5,486,347</u>	<u>271,874</u>	<u>266,645</u>	<u>5,878,532</u>	<u>5,752,992</u>	<u>2.18%</u>
Program expenses:							
Governmental activities:							
Instructional	3,589,264	3,405,613	-	-	3,589,264	3,405,613	5.39%
Support services	1,195,885	1,544,300	-	-	1,195,885	1,544,300	-22.56%
Non-instructional programs	434	85,217	250,292	262,833	250,726	348,050	-27.96%
Other expenses	457,765	430,837	-	-	457,765	430,837	6.25%
Total expenses	<u>5,243,348</u>	<u>5,465,967</u>	<u>250,292</u>	<u>262,833</u>	<u>5,493,640</u>	<u>5,728,800</u>	<u>-4.10%</u>
Excess(deficiency of revenues over(under)	363,310	20,380	21,582	3,812	384,892	24,192	1490.99%
Net position beginning of year	<u>5,051,949</u>	<u>5,031,569</u>	<u>55,426</u>	<u>51,614</u>	<u>5,107,375</u>	<u>5,083,183</u>	<u>0.48%</u>
Net position end of year	<u>\$ 5,415,259</u>	<u>5,051,949</u>	<u>77,008</u>	<u>55,426</u>	<u>5,492,267</u>	<u>5,107,375</u>	<u>7.54%</u>

In fiscal 2014, local tax, statewide sales, services and use tax and unrestricted state grants account for 82.52% of the revenue from governmental activities while charges for services and operating and capital grants, contributions and restricted interest account for 98.44% of the revenue from business type activities.

The District's total revenues were \$5,878,532 of which \$5,606,658 was for governmental activities and \$271,874 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.18% increase in revenues and a 4.10% decrease in expenses.

### Governmental Activities

Revenues for governmental activities were \$5,606,658 and expenses were \$5,243,348.

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, 2014 compared to the year end June 30, 2013.

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 3,589,264	3,405,613	5.39%	2,864,772	2,747,083	4.28%
Support services	1,195,885	1,544,300	-22.56%	1,195,484	1,536,650	-22.20%
Non instructional	434	85,217	-99.49%	434	85,217	-99.49%
Other expenses	457,765	430,837	6.25%	293,207	269,025	8.99%
Totals	<u>\$ 5,243,348</u>	<u>5,465,967</u>	<u>-4.07%</u>	<u>4,353,897</u>	<u>4,637,975</u>	<u>-6.13%</u>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$367,003.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$522,448.
- The net cost of governmental activities was financed with \$2,400,125 in property tax, \$160,320 of income surtax, \$344,841 in statewide sales, services and use tax, \$1,721,448 in unrestricted state revenues, \$3,618 in interest income and \$91,041 in other general revenue.

### Business type Activities

Revenues of the District's business type activities were \$271,874 and expenses were \$250,292. 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, contributed capital 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 \$1,937,635 above last year's ending fund balances of \$1,784,344. The primary reason for this increase is an increase of Capital Projects: Physical Plant and Equipment levy and the General fund balance.

### **Governmental Fund Highlights**

- The District's General Fund balance increased from \$615,833 at the end of fiscal 2013 to \$778,287 at the end of fiscal 2014. This was due to revenues exceeding the expenditures during the year.
- The Capital Projects Fund balance increased from \$724,210 in fiscal 2013 to \$740,635 in fiscal 2014. The Capital Projects: Statewide Sales, Services and Use Tax Fund balance decreased from \$673,512 at June 30, 2013 to \$465,619 at June 30, 2014. The decrease was due in part to a transfer to the Debt Service Fund to pay for revenue bond indebtedness. The Physical Plant and Equipment Levy Fund balance increased from \$50,698 at the end of fiscal 2013 to \$275,016 at the end of fiscal 2014. This increase was due in part to an increase in local source revenues and a decrease in expenditures.

### **Proprietary Funds Highlights**

The School Nutrition Fund net position increased from a balance of \$55,426 at June 30, 2013 to \$77,008 at June 30, 2014 representing an increase of 38.94%.

## **BUDGETARY HIGHLIGHTS**

The District's revenues were \$157,209 more than budgeted revenues, a variance of 2.75%. The most significant variance resulted from the District receiving more 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, 2014, the District had invested \$6,343,639, 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 \$333,565.

The original cost of the District's capital assets was \$11,087,958. Governmental funds account for \$10,993,920 with the remainder of \$94,038 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 \$376,872 at June 30, 2014 compared to \$177,793 at June 30, 2013.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 100,000	122,400	-	-	100,000	122,400	-18.30%
Buildings	5,363,203	5,339,219	-	-	5,363,203	5,339,219	0.45%
Improvements other than buildings	503,564	558,340	-	-	503,564	558,340	-9.81%
Machinery and equipment	341,726	141,827	35,146	35,966	376,872	177,793	111.97%
Total	\$ 6,308,493	6,161,786	35,146	35,966	6,343,639	6,197,752	2.35%

### Long-Term Debt

At June 30, 2014, the District had \$3,007,123 in total long-term debt outstanding. This represents a decrease of 0.04% 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 revenue bonds payable of \$2,720,000.

At year-end, the District had total Compensated Absences payable from the General Fund of \$34,647.

At year end, the District had a Net OPEB Liability payable of \$80,429. Governmental activities account for \$80,187 of the total, while business-type activities account for \$242.

At year end the District had an Apple Lease payable of \$172,047.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Revenue bonds	\$ 2,720,000	2,865,000	-	-	2,720,000	2,865,000	-5.06%
Apple Lease	172,047	-	-	-	172,047	-	100.00%
Compensated absences	34,647	48,401	-	-	34,647	48,401	-28.42%
Termination benefits	-	39,451	-	-	-	39,451	-100.00%
Net OPEB liability	80,187	55,295	242	167	80,429	55,462	45.02%
<b>Total</b>	<b>\$ 3,006,881</b>	<b>3,008,147</b>	<b>242</b>	<b>167</b>	<b>3,007,123</b>	<b>3,008,314</b>	<b>-0.04%</b>

## **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.
- In October 2014 enrollment suffered another loss of 10.6 students.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

BASIC FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 2,407,608	41,362	2,448,970
Receivables:			
Property tax:			
Delinquent	23,018	-	23,018
Succeeding year	2,324,909	-	2,324,909
Income surtax	119,015	-	119,015
Accounts	12,916	-	12,916
Due from other governments	178,057	-	178,057
Inventories	-	6,998	6,998
Net pension asset	60,839	-	60,839
Capital assets, net of accumulated depreciation	6,308,493	35,146	6,343,639
<b>Total assets</b>	<b>11,434,855</b>	<b>83,506</b>	<b>11,518,361</b>
<b>Liabilities</b>			
Accounts payable	244,573	-	244,573
Due to other governments	29,668	-	29,668
Salaries and benefits payable	409,723	3,409	413,132
Accrued Interest payable	3,842	-	3,842
Unearned revenue	-	2,847	2,847
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	145,000	-	145,000
Compensated absences payable	34,647	-	34,647
Apple Lease	84,886	-	84,886
Portion due after one year:			
Revenue bonds payable	2,575,000	-	2,575,000
Net OPEB liability	80,187	242	80,429
Apple lease	87,161	-	87,161
<b>Total liabilities</b>	<b>3,694,687</b>	<b>6,498</b>	<b>3,701,185</b>
<b>Deferred Inflows of Resources</b>			
Succeeding year property tax	2,324,909	-	2,324,909
<b>Net Position</b>			
Net investment in capital assets	3,416,446	35,146	3,451,592
Restricted for:			
Categorical funding	104,615	-	104,615
Management levy purposes	137,378	-	137,378
Student activities	56,295	-	56,295
Debt service	226,015	-	226,015
School infrastructure	465,619	-	465,619
Physical plant and equipment	275,016	-	275,016
Unrestricted	733,875	41,862	775,737
<b>Total net position</b>	<b>\$ 5,415,259</b>	<b>77,008</b>	<b>5,492,267</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 2,138,700	144,593	98,713	(1,895,394)	-	(1,895,394)
Special	561,682	27,983	18,913	(514,786)	-	(514,786)
Other	888,882	194,427	239,863	(454,592)	-	(454,592)
	<u>3,589,264</u>	<u>367,003</u>	<u>357,489</u>	<u>(2,864,772)</u>	<u>-</u>	<u>(2,864,772)</u>
Support services:						
Student	93,909	-	-	(93,909)	-	(93,909)
Instructional staff	(6,362)	-	-	6,362	-	6,362
Administration	490,694	-	-	(490,694)	-	(490,694)
Operation and maintenance of plant	386,082	-	-	(386,082)	-	(386,082)
Transportation	231,562	-	401	(231,161)	-	(231,161)
	<u>1,195,885</u>	<u>-</u>	<u>401</u>	<u>(1,195,484)</u>	<u>-</u>	<u>(1,195,484)</u>
Non-instructional programs:						
Food service operations	434	-	-	(434)	-	(434)
Long-term debt interest	86,259	-	-	(86,259)	-	(86,259)
Other expenditures:						
AEA flowthrough	164,558	-	164,558	-	-	-
Depreciation(unallocated)*	206,948	-	-	(206,948)	-	(206,948)
	<u>371,506</u>	<u>-</u>	<u>164,558</u>	<u>(206,948)</u>	<u>-</u>	<u>(206,948)</u>
Total governmental activities	<u>5,243,348</u>	<u>367,003</u>	<u>522,448</u>	<u>(4,353,897)</u>	<u>-</u>	<u>(4,353,897)</u>
Business Type activities:						
Non-instructional programs:						
Food service operations	250,292	115,152	152,471	-	17,331	17,331
Total business type activities	<u>250,292</u>	<u>115,152</u>	<u>152,471</u>	<u>-</u>	<u>17,331</u>	<u>17,331</u>
Total	<u>\$ 5,493,640</u>	<u>482,155</u>	<u>674,919</u>	<u>(4,353,897)</u>	<u>17,331</u>	<u>(4,336,566)</u>
<b>General Revenues and Transfers:</b>						
Property tax levied for:						
General purposes				\$ 1,968,521	-	1,968,521
Capital outlay				315,833	-	315,833
Management				115,771	-	115,771
Income surtax				160,320	-	160,320
Statewide sales, services and use tax				344,841	-	344,841
Unrestricted state grants				1,721,448	-	1,721,448
Unrestricted investment earnings				3,618	65	3,683
Other				91,041	-	91,041
Transfers				(4,186)	4,186	-
Total general revenues and transfers				<u>4,717,207</u>	<u>4,251</u>	<u>4,721,458</u>
Changes in net position				363,310	21,582	384,892
Net position beginning of year				5,051,949	55,426	5,107,375
Net position end of year				<u>\$ 5,415,259</u>	<u>77,008</u>	<u>5,492,267</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash and pooled investments	\$ 1,115,177	660,392	632,039	2,407,608
Receivables:				
Property tax:				
Delinquent	18,901	3,005	1,112	23,018
Succeeding year	1,885,642	324,267	115,000	2,324,909
Income surtax	119,015	-	-	119,015
Accounts	11,980	-	936	12,916
Due from other governments	91,345	86,712	-	178,057
<b>Total assets</b>	<b>\$ 3,242,060</b>	<b>1,074,376</b>	<b>749,087</b>	<b>5,065,523</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 19,742	9,457	215,374	244,573
Due to other governments	29,651	17	-	29,668
Salaries and benefits payable	409,723	-	-	409,723
<b>Total liabilities</b>	<b>459,116</b>	<b>9,474</b>	<b>215,374</b>	<b>683,964</b>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,885,642	324,267	115,000	2,324,909
Other	119,015	-	-	119,015
<b>Total deferred inflows of resources</b>	<b>2,004,657</b>	<b>324,267</b>	<b>115,000</b>	<b>2,443,924</b>
Fund balances:				
Restricted for:				
Categorical funding	104,615	-	-	104,615
Management levy purposes	-	-	137,378	137,378
Student activities	-	-	56,295	56,295
Debt service	-	-	226,015	226,015
School infrastructure	-	465,619	-	465,619
Physical plant and equipment	-	275,016	-	275,016
Unassigned	673,672	-	(975)	672,697
<b>Total fund balances</b>	<b>778,287</b>	<b>740,635</b>	<b>418,713</b>	<b>1,937,635</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,242,060</b>	<b>1,074,376</b>	<b>749,087</b>	<b>5,065,523</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2014

<b>Total fund balances of governmental funds(page 20)</b>	\$	1,937,635
 <i>Amounts reported for governmental activities in the Statement of Net Position is different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.		6,308,493
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		119,015
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.		(3,842)
Pension benefits are not yet available to finance expenditures of the current year fiscal period.		60,839
Long-term liabilities, including bonds payable, termination benefits payable, compensated absences payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in governmental funds.		<u>(3,006,881)</u>
<b>Net position of governmental activities(page 18)</b>	<b>\$</b>	<b><u><u>5,415,259</u></u></b>

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, 2014

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,123,791	315,834	115,771	2,555,396
Tuition	172,007	-	-	172,007
Other	128,627	26,956	212,323	367,906
State sources	2,003,799	344,982	52	2,348,833
Federal sources	161,653	-	-	161,653
Total revenues	4,589,877	687,772	328,146	5,605,795
Expenditures:				
Current:				
Instruction:				
Regular	1,885,923	263,628	39,451	2,189,002
Special	568,530	-	-	568,530
Other	665,376	-	216,104	881,480
	3,119,829	263,628	255,555	3,639,012
Support services:				
Student	94,174	-	-	94,174
Instructional staff	108,524	68,592	-	177,116
Administration	421,033	27,228	63,632	511,893
Operation and maintenance of plant	335,559	27,990	24,573	388,122
Transportation	186,165	81,357	8,775	276,297
	1,145,455	205,167	96,980	1,447,602
Non-instruction:				
Food service operations	-	-	434	434
Capital outlays				
	-	159,631	-	159,631
Long-term debt:				
Principal	-	-	234,497	234,497
Interest	-	-	82,417	82,417
	-	-	316,914	316,914
Other expenditures:				
AEA flowthrough	164,558	-	-	164,558
Total expenditures	4,429,842	628,426	669,883	5,728,151
Excess (Deficiency) of revenues over (under) expenditures	160,035	59,346	(341,737)	(122,356)
Other financing sources(uses):				
Transfer in	-	-	316,149	316,149
Transfer out	-	(316,149)	-	(316,149)
Sale of equipment	2,419	-	-	2,419
Sale of Land	-	11,700	-	11,700
Capital lease proceeds	-	261,528	-	261,528
Total other financing sources(uses)	2,419	(42,921)	316,149	275,647
Change in fund balances	162,454	16,425	(25,588)	153,291
Fund balances beginning of year	615,833	724,210	444,301	1,784,344
Fund balances end of year	\$ 778,287	740,635	418,713	1,937,635

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, 2014

**Net change in fund balances - total governmental funds(page 22)** \$ 153,291

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities 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	\$ 475,266	
Depreciation expense	(328,559)	146,707

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 5,049

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Issued	(261,528)	
Repaid	234,481	(27,047)

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. (3,842)

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.

Net position assets	60,839	
Early retirement	39,451	
Compensated absences	13,754	
Net OPEB liability	(24,892)	89,152

**Changes in net position of governmental activities(page 19)** \$ 363,310

SEE NOTES TO FINANCIAL STATEMENTS .

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2014

	Enterprise, School Nutrition
<b>Assets</b>	
Cash and cash equivalents	\$ 41,362
Inventories	6,998
<b>Total current assets</b>	<b>48,360</b>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	35,146
<b>Total assets</b>	<b>83,506</b>
<b>Liabilities</b>	
Salaries and benefits payable	3,409
Unearned revenue	2,847
OPEB liability	242
<b>Total liabilities</b>	<b>6,498</b>
<b>Net Position</b>	
Net investment in capital assets	35,146
Unrestricted	41,862
<b>Total net position</b>	<b>\$ 77,008</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
Operating revenue:	
Local sources:	
Charges for service	\$ 115,152
Gifts and contributions	477
Total operating revenue	115,629
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	61,765
Benefits	11,852
Services	16,787
Supplies	154,882
Depreciation	5,006
Total operating expenses	250,292
Operating loss	(134,663)
Non-operating revenues:	
State sources	2,218
Federal sources	149,776
Interest income	65
Total non-operating revenues	152,059
Changes in net position before other financing sources	17,396
Other financing sources:	
Contributed capital	4,186
Change in net position	21,582
Net position beginning of year	55,426
Net position end of year	\$ 77,008

SEE NOTES TO FINANCIAL STATEMENTS.

EXHIBIT I

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 114,875
Cash received from miscellaneous	477
Cash payments to employees for services	(72,945)
Cash payments to suppliers for goods or services	(157,440)
Net cash used in operating activities	(115,033)
Cash flows from non-capital financing activities:	
State grants received	2,218
Federal grants received	134,343
Net cash provided by non-capital financing activities	136,561
Cash flows from investing activities:	
Interest on investment	65
Net increase in cash and cash equivalents	21,593
Cash and cash equivalents at beginning of year	19,769
Cash and cash equivalents at end of year	\$ 41,362
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (134,663)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	15,433
Depreciation	5,006
Increase in inventories	(1,204)
Decrease in accounts receivable	18
Increase in salaries and benefits payable	597
Decrease in unearned revenue	(295)
Increase in other postemployment benefits	75
Net cash used in operating activities	\$ (115,033)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2014, the District received Federal commodities valued at \$15,433.

During the year ended June 30, 2014, the District received capital \$4,186 in Contributed capital from the Capital Projects: Physical plant and Equipment Levy.

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2014

	Private Purpose Trust Scholarship	Agency
<b>Assets</b>		
Cash and pooled investments	\$ 2,350	228
<b>Liabilities</b>		
Due to other groups	-	228
<b>Net position</b>		
Restricted for scholarships	\$ 2,350	-

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	<u>\$                  800</u>
Deductions:	
Non-instructional programs:	
Scholarships awarded	<u>                  2,300</u>
Change in net position	(1,500)
Net position beginning of year	<u>                  3,850</u>
Net position end of year	<u><u>\$                  2,350</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**(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 Position (previously referred to as net assets) and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

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

*Restricted net position* results when constraints placed on net position use is either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling

legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which 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 non-major 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 reports the following non-major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

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

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

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

### 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise 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 non-operating 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, Deferred Inflows of Resources 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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 Position. 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
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	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 Inflows of Resources– 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 inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflow of resources in the Statement of Net Position 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 Position 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, 2014. 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 Position.

Fund Balance – 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 the preceding classification.

Restricted Net Position – In the government-wide Statement of Net Position, net position 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, 2014 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, 2013, the District had no investments.

**(3) Transfers**

The detail of transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 316,149

The transfer from Capital Projects: Statewide Sales, Services and Use Tax fund to Debt Service fund was needed for the payment on the District's revenue bonded indebtedness and an Apple lease payment.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 122,400	-	22,400	100,000
Total capital assets not being depreciated	122,400	-	22,400	100,000
Capital assets being depreciated:				
Buildings	8,175,249	176,156	-	8,351,405
Land improvements	1,095,530	-	-	1,095,530
Machinery and equipment	1,125,475	321,510	-	1,446,985
Total capital assets being depreciated	10,396,254	497,666	-	10,893,920
Less accumulated depreciation for:				
Buildings	2,836,030	152,172	-	2,988,202
Land improvements	537,190	54,776	-	591,966
Machinery and equipment	983,648	121,611	-	1,105,259
Total accumulated depreciation	4,356,868	328,559	-	4,685,427
Total capital assets being depreciated, net	6,039,386	169,107	-	6,208,493
Governmental activities capital assets, net	\$ 6,161,786	169,107	22,400	6,308,493

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 89,852	4,186	-	94,038
Less accumulated depreciation	53,886	5,006	-	58,892
Business type activities capital assets, net	\$ 35,966	(820)	-	35,146

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Regular		\$ 12,995	
Other		13,734	
Support services:			
Instructional staff		56,192	
Operation and maintenance of plant		2,000	
Transportation		36,690	
		<u>121,611</u>	
Unallocated depreciation		<u>206,948</u>	
Total governmental activities depreciation expense		<u>\$ 328,559</u>	
Business type activities:			
Food service operations		<u>\$ 5,006</u>	

**(5) Long-Term Liabilities**

A summary of changes in long-term debt for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 2,865,000	-	145,000	2,720,000	145,000
Apple Lease	-	261,544	89,497	172,047	84,886
Compensated absences	48,401	-	13,754	34,647	34,647
Termination benefits	39,451	-	39,451	-	-
Net OPEB liability	55,295	24,892	-	80,187	-
Total	\$ 3,008,147	286,436	287,702	3,006,881	264,533
Business type activities:					
Net OPEB liability	\$ 167	75	-	242	-

Revenue Bonds

Details of District’s June 30, 2013 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond of Issues Nov 8, 2011				
	Interest Rates		Principal	Interest	Total
2015	2.00	% \$	145,000	78,018	223,018
2016	2.00		150,000	75,118	225,118
2017	2.00		150,000	72,118	222,118
2018	2.25		155,000	69,118	224,118
2019	2.40		160,000	65,630	225,630
2020-2024	2.40-2.80		850,000	266,000	1,116,000
2025-2029	3.00-3.60		985,000	131,685	1,116,685
2030	3.75-4.00		125,000	2,500	127,500
			<u>\$ 2,720,000</u>	<u>760,187</u>	<u>3,480,187</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,105,000 of bonds issued in November 2011. The bonds were issued for the purpose of financing a portion of the costs of an addition to the elementary school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not general obligation bonds of the District. However, the debt is subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require nearly 61% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$3,480,187. For the current year, \$225,918 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$344,841.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds included the following provisions:

- a) \$225,918 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserves account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Computer Lease Payable

Details of the Districts' June 30, 2014 Computer Lease indebtedness are as follows:

Year Ending June 30,	Apple Lease			
	Interest Rates	Principal	Interest	Total
2015	2.68%	\$ 84,886	4,611	89,497
2016	2.68%	87,161	2,336	89,497
		<u>\$ 172,047</u>	<u>6,947</u>	<u>178,994</u>

Termination Benefits

The District determines to offer termination benefits on an as needed basis. The purpose of this plan is to provide the District's employees with options and opportunities for early retirement from their employment with the District. The requirements for termination benefits are: 1) they have completed 20 years of credited service, at least 10 years which have been full time contracted service with the District, 2) they will attain the age of at least 55 on or before August 1st of the year they retire 3) the termination benefit application has to be submitted by a date determined by the Board. During the year ended June 30, 2014, the District paid termination benefits of \$39,451.

**(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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$233,362, \$227,981, and \$221,819, respectively, equal to the required contributions for each year.

**(7) Other Postemployment Benefits**

Plan Description – The District operates a single-employer health benefit plan which provides medical benefits for employees and retirees and their spouses. There are 45 active and 6 retired member in the plan. Retired participants must be age 55 or older at retirement.

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, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 39,940
Interest on net OPEB obligation	1,387
Adjustment to annual required contribution	(5,944)
Annual OPEB cost	<u>35,383</u>
Contributions made	<u>(10,416)</u>
Increase in net OPEB obligation	24,967
Net OPEB obligation beginning of year	55,462
Net OPEB obligation end of year	<u><u>\$ 80,429</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, 2014.

For the year ended June 30, 2014, the District contributed \$10,416 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, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 29,254	53.79%	\$ 29,560
2013	\$ 43,611	40.61%	\$ 55,462
2014	\$ 35,383	29.44%	\$ 80,429

**Funded Status and Funding Progress** - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$214,134 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$214,134. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,869,220, and the ratio of the UAAL to covered payroll was 11.46%. As of June 30, 2014, 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, 2012 actuarial valuation date, the Entry Age Actuarial Cost Method was used. The actuarial assumptions include 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 94 Group Annuity Mortality Table, applied on a gender-specific basis. The aging curve used is based on a 2006 Society of Actuaries study.

Projected monthly claim costs of the medical plan are \$546 for single and \$1,630 for family coverage on the 500 plan; and \$500 for single and \$1,465 for family coverage on the 750 plan. Projected monthly claims costs of the HSA medical plan are \$437 for single and \$1,305

**(8) Supplemental Pension Plan**

*Plan Description* - The District Offers a supplemental pension (early retirement incentive) for all full-time employees who attain age 55, have completed ten years of service to the District, submit an application to the Superintendent receives Board approval and retire by June 30 of the same year.

There are 47 active members in the plan as of June 30, 2013. The pension is defined as 1.25% of year retiree's annual contract for every year the retiree worked for the District.

*Funding Policy* – Payments under the plan are made on a pay-as –you-go basis. There are not invested plan assets for payment of future benefits. The districts makes the contribution from the Management Levy Fund for members that are over age 55 and the General Fund members that are under age 55.

*Annual Pension Cost and Net Pension Obligation* – The District's annual pension cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 50. The ARC represent a level of funding which, if pain on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not exceed 30 years.

The following table shows that components of the District's annual pension cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net pension obligation:

Annual required contribution	\$ 19,407
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual net pension obligation cost	<u>19,407</u>
Contributions made	<u>(80,246)</u>
increase in net pension obligation	(60,839)
Net pension obligation beginning of year	-
Net pension obligation end of year	<u><u>\$ (60,839)</u></u>

For calculation of the net position obligation, the actuary has set the transition day as July 1, 2012. The end of year net pension obligation was calculated by the actuary as the cumulative difference between that actuarially determined funding requirements and the actual contribution for the year ended June 30, 2014.

For the Year ended June 30, 2014, the District contributed \$80,246 to the pension plan. The District's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation as of June 30, 2014 are summarized as follows:

Year Ended June 30,	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2013	\$ 19,407	413.49%	\$ (60,839)

*Funded Status and Funding Progress*- As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$155,307. The covered payroll (annual payroll of active employees covered by the plan) was \$1.869 million and the ratio of the UAAL to the covered payroll was 8.31%. As of June 30, 2014, there were no trust fund assets.

*Actuarial Methods and Assumptions* – Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of the occurrence of events far into the future. Examples include assumption about future employment, mortality and employee retirement age. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectation and new estimate are made about the future. The Schedule of Funding Progress for the Supplemental Pension Plan, 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 the plan assets is increasing or decreasing over time relation to the actuarial accrued liabilities for benefits.

Projects 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 that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost methods as a percent of pay was used. The actuarial assumptions include 2.50% discount rate based on the District's funding policy. The salary increase rate was assumed to be 3% per year. The actuarial assumptions used for mortality rates, employee termination by age and group, employee retirement by age and group and other are similar to or identical to the GASB Statement No. 45 assumptions used to determine that net OPEB obligation. The remaining amortization period at June 30, 2014 is 30 years.

**(9) 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.

**(10) 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 \$164,558 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

**(11) Categorical Funding**

The District's ending restricted balances for categorical funding as of June 30, 2014 are comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Four-Year Old Preschool State Aid	\$ 55,478
Successful Progression for Early Readers	14,866
Teacher salary supplement	12,487
Iowa early intervention block grant	4,571
Professional development for model core curriculum	4,449
Professional Development	6,157
Teachr Learship Grants	6,462
Gifted and Talented	145
Total	<u>\$ 104,615</u>

**(12) Prospective Accounting Change**

The Governmental Accounting standards Board has issued Statement No.68, Accounting and Financial reporting for Pensions-an Amendment of GASB No.27. This statement will be implemented for the Fiscal year ending June 30, 2015. The revised requirements established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

**(13) Deficit Fund Balance**

During the Year ended June 30, 2014 we noted one student activity fund account with a \$975 negative fund balance.

**Coon Rapids-Bayard Community School District**

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, 2014

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 3,095,309	115,694	3,211,003	3,388,118	3,388,118	(177,115)
State sources	2,348,833	2,218	2,351,051	1,998,156	1,998,156	352,895
Federal sources	161,653	149,776	311,429	330,000	330,000	(18,571)
Total revenues	<u>5,605,795</u>	<u>287,688</u>	<u>5,873,483</u>	<u>5,716,274</u>	<u>5,716,274</u>	<u>157,209</u>
Expenditures/Expenses:						
Instruction	3,639,012	-	3,639,012	3,700,000	3,700,000	60,988
Support services	1,447,602	-	1,447,602	1,720,000	1,720,000	272,398
Non-instructional programs	434	250,292	250,726	319,158	319,158	68,432
Other expenditures	641,103	-	641,103	1,169,986	1,169,986	528,883
Total expenditures/expenses	<u>5,728,151</u>	<u>250,292</u>	<u>5,978,443</u>	<u>6,909,144</u>	<u>6,909,144</u>	<u>930,701</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(122,356)	17,396	(104,960)	(1,192,870)	(1,192,870)	1,087,910
Other financing sources, net	<u>275,647</u>	<u>4,186</u>	<u>279,833</u>	<u>2,000</u>	<u>2,000</u>	<u>277,833</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	153,291	21,582	174,873	(1,190,870)	(1,190,870)	1,365,743
Balances beginning of year	<u>1,784,344</u>	<u>55,426</u>	<u>1,839,770</u>	<u>1,508,736</u>	<u>1,508,736</u>	<u>331,034</u>
Balances end of year	<u>\$ 1,937,635</u>	<u>77,008</u>	<u>2,014,643</u>	<u>317,866</u>	<u>317,866</u>	<u>1,696,777</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2014

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.

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)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 369,937	\$ 369,937	0.0%	\$ 1,821,016	20.31%
2011	July 1, 2009	\$ -	\$ 358,569	\$ 358,569	0.0%	\$ 1,754,978	20.43%
2012	July 1, 2009	\$ -	\$ 324,654	\$ 324,654	0.0%	\$ 1,980,662	16.39%
2013	July 1, 2012	\$ -	\$ 248,282	\$ 248,282	0.0%	\$ 1,832,477	13.55%
2014	July 1, 2012	\$ -	\$ 214,134	\$ 214,134	0.0%	\$ 1,869,220	11.46%

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.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FUNDING PROGRESS FOR THE SUPPLEMENTAL PENSION 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)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2014	July 1, 2013	\$ -	\$ 155,307	\$ 155,307	0.0%	\$ 1,869,220	8.31%

See Note 8 on the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	Special Revenue Funds				
	Student Activity	Manage- ment Levy	Total Special Revenue	Debt Service	Total
<b>Assets</b>					
Cash and pooled investments	\$ 58,957	161,608	220,565	411,474	632,039
Receivables:					
Property tax:					
Delinquent	-	1,112	1,112	-	1,112
Succeeding year	-	115,000	115,000	-	115,000
Accounts	936	-	936	-	936
<b>Total assets</b>	<b>\$ 59,893</b>	<b>277,720</b>	<b>337,613</b>	<b>411,474</b>	<b>749,087</b>
<b>Liabilities, Deferred inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 4,573	25,342	29,915	185,459	215,374
Total Liabilities	4,573	25,342	29,915	185,459	215,374
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	115,000	115,000	-	115,000
Total deferred inflows of resources	4,573	140,342	144,915	185,459	330,374
Fund balances:					
Restricted for:					
Management levy purposes	-	137,378	137,378	-	137,378
Student activities	56,295	-	56,295	-	56,295
Debt service	-	-	-	226,015	226,015
Unassigned	(975)	-	(975)	-	(975)
Total fund balances	55,320	137,378	192,698	226,015	418,713
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 59,893</b>	<b>277,720</b>	<b>337,613</b>	<b>411,474</b>	<b>749,087</b>

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, 2014

	Special Revenue Funds				
	Student Activity	Manage- ment Levy	Total Special Revenue Funds	Debt Service	Total
Revenues:					
Local sources:					
Local tax	\$ -	115,771	115,771	-	115,771
Other	208,478	3,079	211,557	766	212,323
State sources	-	52	52	-	52
Total revenues	208,478	118,902	327,380	766	328,146
Expenditures:					
Current:					
Instruction:					
Regular	-	39,451	39,451	-	39,451
Other	216,104	-	216,104	-	216,104
Support services:					
Administration	-	63,632	63,632	-	63,632
Operation and maintenance of plant	-	24,573	24,573	-	24,573
Transportation	-	8,775	8,775	-	8,775
Food service	-	434	434	-	434
Long-term debt:					
Principal	-	-	-	234,497	234,497
Interest and fiscal charges	-	-	-	82,417	82,417
Total expenditures	216,104	136,865	352,969	316,914	669,883
Deficiency of revenues under expenditures	(7,626)	(17,963)	(25,589)	(316,148)	(341,737)
Other financing sources:					
Transfer in	-	-	-	316,149	316,149
Change in fund balances	(7,626)	(17,963)	(25,589)	1	(25,588)
Fund balances beginning of year	62,946	155,341	218,287	226,014	444,301
Fund balances end of year	\$ 55,320	137,378	192,698	226,015	418,713

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT ACCOUNTS  
 JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 384,369	276,023	660,392
Receivables:			
Property tax:			
Delinquent	-	3,005	3,005
Succeeding year	-	324,267	324,267
Due from other governments	86,712	-	86,712
<b>Total assets</b>	<b>\$ 471,081</b>	<b>603,295</b>	<b>1,074,376</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 5,462	3,995	9,457
Due to other governments	-	17	17
Total Liabilities	5,462	4,012	9,474
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	324,267	324,267
Total deferred inflows of resources	-	324,267	324,267
Fund balances:			
Restricted for:			
School infrastructure	465,619	-	465,619
Physical plant and equipment	-	275,016	275,016
Total fund balances	465,619	275,016	740,635
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 471,081</b>	<b>603,295</b>	<b>1,074,376</b>

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, 2014

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local sources:			
Local tax	\$ -	315,834	315,834
Other	2,348	24,608	26,956
State sources	344,841	141	344,982
Total revenues	<u>347,189</u>	<u>340,583</u>	<u>687,772</u>
Expenditures:			
Current:			
Instruction:			
Regular	261,528	2,100	263,628
Support services:			
Instructional staff	-	68,592	68,592
Administration	-	27,228	27,228
Operation and maintenance of plant	-	27,990	27,990
Transportation	81,357	-	81,357
Capital outlays	157,576	2,055	159,631
Total expenditures	<u>500,461</u>	<u>127,965</u>	<u>628,426</u>
Excess (Deficiency) of revenues over (under) expenditures	(153,272)	212,618	59,346
Other financing sources (uses):			
Transfer out	(316,149)	-	(316,149)
Sale of land	-	11,700	11,700
Lease proceeds	261,528	-	261,528
Total other financing sources(uses)	<u>(54,621)</u>	<u>11,700</u>	<u>(42,921)</u>
Net change in fund balances	(207,893)	224,318	16,425
Fund balances beginning of year	<u>673,512</u>	<u>50,698</u>	<u>724,210</u>
Fund balances end of year	<u>\$ 465,619</u>	<u>275,016</u>	<u>740,635</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT .

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST  
 JUNE 30, 2014

	Private Purpose Trust - Scholarship Fund		
	FFA Scholarship	Student Council Scholarship	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,550	800	2,350
<b>Liabilities</b>	-	-	-
<b>Net position</b>			
Restricted for scholarships	\$ 1,550	800	2,350

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST  
 YEAR ENDED JUNE 30, 2014

	Private Purpose Trust - Scholarship Fund		
	FFA Scholarship	Student Council Scholarship	Total
Additions:			
Local sources:			
Gifts and contributions	\$ -	800	800
Deductions:			
Instruction:			
Regular:			
Scholarships awarded	1,500	800	2,300
Changes in net position	(1,500)	-	(1,500)
Net position beginning of year	3,050	800	3,850
Net position end of year	\$ 1,550	800	2,350

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, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Co-Ed Athletics	\$ 736	51,907	50,113	2,530
Weight Room	830	2,433	2,331	932
RIF Club	1,279	450	624	1,105
Elementary Club	1,455	-	30	1,425
Track	305	510	314	501
Girls Basketball	2,907	4,146	4,922	2,131
Fb/Bb Cheerleaders	704	6,130	7,809	(975)
Concessions	325	22,143	22,287	181
Intermediate Club	24	-	-	24
Student Council	2,553	5,341	4,507	3,387
Drama and Speech	732	2,038	1,560	1,210
Cross Country	115	-	-	115
Boys Basketball	2,721	2,624	2,531	2,814
Football	871	12,212	11,193	1,890
Baseball	2,813	10,226	10,957	2,082
Boys Golf	121	566	-	687
Wrestling Club	9,427	6,545	14,694	1,278
Girls Volleyball	3,322	4,927	6,658	1,591
Softball	1,187	4,005	4,367	825
Girls Golf	710	-	50	660
Art Club	85	317	263	139
FFA	4,818	42,625	44,163	3,280
FCCLA	890	168	181	877
YSO	149	-	-	149
National Honor Society	851	1,683	1,411	1,123
Sign/School Store	1,186	7,039	6,950	1,275
Spanish Club	688	-	211	477
Band Trip	5,422	489	513	5,398
Yearbook	10,108	6,599	5,791	10,916
Colorguard	44	-	-	44
Class of 2013	907	-	856	51
Class of 2014	1,195	197	1,380	12
Class of 2015	3,372	7,228	6,625	3,975
Class of 2016	-	5,910	2,780	3,130
Class of 2017	47	10	33	24
Class of 2018	47	10	-	57
Total	\$ 62,946	208,478	216,104	55,320

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 TEN YEARS**

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 2,555,396	2,682,023	2,722,950	2,739,622	2,382,926	2,256,172	2,053,447	2,087,034	1,925,580	1,915,144
Tuition	172,007	126,031	133,450	96,865	88,748	75,079	52,364	52,897	12,394	20,427
Other	367,906	310,333	378,053	331,529	289,785	388,776	325,069	354,051	331,079	316,508
Intermediate sources	-	-	-	-	-	-	-	5,156	-	-
State sources	2,348,833	2,213,325	2,305,723	2,435,223	2,084,471	2,482,847	2,419,525	2,270,117	2,375,501	2,131,334
Federal sources	161,653	171,393	175,985	422,976	410,431	170,870	169,248	188,846	172,828	202,996
Total	\$ 5,605,795	5,503,105	5,716,161	6,026,215	5,256,361	5,373,744	5,019,653	4,958,101	4,817,382	4,586,409
Expenditures:										
Current:										
Instruction:										
Regular	\$ 2,189,002	2,000,556	1,978,521	2,102,680	2,034,452	2,135,175	2,023,817	1,977,452	1,886,311	1,858,393
Special	568,530	569,484	672,555	587,570	576,554	517,807	674,584	491,232	585,131	447,281
Other	881,480	863,519	927,825	813,389	796,718	672,280	509,896	602,160	457,905	545,605
Support services:										
Student	94,174	86,897	44,917	35,500	45,252	91,272	114,789	120,087	98,707	150,235
Instructional staff	177,116	297,446	164,420	152,729	129,828	145,618	270,209	149,004	116,982	129,518
Administration	511,893	533,552	505,600	458,856	472,060	442,727	370,124	466,886	515,935	474,805
Operation and maintenance of plant	388,122	400,439	430,221	406,487	382,318	359,491	376,627	366,824	369,362	354,057
Transportation	276,297	251,243	249,936	183,952	288,584	246,070	187,081	291,658	178,054	155,619
Non-instructional programs	434	-	-	-	-	-	-	-	-	2,570
Capital outlays	159,631	1,079,153	2,088,807	429,314	117,155	253,433	126,752	62,285	203,942	124,560
Long-term debt:										
Principal	234,497	140,000	275,000	170,000	160,000	160,000	145,000	140,000	135,000	130,000
Interest and fiscal charges	82,417	85,217	65,520	15,805	22,635	29,355	35,300	40,900	45,563	51,925
Other expenditures:										
AEA flowthrough	164,558	161,812	162,852	184,560	168,376	157,274	154,060	149,140	147,243	143,502
Total	\$ 5,728,151	6,469,318	7,566,174	5,540,842	5,193,932	5,210,502	4,988,239	4,857,628	4,740,135	4,568,070

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
**(a professional corporation)**  
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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 in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the 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, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Coon Rapids-Bayard Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coon Rapids-Bayard Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Coon Rapids-Bayard Community School District's internal control.

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, we identified a certain deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal controls described in Part I of the accompanying Schedule of Findings as item I-A-14 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 I of the accompanying Schedule of Findings as items I-B-14 and I-C-14 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. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 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**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.

January 19, 2015  
Newton, Iowa

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-14 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. One individual has control over each of the following areas for the District:

- a) Cash - initiating cash receipt and disbursement transactions and handling and recording cash
- b) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- c) Receipts - collecting, recording, depositing, journalizing, posting, and reconciling.
- d) Disbursements - purchase order processing, check preparation, mailing and recording.
- e) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting, and distribution.

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 review segregation of duties and make modification where possible.

Conclusion – Response accepted

I-B-14 Gate Admissions - It was noted that the District does utilize pre-numbered tickets for Indoor events that requires an admission. However, we noted that the District does not use pre-numbered tickets for outdoor events.

Recommendation -The District should have internal control procedures established for handling cash for all activity events, including athletic events and communicate the policies and procedures to the individuals involved. The Board would of course, approve any policies that the District’s business office should be involved in developing the detailed procedures. At a minimum the procedures should be:

- a. Cash or change boxes should be established with a specified amount.
- b. The District should use pre-numbered tickets.

- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.
- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.
- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.
- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the “accounting” function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District’s vault or other secure location at the District’s office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.
- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response – The District will take the recommendation into consideration and make necessary changes where possible.

Conclusion - Response accepted

I-C-14 Purchase Orders - We noted in the Student Activity Account invoices processed without purchase orders or purchase orders dated after the date 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, and staff should be instructed accordingly.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2014

Response – The District implemented an electronic Purchase Order System on 7/1/2014. The District will continue to educate staff on the proper use of the purchase order system and ensure purchase orders are being properly approved.

Conclusion – Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - District disbursements for the year ended June 30, 2014 did not exceed the amount budgeted.

II-B-14 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.

II-C-14 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-14 Business Transactions - Business transactions between the District and District officials or employees are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rich Baker, Coach Owns Advanced Laser Technologies	Office supplies	\$ 3,954
Larry Cady, Bus Driver Owns Private Shop	Rent	\$ 2,400

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

II-E-14 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-14 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-14 Supplementary Weighting - We noted no variances in the supplementary weighting data certified to the Department of Education.

II-I-14 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

- II-J-14 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-14 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, 2014, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2014 audit:

Beginning balance		\$	673,512
Revenues/transfers in:			
Sales tax revenues	\$	344,841	
Other local revenues		2,348	
Lease proceeds		261,528	608,717
			<hr/>
			1,282,229
Expenditures/transfers out:			
School infrastructure construction		157,576	
Other		342,885	
Transfer to other funds:			
Debt Service Fund		316,149	816,610
			<hr/>
Ending balance		\$	<u>465,619</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- II-M-14 Officiating Contracts- We noted during our audit that the Board President was not Signing athletic officiating contracts for the District. According to Chapter 291.1 of the Code of Iowa, The Board President shall sign all contracts entered into by the District.

Recommendation – The District should have the Board President sign all contracts the District enters into, to comply with Chapter 291.1 of the Code of Iowa.

Response – The District had a change in Athletic Directors for FY14. With the change in staff, the District will continue to educate as needed the ensure proper procedures are in place to follow the Code of Iowa

Conclusion – Response accepted

- II-N-14 Deficit fund Balance - We noted the Football and Basketball Cheerleaders account in the Student Activity Fund had a deficit balance of \$975.

Recommendation – The District should investigate alternatives to eliminate the deficit.

Response – The District was aware of the Football and Basketball Cheerleaders deficit balance due to concessions inventory on hand. The Football and Basketball Cheerleaders were in the middle of a concessions fundraiser for softball and they had purchased inventory for the fundraiser. The deficit was cleared at the end of the softball season, approximately July 31, 2014

Conclusion – Response accepted