

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT
BONDURANT, IOWA

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

JUNE 30, 2015

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BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Christopher P. Freese	President	2015
Tom Looft	Vice President	2015
Susan Ugulini	Board Member	2015
Steve Davis	Board Member	2017
Kristin Swift	Board Member	2017
<u>School Officials</u>		
Rich Powers	Superintendent	2015
Jared Abel	Business Director/Board Secretary/ Treasurer	2015
Ahlers & Cooney P.C.	Attorney	Indefinite

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
DEE A.A. HOKE, CPA

HUNT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Bondurant-Farrar 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 Bondurant-Farrar Community School District, Bondurant Iowa, as of and for the year ended June 30, 2015 and the related notes to financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bondurant-Farrar Community School District as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, Bondurant-Farrar Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 6 through 15 and 58 through 66 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 Bondurant-Farrar 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 five years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the four years ended June 30, 2009 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 7, 2016 on our consideration of Bondurant-Farrar Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is 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 Bondurant-Farrar Community School District's internal control over financial reporting and compliance.

Hunt & Associates, P.C.

Oskaloosa, Iowa
January 7, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bondurant-Farrar 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, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$14,064,908 in fiscal 2014 to \$15,416,973 in fiscal 2015. General Fund expenditures increased from \$15,360,570 in fiscal 2014 to \$16,038,996 in fiscal 2015. This resulted in a decrease in the District's fund balance from \$1,883,629 in fiscal 2014 to \$1,266,523 in fiscal 2015. The District's solvency ratio decreased from 11.62% in fiscal 2014 to 6.21% in 2015.
- The increase in General Fund revenues was attributable in part to increases in supplemental state aid as well as the district's student enrollment. The increase in expenditures was due to the increase in negotiated salaries and benefits, the increase in number of students served, and the addition of new certified and classified staff. One time expenditures were also made in order to decrease the district's unspent balance and solvency ratio to a fiscally responsible amount.

Overview of the Financial Statements

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 Bondurant-Farrar 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 Bondurant-Farrar 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 Bondurant-Farrar Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to 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.

Supplementary Information provides detailed information about the non-major Special Revenue Funds.

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

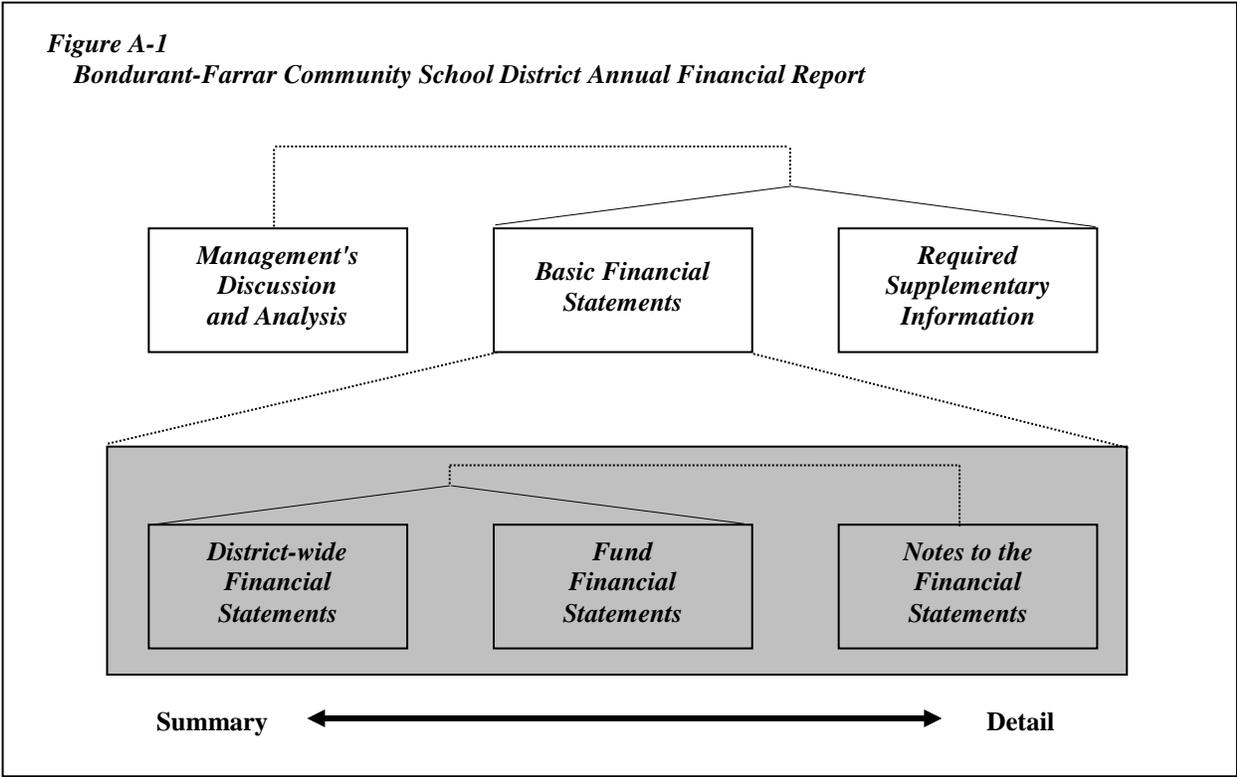


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	District 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 such as food services and student construction programs	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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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, 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 deferred outflow/inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
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

District-wide Statements

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

The two District-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-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 two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental 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. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Construction Class Fund, and one Internal Service Fund, the Flex Spending Fund.

Financial Analysis of the District as a Whole

Net Position - Figure A-3 below provides a summary of the district's net position for the year ended June 30, 2015 compared to fiscal year 2014.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business-Type Activities		Total District		Total Change
	2014		2014		2014		
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
Current and Other Assets	15,948,200	15,700,463	324,167	435,495	16,272,367	16,135,958	0.85%
Capital Assets	37,981,716	37,402,974	266,819	295,321	38,248,535	37,698,295	1.46%
TOTAL ASSETS	53,929,916	53,103,437	590,986	730,816	54,520,902	53,834,253	1.28%
Deferred Outflows of Resources	1,694,249		50,607		1,744,856	0	
Long-Term Liabilities	24,349,517	19,856,529	155,578	0	24,505,095	19,856,529	23.41%
Other Liabilities	2,226,829	2,654,526	18,038	43,008	2,244,867	2,697,534	-16.78%
TOTAL LIABILITIES	26,576,346	22,511,055	173,616	43,008	26,749,962	22,554,063	18.60%
Deferred Inflows of Resources	7,566,226	5,072,366	59,333	0	7,625,559	5,072,366	50.34%
Net Position:							
Net Investment in Capital Assets	19,406,716	18,142,974	266,819	295,321	19,673,535	18,438,295	6.70%
Restricted	6,886,850	6,060,470	0	392,487	6,886,850	6,452,957	6.72%
Unrestricted	(4,811,973)	1,316,572	141,825	0	(4,670,148)	1,316,572	-454.72%
TOTAL NET POSITION	21,481,593	25,520,016	408,644	687,808	21,890,237	26,207,824	-16.47%

The District's combined net position at June 30, 2015 compared to fiscal year 2014 is listed in Figure A-3. The District's combined net position decreased 16.47% to \$21,890,237. The largest portion of the District's net position is its net investment in capital assets. 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 restriction, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The 454.72% reduction in unrestricted net position was primarily a result of the District's net pension liability record in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2015 for governmental activities and business type activities were restated by \$5,866,692 and \$175,238, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the change in net position for the year ended June 30, 2015 compared to fiscal year 2014.

Figure A-4						
Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total District	
	2015	2014	2015	2014	2015	2014
		(Not Restated)		(Not Restated)		(Not Restated)
Revenues:						
Program Revenues:						
Charges for Service	1,639,115	1,472,986	755,051	525,207	2,394,166	1,998,193
Operating Grants, Contributions & Restricted Interest	1,919,718	1,737,476	323,488	307,578	2,243,206	2,045,054
Capital Grants, Contributions & Restricted Interest	1,059,000	1,463,100			1,059,000	1,463,100
General Revenues:						
Property Tax	5,139,040	4,940,362	0	0	5,139,040	4,940,362
Local Option Sales & Service Tax	1,505,438	1,273,124	0	0	1,505,438	1,273,124
Income Surtax	271,176	445,425	0	0	271,176	445,425
Unrestricted State Grants	8,793,202	7,691,400	0	0	8,793,202	7,691,400
Unrestricted Investment Earnings	11,551	15,487	82	99	11,633	15,586
Other	251,073	207,729	0	0	251,073	207,729
TOTAL REVENUES	20,589,313	19,247,089	1,078,621	832,884	21,667,934	20,079,973
Program Expenses:						
Governmental Activities:						
Instruction	10,436,085	9,612,323	204,058	3,367	10,640,143	9,615,690
Support Services	5,477,019	5,599,808	7,106	10,525	5,484,125	5,610,333
Non-Instructional Program	0	0	971,383	844,202	971,383	844,202
Other Expenses	2,847,940	1,847,994	0	0	2,847,940	1,847,994
TOTAL EXPENSES	18,761,044	17,060,125	1,182,547	858,094	19,943,591	17,918,219
CHANGE IN NET POSITION	1,828,269	2,186,964	(103,926)	(25,210)	1,724,343	2,161,754

Governmental Activities

Revenues for governmental activities were \$20,589,313 and expenses were \$18,761,044.

Property tax and unrestricted state grants account for 68% of total revenue. The District's expenses primarily relate to instruction and support services, which account for 85% of the total expenses.

The following table presents the total and net cost of the District’s major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5		
Total and Net Cost of Governmental Activities		
	Total Cost of Services	Net Cost of Services
Instruction	10,436,085	7,647,975
Support Services	5,477,019	5,363,670
Non-Instructional Programs	0	0
Other Expenses	2,847,940	1,131,566
TOTALS	18,761,044	14,143,211

- The cost financed by users of the District’s programs was \$1,639,115.
- Federal and state governments subsidized certain programs with operating grants and contributions totaling \$1,919,718. Capital grants and contributions from local donors totaling \$1,059,000 subsidized capital improvement projects.
- The net cost of governmental activities was financed in part with \$5,139,040 in property tax, \$1,505,438 in local option sales and services tax, \$271,176 in income surtax, \$8,793,202 in unrestricted state grants, \$11,551 in interest income, and \$251,073 in miscellaneous sources.

Business-Type Activities

Revenues of the District’s business-type activities were \$1,078,621 and expenses were \$1,182,547. The District’s business-type activities include the School Nutrition Fund and Construction Class. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

As previously noted, the Bondurant-Farrar 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 \$8,062,439 compared to \$7,922,894 in Fiscal Year 2014. The General Fund balance for Fiscal Year 2015 was \$1,266,523 compared to \$1,883,629 for Fiscal Year 2014.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The General Fund balance decreased as planned in order to decrease the district's unspent balance and solvency ratio to align with fiscally responsible benchmarks.
- The District's debt service fund balance increased \$989,130 due to reserve funds accumulated for the bond refunding escrow account and the revenue bonds.
- The District's capital projects fund decreased \$425,822 due to the construction of an elementary school from the past issuance of revenue bonds.

Proprietary Fund Highlights

- The School Nutrition Fund net position decreased from \$378,833 (restated) to \$263,965, representing a decrease of 30%. This decrease is a result of purchasing equipment for a new building as well as serving a rapidly growing population.
- The Construction Class Fund net position increased from \$133,737 to \$144,679.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of FY2015 the District amended its annual operating budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison as presented in the required supplemental information section of this report.

Legal Budgetary Highlights

The District's total actual receipts were \$814,746 more than the total budgeted receipts, a variance of 4 percent. The variance was due to an increase in state and federal sources of revenue.

Total expenditures were \$1,061,526 less than budgeted due excess budgeting when the amendment was made. However, the functional line item budget for instruction and non-instructional programs were exceeded at year end. The budget was amended one time during the fiscal year for unanticipated expenditures due to growth.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the District had invested \$38,248,535, net of accumulated depreciation of \$11,436,070, 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 totaled \$1,082,454.

The original cost of the District's capital assets was \$49,684,605. Governmental activities account for \$49,006,731, leaving \$677,874 in the business activities.

Figure A-6			
Capital Assets, Net of			
Depreciation			
	Governmental	Business Type	Total District
	Activities	Activities	
Land	1,161,901		1,161,901
Construction in Progress	4,241,329		4,241,329
Buildings	30,762,386		30,762,386
Improvements Other Than Buildings	172,811		172,811
Furniture and Equipment	1,643,289	266,819	1,910,108
TOTALS:	37,981,716	266,819	38,248,535

Long-Term Liabilities

At June 30, 2015, the District had \$24,505,095 in general obligation and other long-term liabilities outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

Figure A-7	
Outstanding Long-Term	
Obligations	
	Total District
	(2015)
General Obligation Bonds	7,735,000
Local Option Sales & Service Tax Revenue Bonds	10,000,000
Capital Loan Notes	840,000
Early Retirement	113,452
Net Pension Liability	5,364,071
Net OPEB Liability	452,572
TOTAL	24,505,095

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:

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The rapid growth of the district provides financial challenges. As the need for facilities increases, the taxable valuation of the district increases at a far less rate causing the debt limit to be approached and surpassed if growth continues at current rate. The district will continue to explore options to increase efficiency while having as much support for students, faculty and staff as allowed by maintaining fiscal responsibility.
- Due to the District's location in the metro area and continued growth, certified enrollment has increased 3.83%, 5.46% and 8.88% over the last three years with the student served population increasing as well. Current projections predict continued growth in the District. State funding will continue to be an important subject of interest in future years due to the uncertainty of the state aid formula and special programs.
- Many factors continue to be a concern for the District including the fluctuation in prices of gas, diesel, and natural gas.
- With 79% of the General Fund expenditures consisting of salaries and benefits, the increasing cost of salaries, benefits, health costs, and IPERS continue to be a major concern.
- Along with the growing population comes the need to hire staff. The district will continue to evaluate class size and make fiscally responsible decisions that are best for the children of the district.

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 Jared Abel, Business Manager, Bondurant-Farrar Community School District, 300 Garfield Street SW, Bondurant, IA 50035.

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Basic Financial Statements

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 9,553,151	\$ 264,001	\$ 9,817,152
Receivables:			
Property tax:			
Current year	20,310	-	20,310
Succeeding year	5,579,857	-	5,579,857
Income surtax	225,030	-	225,030
Accounts	10,512	1,705	12,217
Due from other governments	559,340	-	559,340
Inventories	-	58,461	58,461
Capital assets, net of accumulated depreciation (note 4)	37,981,716	266,819	38,248,535
Total assets	53,929,916	590,986	54,520,902
Deferred Outflows of Resources			
Pension related deferred outflows	1,694,249	50,607	1,744,856
Liabilities			
Accounts payable	476,505	1,570	478,075
Salaries and benefits payable	1,430,485	2,265	1,432,750
Due to other governments	65,017	-	65,017
Deposits payable	36,380	-	36,380
Advances from grantors and others	72,424	-	72,424
Unearned revenue	-	14,203	14,203
Accrued interest payable	146,018	-	146,018
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	32,097	-	32,097
Bonds payable	1,025,000	-	1,025,000
Notes payable	270,000	-	270,000
Portion due after one year:			
Early retirement	81,355	-	81,355
Bonds payable	16,710,000	-	16,710,000
Notes payable	570,000	-	570,000
Net pension liability	5,208,493	155,578	5,364,071
Net OPEB liability	452,572	-	452,572
Total liabilities	26,576,346	173,616	26,749,962

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 5,579,857	\$ -	\$ 5,579,857
Pension related deferred inflows	1,986,369	59,333	2,045,702
	<u>7,566,226</u>	<u>59,333</u>	<u>7,625,559</u>
Total deferred inflows of resources			
Net Position			
Net investment in capital assets	19,406,716	266,819	19,673,535
Restricted for:			
Categorical funding	350,404	-	350,404
Debt service	2,671,111	-	2,671,111
Capital projects	2,929,569	-	2,929,569
Physical plant and equipment levy purposes	516,870	-	516,870
Management levy purposes	352,523	-	352,523
Student activities	66,373	-	66,373
Unrestricted	<u>(4,811,973)</u>	<u>141,825</u>	<u>(4,670,148)</u>
	<u>\$ 21,481,593</u>	<u>\$ 408,644</u>	<u>\$ 21,890,237</u>
Total net position			

See notes to financial statements.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$ 7,064,661	\$ 720,970	\$ 1,079,861	\$ -
Special	1,953,238	535,648	146,022	-
Other	1,418,186	278,177	27,432	-
	<u>10,436,085</u>	<u>1,534,795</u>	<u>1,253,315</u>	<u>-</u>
Support services:				
Student	540,371	-	-	-
Instructional staff	750,230	-	1,600	-
Administration	1,776,423	28,957	-	-
Operation and maintenance of plant	1,775,593	36,515	-	-
Transportation	634,402	38,848	7,429	-
	<u>5,477,019</u>	<u>104,320</u>	<u>9,029</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	796,658	-	-	1,059,000
Long-term debt interest and fiscal charges	615,502	-	-	-
AEA flowthrough	657,374	-	657,374	-
Depreciation (unallocated) *	778,406	-	-	-
	<u>2,847,940</u>	<u>-</u>	<u>657,374</u>	<u>1,059,000</u>
Total governmental activities	<u>18,761,044</u>	<u>1,639,115</u>	<u>1,919,718</u>	<u>1,059,000</u>

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,263,830)	\$ -	\$ (5,263,830)
(1,271,568)	-	(1,271,568)
(1,112,577)	-	(1,112,577)
<u>(7,647,975)</u>	<u>-</u>	<u>(7,647,975)</u>
(540,371)	-	(540,371)
(748,630)	-	(748,630)
(1,747,466)	-	(1,747,466)
(1,739,078)	-	(1,739,078)
(588,125)	-	(588,125)
<u>(5,363,670)</u>	<u>-</u>	<u>(5,363,670)</u>
262,342	-	262,342
(615,502)	-	(615,502)
-	-	-
(778,406)	-	(778,406)
<u>(1,131,566)</u>	<u>-</u>	<u>(1,131,566)</u>
<u>(14,143,211)</u>	<u>-</u>	<u>(14,143,211)</u>

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities:				
Instruction:				
Construction class operations	\$ 204,058	\$ 215,000	\$ -	\$ -
Support services:				
Food service operations	7,106	-	-	-
Non-instructional programs:				
Food service operations	971,383	540,051	323,488	-
Total business-type activities	1,182,547	755,051	323,488	-
Total	\$ 19,943,591	\$ 2,394,166	\$ 2,243,206	\$ 1,059,000

General revenues:

Property tax levied for:
 General purposes
 Debt service
 Capital outlay
 Income surtax
 Statewide sales, services and use tax
 Unrestricted state grants
 Unrestricted investment earnings
 Other

Total general revenues

Change in net position

Net position beginning of year, as restated (note 13)

Net position end of year

* = This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Position

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ -	\$ 10,942	\$ 10,942
-	(7,106)	(7,106)
-	(107,844)	(107,844)
-	(104,008)	(104,008)
(14,143,211)	(104,008)	(14,247,219)
\$ 3,463,140	\$ -	\$ 3,463,140
1,162,428	-	1,162,428
513,472	-	513,472
271,176	-	271,176
1,505,438	-	1,505,438
8,793,202	-	8,793,202
11,551	82	11,633
251,073	-	251,073
15,971,480	82	15,971,562
1,828,269	(103,926)	1,724,343
19,653,324	512,570	20,165,894
<u>\$ 21,481,593</u>	<u>\$ 408,644</u>	<u>\$ 21,890,237</u>

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 2,961,170	\$ 2,810,458	\$ 3,216,379	\$ 562,778	\$ 9,550,785
Receivables:					
Property tax:					
Current year	12,364	4,298	1,898	1,750	20,310
Succeeding year	3,720,193	1,090,980	557,542	211,142	5,579,857
Income surtax	225,030	-	-	-	225,030
Accounts	8,716	-	-	1,796	10,512
Due from other governments	324,589	-	234,751	-	559,340
 Total assets	 <u>\$ 7,252,062</u>	 <u>\$ 3,905,736</u>	 <u>\$ 4,010,570</u>	 <u>\$ 777,466</u>	 <u>\$ 15,945,834</u>

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 440,291	\$ -	\$ 4,216	\$ 29,695	\$ 474,202
Due to other governments	65,017	-	-	-	65,017
Salaries and benefits payable	1,430,485	-	-	-	1,430,485
Deposits payable	36,380	-	-	-	36,380
Advances from grantors and others	68,143	-	-	4,281	72,424
Total liabilities	<u>2,040,316</u>	<u>-</u>	<u>4,216</u>	<u>33,976</u>	<u>2,078,508</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,720,193	1,090,980	557,542	211,142	5,579,857
Other	225,030	-	-	-	225,030
Total deferred inflows of resources	<u>3,945,223</u>	<u>1,090,980</u>	<u>557,542</u>	<u>211,142</u>	<u>5,804,887</u>
Fund balances:					
Restricted for:					
Categorical funding (note 11)	350,404	-	-	-	350,404
Revenue bonds reserve fund (note 5)	-	817,460	-	-	817,460
Bond refunding escrow (note 5)	-	1,200,000	-	-	1,200,000
Debt service	-	797,296	-	-	797,296
Other capital projects	-	-	172,050	-	172,050
School infrastructure	-	-	2,757,519	-	2,757,519
Physical plant and equipment	-	-	519,243	-	519,243
Management levy purposes	-	-	-	465,975	465,975
Student activities	-	-	-	66,373	66,373
Unassigned	916,119	-	-	-	916,119
Total fund balances	<u>1,266,523</u>	<u>2,814,756</u>	<u>3,448,812</u>	<u>532,348</u>	<u>8,062,439</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,252,062</u>	<u>\$ 3,905,736</u>	<u>\$ 4,010,570</u>	<u>\$ 777,466</u>	<u>\$ 15,945,834</u>

See notes to financial statements.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances of governmental funds		\$ 8,062,439
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		37,981,716
The Internal Service Fund is included in governmental activities due to the integral nature of this fund to those governmental activities.		63
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		225,030
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(146,018)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
	Deferred outflows of resources	\$ 1,694,249
	Deferred inflows of resources	<u>(1,986,369)</u> (292,120)
Long-term liabilities, including early retirement, bonds payable, capital loan notes payable, net pension liability and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(24,349,517)</u>
Net position of governmental activities		<u>\$ 21,481,593</u>

See notes to financial statements.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,253,088	\$ 1,149,372	\$ 507,705	\$ 421,090	\$ 5,331,255
Tuition	875,767	-	-	-	875,767
Other	270,957	8,402	207,659	318,558	805,576
State sources	10,557,573	13,056	1,511,205	4,094	12,085,928
Federal sources	459,588	-	-	-	459,588
Total revenues	<u>15,416,973</u>	<u>1,170,830</u>	<u>2,226,569</u>	<u>743,742</u>	<u>19,558,114</u>
Expenditures:					
Current:					
Instruction	10,308,836	-	-	283,334	10,592,170
Support services:					
Student	552,968	-	-	-	552,968
Instructional staff	782,579	-	-	-	782,579
Administration	1,652,949	-	144,407	63,035	1,860,391
Operation and maintenance of plant	1,571,337	-	52,060	199,057	1,822,454
Transportation	512,953	-	140,760	14,178	667,891
	<u>5,072,786</u>	<u>-</u>	<u>337,227</u>	<u>276,270</u>	<u>5,686,283</u>
Other expenditures:					
Facilities acquisition	-	-	2,185,104	-	2,185,104
Long term debt:					
Principal	-	685,000	-	-	685,000
Interest and fiscal charges	-	615,555	2,000	-	617,555
AEA flowthrough	657,374	-	-	-	657,374
	<u>657,374</u>	<u>1,300,555</u>	<u>2,187,104</u>	<u>-</u>	<u>4,145,033</u>
Total expenditures	<u>16,038,996</u>	<u>1,300,555</u>	<u>2,524,331</u>	<u>559,604</u>	<u>20,423,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(622,023)</u>	<u>(129,725)</u>	<u>(297,762)</u>	<u>184,138</u>	<u>(865,372)</u>

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):					
Sale of equipment	\$ 4,917	\$ -	\$ -	\$ -	\$ 4,917
Interfund transfers in (note 3)		1,118,855	-	9,205	1,128,060
Interfund transfers out (note 3)			(1,128,060)	-	(1,128,060)
Total other financing sources (uses)	<u>4,917</u>	<u>1,118,855</u>	<u>(1,128,060)</u>	<u>9,205</u>	<u>4,917</u>
Change in fund balances before extraordinary item	(617,106)	989,130	(1,425,822)	193,343	(860,455)
Extraordinary item:					
Donation from private source	-	-	1,000,000	-	1,000,000
Net change in fund balances	(617,106)	989,130	(425,822)	193,343	139,545
Fund balances beginning of year	<u>1,883,629</u>	<u>1,825,626</u>	<u>3,874,634</u>	<u>339,005</u>	<u>7,922,894</u>
Fund balances end of year	<u>\$ 1,266,523</u>	<u>\$ 2,814,756</u>	<u>\$ 3,448,812</u>	<u>\$ 532,348</u>	<u>\$ 8,062,439</u>

See notes to financial statements.

BONDURANT-FARRAR 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, 2015

Net change in fund balances - total governmental funds \$ 139,545

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. The amounts
of capital outlays and depreciation expense in the current year are as follows:

Capital outlays	\$ 1,625,814	
Depreciation expense	<u>(1,047,072)</u>	578,742

The increase in net position of the Internal Service Fund represents an
overcharge to the governmental funds and is therefore added back
to the Statement of Activities. 63

Income surtax revenue not received until several months after the District's
fiscal year end is not considered available revenue and is recognized as
deferred inflows of resources in the governmental funds. 26,282

Repayment of long-term liabilities is an expenditure in the governmental
funds, but it reduces long-term liabilities in the Statement of Net Position. 685,000

Interest on long-term debt in the Statement of Activities differs from the
amount reported in the governmental funds because interest is recorded as
an expenditure in the governmental funds when due. In the Statement of
Activities, however, interest expense is recognized as the interest accrues,
regardless of when it is due. 2,053

The current year District employer share of IPERS contributions are reported
as expenditures in the governmental funds, but are reported as a deferred
outflow of resources in the Statement of Net Position. 111,858

BONDURANT-FARRAR 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, 2015

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

	Early retirement	32,708	
	Pension expense	254,221	
	Net OPEB liability	<u>(2,203)</u>	<u>284,726</u>
Change in net position of governmental activities			<u>\$ 1,828,269</u>

See notes to financial statements.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS

June 30, 2015

	Enterprise Funds		Total	Internal Service
	School Nutrition	Nonmajor Enterprise		
Assets				
Cash and cash equivalents	\$ 161,974	\$ 102,027	\$ 264,001	\$ 2,366
Receivables:				
Accounts	1,705	-	1,705	-
Inventories	15,554	42,907	58,461	-
Capital assets, net of accumulated depreciation (note 4)	266,819	-	266,819	-
Total assets	<u>446,052</u>	<u>144,934</u>	<u>590,986</u>	<u>2,366</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>50,607</u>	-	<u>50,607</u>	-
Liabilities				
Net pension liability (note 5)	155,578	-	155,578	-
Accounts payable	1,315	255	1,570	2,303
Salaries and benefits payable	2,265	-	2,265	-
Unearned revenue	14,203	-	14,203	-
Total liabilities	<u>173,361</u>	<u>255</u>	<u>173,616</u>	<u>2,303</u>
Deferred Inflows of Resources				
Pension related deferred inflows	<u>59,333</u>	-	<u>59,333</u>	-
Fund Net Position				
Net investment in capital assets	266,819	-	266,819	-
Unrestricted	<u>(2,854)</u>	<u>144,679</u>	<u>141,825</u>	<u>63</u>
Total fund net position	<u>\$ 263,965</u>	<u>\$ 144,679</u>	<u>\$ 408,644</u>	<u>\$ 63</u>

See notes to financial statements.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds		Total	Internal Service
	School Nutrition	Nonmajor Enterprise		
Operating revenues:				
Local sources:				
Charges for services	\$ 540,051	\$ 215,000	\$ 755,051	\$ 45,426
Operating expenses:				
Instruction:				
Other instruction:				
Purchased services	-	204,058	204,058	-
Support services:				
Purchased services	7,106	-	7,106	45,363
Non-instructional programs:				
Food service operations:				
Salaries	336,891	-	336,891	-
Benefits	77,764	-	77,764	-
Purchased services	19,641	-	19,641	-
Supplies	500,214	-	500,214	-
Depreciation	35,382	-	35,382	-
Other	1,491	-	1,491	-
	971,383	-	971,383	-
Total operating expenses	978,489	204,058	1,182,547	45,363
Operating income (loss)	(438,438)	10,942	(427,496)	63
Non-operating revenues:				
Interest on investments	82	-	82	-
State sources	6,918	-	6,918	-
Federal sources	316,570	-	316,570	-
Total non-operating revenues	323,570	-	323,570	-
Change in fund net position	(114,868)	10,942	(103,926)	63
Fund net position beginning of year, as restated (note 13)	378,833	133,737	512,570	-
Fund net position end of year	\$ 263,965	\$ 144,679	\$ 408,644	\$ 63

See notes to financial statements.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds		Total	Internal Service
	School Nutrition	Nonmajor Enterprise		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 535,433	\$ -	\$ 535,433	\$ -
Cash received from miscellaneous operating activities	6,330	215,000	221,330	45,426
Cash paid to employees for services	(432,040)	-	(432,040)	-
Cash paid to suppliers for goods or services	(491,788)	(64,353)	(556,141)	(43,060)
Net cash provided by (used by) operating activities	<u>(382,065)</u>	<u>150,647</u>	<u>(231,418)</u>	<u>2,366</u>
Cash flows from non-capital financing activities:				
(Decrease) in due to other funds	-	(48,620)	(48,620)	-
State grants received	6,918	-	6,918	-
Federal grants received	257,784	-	257,784	-
Net cash provided by (used by) non-capital financing activities	<u>264,702</u>	<u>(48,620)</u>	<u>216,082</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>(6,880)</u>	<u>-</u>	<u>(6,880)</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>82</u>	<u>-</u>	<u>82</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(124,161)	102,027	(22,134)	2,366
Cash and cash equivalents beginning of year	<u>286,135</u>	<u>-</u>	<u>286,135</u>	<u>-</u>
Cash and cash equivalents end of year	<u>\$ 161,974</u>	<u>\$ 102,027</u>	<u>\$ 264,001</u>	<u>\$ 2,366</u>

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds		Total	Internal Service
	School Nutrition	Nonmajor Enterprise		
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ (438,438)	\$ 10,942	\$ (427,496)	\$ 63
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Commodities used	58,786	-	58,786	-
Depreciation	35,382	-	35,382	-
(Increase) decrease in inventories	(2,959)	141,510	138,551	-
(Increase) in accounts receivable	(737)	-	(737)	-
Increase (decrease) in accounts payable	(19,163)	(1,805)	(20,968)	2,303
(Decrease) in salaries and benefits payable	(6,451)	-	(6,451)	-
(Decrease) in net pension liability	(42,583)	-	(42,583)	-
(Increase) in deferred outflows of resources	(27,684)	-	(27,684)	-
Increase in deferred inflows of resources	59,333	-	59,333	-
Increase in unearned revenue	2,449	-	2,449	-
Net cash provided by (used by) operating activities	\$ <u>(382,065)</u>	\$ <u>150,647</u>	\$ <u>(231,418)</u>	\$ <u>2,366</u>

Non-cash financing activities:

During the year ended June 30, 2015, the District received \$58,786 of federal commodities.

See notes to financial statements.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies

Bondurant-Farrar 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 Bondurant and Farrar, Iowa, and agricultural territory in Polk and Jasper 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, Bondurant-Farrar 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. Bondurant-Farrar 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 Polk and Jasper County Assessor's Conference Boards.

B. Basis of Presentation

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

The Statement of Net 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 the following 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 attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The 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 major proprietary fund:

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

Additionally, the District reports the nonmajor Enterprise, Construction Class Fund, which is used to account for the construction of houses within the District for educational purposes, and the Internal Service Fund, Flex Plan which is used to account for the Internal Revenue Service section 125 flexible benefits program.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary 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 District 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 the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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, in that order.

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

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

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the 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 investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax receivable is recognized in the governmental funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, 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.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Income Surtax Receivable –Income surtax budgeted for the fiscal year ended June 30, 2015 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflows on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

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.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair 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 one year.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

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

Advances from grantors and others – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year and preschool registrations and retiree’s insurance premiums received in advance have been accrued as liabilities.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use. A liability is recorded when incurred in the government-wide financial statements. The District has no compensated absences liability at June 30, 2015.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures/expenses exceeded the amounts budgeted in the instruction and non-instructional programs functions.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2015 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 ensure 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, 2015, the District had the following investments:

	Amortized Cost
Money Market Mutual Funds	\$ 1,898,816
U.S. Treasury Notes	820,000
Iowa Schools Joint Investment Trust, Diversified Portfolio	5,692,760
	\$ 8,411,576

The investment in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the money market mutual funds and U.S. Treasury notes are valued at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated AAAm by Standard & Poor's Financial Services. The investment in the money market mutual fund is unrated and the investment in the U.S. Treasury notes is not subject to investment rating.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 1,118,855
Special Revenue, Student Activity	Capital Projects	9,205
		\$ 1,128,060

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

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,161,901	\$ -	\$ -	\$ 1,161,901
Construction in progress	12,689,852	643,454	9,091,977	4,241,329
Total capital assets not being depreciated	<u>13,851,753</u>	<u>643,454</u>	<u>9,091,977</u>	<u>5,403,230</u>
Capital assets being depreciated:				
Buildings	28,562,132	9,387,479	-	37,949,611
Improvements other than buildings	678,082	112,900	-	790,982
Furniture and equipment	4,288,950	573,958	-	4,862,908
Total capital assets being depreciated	<u>33,529,164</u>	<u>10,074,337</u>	<u>-</u>	<u>43,603,501</u>
Less accumulated depreciation for:				
Buildings	6,444,237	742,988	-	7,187,225
Improvements other than buildings	603,842	14,329	-	618,171
Furniture and equipment	2,929,864	289,755	-	3,219,619
Total accumulated depreciation	<u>9,977,943</u>	<u>1,047,072</u>	<u>-</u>	<u>11,025,015</u>
Total capital assets being depreciated, net	<u>23,551,221</u>	<u>9,027,265</u>	<u>-</u>	<u>32,578,486</u>
Governmental activities capital assets, net	<u>\$ 37,402,974</u>	<u>\$ 9,670,719</u>	<u>\$ 9,091,977</u>	<u>\$ 37,981,716</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 670,994	\$ 6,880	\$ -	\$ 677,874
Less accumulated depreciation	<u>375,673</u>	<u>35,382</u>	<u>-</u>	<u>411,055</u>
Business-type activities capital assets, net	<u>\$ 295,321</u>	<u>\$ (28,502)</u>	<u>\$ -</u>	<u>\$ 266,819</u>

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 91,088
Other	14,795

Support services:

Instructional staff	36,144
Administration	221
Operation and maintenance of plant	10,768
Transportation	<u>115,650</u>
	268,666

Unallocated depreciation	<u>778,406</u>
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Total depreciation expense - governmental activities	\$ <u><u>1,047,072</u></u>
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Business-type activities:

Food service operations	\$ <u><u>35,382</u></u>
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BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 146,160	\$ 1,812	\$ 34,520	\$ 113,452	\$ 32,097
General obligation bonds	8,155,000	-	420,000	7,735,000	440,000
Revenue bonds	10,000,000	-	-	10,000,000	585,000
Notes payable	1,105,000	-	265,000	840,000	270,000
Net pension liability	6,634,117	-	1,425,624	5,208,493	-
Net OPEB liability	450,369	2,203	-	452,572	-
Total	\$ 26,490,646	\$ 4,015	\$ 2,145,144	\$ 24,349,517	\$ 1,327,097
Business-type activities:					
Net pension liability	\$ 198,161	\$ -	\$ 42,583	\$ 155,578	\$ -

Early Retirement

The District occasionally offers a voluntary early retirement plan to all employees. For the two years ended June 30, 2015, the District offered early retirement to administrators only. Eligible employees must have completed seven years of continuous service to the District and be IPERS retirement eligible. Employees must complete an application which is required to be approved by the Board of Education.

For the current year early retirement benefit, the District will provide single health and dental coverage at the highest premium, lowest deductible plan offered by the District until the employee reaches age 65 or becomes Medicare eligible.

In prior years, an employee granted early retirement received a stipend equal to \$3,000 less lawful deductions. An employee granted early retirement could elect to continue participation in the District's group health insurance plan subject to approval of the carrier and in accordance with Iowa law. The employee must have been a participant in the District's group health insurance plan. The District would continue to pay \$350 per month towards the premium for single coverage until the employee is eligible for Medicare or Medicaid for any reason, becomes covered by another employer provided group health insurance plan, dies, or fails to pay the balance of the premium due for coverage.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities (continued)

Early Retirement (continued)

At June 30, 2015, the District had obligations to seven participants with a total liability of \$113,452. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$34,520. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

General Obligation Bonds

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue dated July 1, 2008			
	Interest Rates	Principal	Interest	Total
2016	4.10 %	\$ 440,000	\$ 328,980	\$ 768,980
2017	4.10	465,000	310,940	775,940
2018	4.10	490,000	291,875	781,875
2019	4.10	510,000	271,785	781,785
2020	4.10	535,000	250,875	785,875
2021-2025	4.10-4.30	3,070,000	904,645	3,974,645
2026-2028	4.40-4.70	2,225,000	209,080	2,434,080
		\$ 7,735,000	\$ 2,568,180	\$ 10,303,180

Bond Refunding Escrow

During the three years ended June 30, 2015 the District levied for additional debt service tax revenues beyond the current year needs. This additional revenue has been placed in an irrevocable escrow account to advance refund \$1,200,000 of the principal due on the July 1, 2008 general obligation bonds when those bonds become callable on June 1, 2018. The bonds will remain on the District's financial statements until the call date. The balance of the escrow fund at June 30, 2015 was \$1,200,000.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

Note 5. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2015 revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	2.00 %	\$ 585,000	\$ 226,610	\$ 811,610
2017	2.00	590,000	214,860	804,860
2018	2.00	600,000	202,960	802,960
2019	2.00	610,000	190,860	800,860
2020	2.00	620,000	178,560	798,560
2021-2025	2.00-2.10	3,285,000	699,908	3,984,908
2026-2030	2.50-3.00	3,710,000	279,787	3,989,787
		<u>\$ 10,000,000</u>	<u>\$ 1,993,545</u>	<u>\$ 11,993,545</u>

The District pledged future statewide sales, services and use tax revenues to repay the \$10,000,000 bonds issued in June, 2013. The bonds were issued for the purpose of financing a portion of the costs of a new K-2 elementary building. 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 a general obligation of the District and the debt is not subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 55 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$11,993,545. For the current year, only interest of \$232,460 was paid on the bonds and total statewide sales, services and use tax revenues were \$1,505,438.

The resolution providing for the issuance of the school infrastructure sales and services tax revenue bonds includes the following provisions:

- (a) The bonds will be redeemed from the future earnings of the school infrastructure sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- (b) A reserve will be maintained in the amount of \$817,460 to be used solely for the purpose of paying principal and interest in the event the funds available within the sinking fund are not sufficient for that purpose.
- (c) Sufficient monthly deposits amounting to one twelfth of the next principal payment and one sixth of the next interest payment shall be made to the sinking fund for the purpose of making the bond principal and interest payments when due.
- (d) Any monies remaining in the revenue fund after the required transfer to the sinking fund may be transferred to the project fund to be used for any lawful purpose.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities (continued)

Capital Loan Notes

Details of the District's June 30, 2015 capital loan notes indebtedness is as follows:

Year Ending June 30,	Issue dated June 1, 2009			
	Interest Rates	Principal	Interest	Total
2016	3.10 %	\$ 270,000	\$ 28,475	\$ 298,475
2017	3.40	280,000	20,105	300,105
2018	3.65	290,000	10,585	300,585
		\$ 840,000	\$ 59,165	\$ 899,165

Note 6. Pension Plan

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$905,547.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$5,364,071 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.1107606 percent, which was an increase of 0.007063 from its proportion measured as of June 30, 2013.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$528,655. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 58,297	\$ -
Changes of assumptions	236,729	-
Net difference between projected and actual earnings on pension plan investments	-	2,045,702
Changes in proportion and differences between District contributions and proportionate share of contributions	544,283	-
District contributions subsequent to the measurement date	905,547	-
Total	\$ 1,744,856	\$ 2,045,702

\$905,547 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2016	\$ (315,326)
2017	(315,326)
2018	(315,326)
2019	(315,324)
2020	54,909
Total	\$ (1,206,393)

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	(0.69)
	<hr/>	
Total	<u>100%</u>	

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 10,135,262	\$ 5,364,071	\$ 1,336,692

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 100 active and 12 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with 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.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Other Postemployment Benefits (OPEB) (continued)

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$	93,729
Interest on net OPEB obligation		11,259
Adjustment to annual required contribution		35,434
Annual OPEB cost		69,554
Contributions made		67,351
Increase in net OPEB obligation		2,203
Net OPEB obligation beginning of year		450,369
Net OPEB obligation end of year	\$	452,572

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of 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, 2015.

For the year ended June 30, 2015, the District contributed \$67,351 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 69,817	24.4%	\$ 397,770
2014	67,759	22.4%	450,369
2015	69,554	96.8%	452,572

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$459,878, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$459,878. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,009,153, and the ratio of the UAAL to covered payroll was 15.3%. As of June 30, 2015, 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.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Other Postemployment Benefits (OPEB) (continued)

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%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis.

The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

Note 8. Operating Lease

The District entered into an operating lease for three copying machines during the year ended June 30, 2015. The lease calls for 60 monthly payments of \$3,715. Payments under this lease agreement will begin in August, 2015.

Details of the District's obligations under this lease are as follows:

Year Ending June 30,	Amount
2016	\$ 40,866
2017	44,581
2018	44,581
2019	44,581
2020	44,581
2021	3,715
	\$ 222,905

Note 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.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 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 \$657,374 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
Four year old preschool state aid	\$ 154,462
Professional development for model core curriculum	96,869
Successful progression for early readers	40,364
Returning dropouts and dropout prevention programs	21,003
Professional development	11,711
Teacher salary supplement	8,878
Teacher leadership grants	8,693
Home school assistance program	<u>8,424</u>
Total	<u><u>\$ 350,404</u></u>

Note 12. Construction Commitments

The District has entered into various contracts totaling \$4,108,184 for a new stadium and for various repairs. As of June 30, 2015, costs of \$3,918,454 had been incurred against the contracts. The balance of \$189,730 remaining at June 30, 2015 will be paid as work on the project progresses.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local government which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business-type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Enterprise Fund, School Nutrition</u>
Net position June 30, 2014, as previously reported	\$ 25,520,016	\$ 687,808	\$ 554,071
Net pension liability at June 30, 2014	6,634,117	198,161	198,161
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>767,425</u>	<u>22,923</u>	<u>22,923</u>
Net position July 1, 2014, as restated	<u>\$ 19,653,324</u>	<u>\$ 512,570</u>	<u>\$ 378,833</u>

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Required Supplementary Information

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year Ended June 30, 2015

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 7,012,598	\$ 755,133	\$ 7,767,731	\$ 8,796,539	\$ 8,796,539	\$ (1,028,808)
State sources	12,085,928	6,918	12,092,846	10,628,450	10,628,450	1,464,396
Federal sources	459,588	316,570	776,158	397,000	397,000	379,158
Total revenues	19,558,114	1,078,621	20,636,735	19,821,989	19,821,989	814,746
EXPENDITURES/EXPENSES:						
Instruction	10,592,170	204,058	10,796,228	10,677,000	10,677,000	(119,228)
Support services	5,686,283	7,106	5,693,389	5,358,000	6,750,000	1,056,611
Non-instructional programs	-	971,383	971,383	760,000	880,000	(91,383)
Other expenditures	4,145,033	-	4,145,033	5,872,559	4,360,559	215,526
Total expenditures/expenses	20,423,486	1,182,547	21,606,033	22,667,559	22,667,559	1,061,526
Excess (deficiency) of revenues over (under) expenditures/ expenses	(865,372)	(103,926)	(969,298)	(2,845,570)	(2,845,570)	1,876,272
Other financing sources and extraordinary item, net	1,004,917	-	1,004,917	1,021,030	1,021,030	(16,113)
Excess (deficiency) of revenues and other financing sources and extraordinary item over (under) expenditures/expenses	139,545	(103,926)	35,619	(1,824,540)	(1,824,540)	1,860,159
Balance beginning of year, as restated	7,922,894	512,570	8,435,464	9,313,638	9,313,638	(878,174)
Balance end of year	\$ <u>8,062,439</u>	\$ <u>408,644</u>	\$ <u>8,471,083</u>	\$ <u>7,489,098</u>	\$ <u>7,489,098</u>	\$ <u>981,985</u>

See accompanying independent auditor's report.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards 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 internal service, 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 a GAAP basis.

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

During the year ended June 30, 2015, expenditures/expenses in the instruction and non-instructional programs functions exceeded the amounts budgeted.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
 Last Fiscal Year*
 (In Thousands)

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.1107606
District's proportionate share of the net pension liability	\$ 5,364
District's covered-employee payroll	\$ 10,141
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.89%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

Schedule of the District's Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 906	\$ 790	\$ 677	\$ 590
Contributions in relation to the statutorily required contribution	<u>(906)</u>	<u>(790)</u>	<u>(677)</u>	<u>(590)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 10,141	\$ 8,850	\$ 7,804	\$ 7,317
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 459	\$ 402	\$ 386	\$ 358	\$ 310	\$ 263
<u>(459)</u>	<u>(402)</u>	<u>(386)</u>	<u>(358)</u>	<u>(310)</u>	<u>(263)</u>
<u>\$ -</u>					
\$ 6,614	\$ 6,050	\$ 6,076	\$ 5,918	\$ 5,418	\$ 4,655
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year Ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year Ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2015

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	\$ -	\$ 1,073	\$ 1,073	0.0%	\$ 6,230	17.2%
2011	July 1, 2009	-	1,073	1,073	0.0%	6,718	16.0%
2012	July 1, 2009	-	1,073	1,073	0.0%	7,448	14.4%
2013	July 1, 2012	-	499	499	0.0%	2,744	18.2%
2014	July 1, 2012	-	480	480	0.0%	2,749	17.5%
2015	July 1, 2012	-	460	460	0.0%	3,009	15.3%

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.

Supplementary Information

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue		Total
	Management Levy	Student Activity	
Assets			
Cash and pooled investments	\$ 467,485	\$ 95,293	\$ 562,778
Receivables:			
Property tax:			
Current year	1,750	-	1,750
Succeeding year	211,142	-	211,142
Accounts	-	1,796	1,796
Total assets	<u>\$ 680,377</u>	<u>\$ 97,089</u>	<u>\$ 777,466</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,979	\$ 27,716	\$ 29,695
Advances from others	1,281	3,000	4,281
Total liabilities	<u>3,260</u>	<u>30,716</u>	<u>33,976</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	211,142	-	211,142
Fund balances:			
Restricted for:			
Management levy purposes	465,975	-	465,975
Student activities	-	66,373	66,373
Total fund balances	<u>465,975</u>	<u>66,373</u>	<u>532,348</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 680,377</u>	<u>\$ 97,089</u>	<u>\$ 777,466</u>

See accompanying independent auditor's report.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2015

	Special Revenue		Total
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 421,090	\$ -	\$ 421,090
Other	40,925	277,633	318,558
State sources	4,094	-	4,094
Total revenues	<u>466,109</u>	<u>277,633</u>	<u>743,742</u>
Expenditures:			
Current:			
Instruction	3,806	279,528	283,334
Support services:			
Administration	63,035	-	63,035
Operation and maintenance of plant	199,057	-	199,057
Transportation	14,178	-	14,178
Total expenditures	<u>280,076</u>	<u>279,528</u>	<u>559,604</u>
Excess (deficiency) of revenues over (under) expenditures	186,033	(1,895)	184,138
Other financing sources:			
Interfund transfers in	-	9,205	9,205
Net change in fund balances	186,033	7,310	193,343
Fund balances beginning of year	<u>279,942</u>	<u>59,063</u>	<u>339,005</u>
Fund balances end of year	<u>\$ 465,975</u>	<u>\$ 66,373</u>	<u>\$ 532,348</u>

See accompanying independent auditor's report.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 2,522,768	\$ 517,761	\$ 175,850	\$ 3,216,379
Receivables:				
Property tax:				
Current year	-	1,898	-	1,898
Succeeding year	-	557,542	-	557,542
Due from other governments	234,751	-	-	234,751
 Total assets	 \$ 2,757,519	 \$ 1,077,201	 \$ 175,850	 \$ 4,010,570
 Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 416	\$ 3,800	\$ 4,216
 Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	557,542	-	557,542
 Fund balances:				
Restricted for:				
Other capital projects	-	-	172,050	172,050
School infrastructure	2,757,519	-	-	2,757,519
Physical plant and equipment	-	519,243	-	519,243
Total fund balances	2,757,519	519,243	172,050	3,448,812
 Total liabilities, deferred inflows of resources and fund balances	 \$ 2,757,519	 \$ 1,077,201	 \$ 175,850	 \$ 4,010,570

See accompanying independent auditor's report.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 507,705	\$ -	\$ 507,705
Other	132,701	438	74,520	207,659
State sources	1,505,438	5,767	-	1,511,205
Total revenues	<u>1,638,139</u>	<u>513,910</u>	<u>74,520</u>	<u>2,226,569</u>
Expenditures:				
Current:				
Support services:				
Administration	67,165	77,242	-	144,407
Operation and maintenance of plant	37,109	14,951	-	52,060
Transportation	-	140,760	-	140,760
Other expenditures:				
Facilities acquisition	614,414	-	1,570,690	2,185,104
Long term debt:				
Fiscal charges	2,000	-	-	2,000
Total expenditures	<u>720,688</u>	<u>232,953</u>	<u>1,570,690</u>	<u>2,524,331</u>
Excess (deficiency) of revenues over (under) expenditures	917,451	280,957	(1,496,170)	(297,762)
Other financing sources (uses):				
Intrafund transfers in*	579,116	-	1,133,274	1,712,390
Intrafund transfers out*	(1,133,274)	-	(579,116)	(1,712,390)
Interfund transfers out	(826,665)	(301,395)	-	(1,128,060)
Total other financing sources (uses)	<u>(1,380,823)</u>	<u>(301,395)</u>	<u>554,158</u>	<u>(1,128,060)</u>
Change in fund balances before extraordinary item	(463,372)	(20,438)	(942,012)	(1,425,822)
Extraordinary item:				
Donation from private source	-	-	1,000,000	1,000,000

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Net change in fund balances	\$ (463,372)	\$ (20,438)	\$ 57,988	\$ (425,822)
Fund balances beginning of year	<u>3,220,891</u>	<u>539,681</u>	<u>114,062</u>	<u>3,874,634</u>
Fund balances end of year	<u>\$ 2,757,519</u>	<u>\$ 519,243</u>	<u>\$ 172,050</u>	<u>\$ 3,448,812</u>

See accompanying independent auditor's report.

* = These amounts have been eliminated from the basic financial statements.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues/ Other Financing Sources	Expenditures	Balance End of Year
HS Musical	\$ 2,569	\$ 4,063	\$ 1,117	\$ 5,515
HS Play	3,983	1,460	542	4,901
Speech	(1,893)	-	2,556	(4,449)
Vocal Music	3,685	-	2,012	1,673
Instrumental Music	2,450	3,674	5,907	217
Cheerleaders	3,201	-	1,725	1,476
Jayz Danz Drill Team	597	2,455	3,650	(598)
General Athletics	8,260	212,906	197,726	23,440
Class of 2011	3,579	-	-	3,579
Class of 2014	675	-	-	675
Prom Account	2,419	3,532	3,391	2,560
Farrar Carnival	1,102	-	-	1,102
High School Students in Need	1,031	-	-	1,031
Jump Rope for Heart	1,951	-	-	1,951
Honor Society	(269)	-	-	(269)
3rd Grade Bubble Account	1,563	-	-	1,563
Yearbook - HS	(10,323)	3,545	3,564	(10,342)
Art Club	1,225	535	467	1,293
Industrial Tech - Donations	3	-	-	3
FCCLA	(577)	2,284	1,862	(155)
FBLA	1,585	10,682	9,212	3,055
Student Council	2,450	9,083	7,003	4,530
Middle School Student Council	5,504	16,457	18,938	3,023
General Activity - HS	1,423	35	1,458	-
After School Activities	-	11,039	6,584	4,455
Middle School Vocal Music	1,368	-	-	1,368
Yearbook - MS	1,479	3,147	1,502	3,124
Elementary Students in Need	3,968	-	-	3,968
Elementary Yearbook	5,854	1,941	1,193	6,602
General Activity - Elem	4,992	-	4,992	-
Football Flag	4,127	-	4,127	-
Best Rewards	1,042	-	-	1,042
Swing Choir	40	-	-	40
	<u>\$ 59,063</u>	<u>\$ 286,838</u>	<u>\$ 279,528</u>	<u>\$ 66,373</u>

See accompanying independent auditor's report.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2015	2014	2013	2012
Revenues:				
Local sources:				
Local tax	\$ 5,331,255	\$ 5,371,175	\$ 6,292,068	\$ 6,145,860
Tuition	875,767	803,354	834,199	821,359
Other	805,576	660,680	680,433	691,251
Intermediate sources	-	-	-	-
State sources	12,085,928	10,501,047	8,289,088	7,918,124
Federal sources	459,588	433,423	557,872	2,178,299
Total revenues	<u>\$ 19,558,114</u>	<u>\$ 17,769,679</u>	<u>\$ 16,653,660</u>	<u>\$ 17,754,893</u>
Expenditures:				
Instruction	\$ 10,592,170	\$ 9,620,521	\$ 8,613,650	\$ 8,063,602
Support services:				
Student	552,968	472,634	446,986	357,554
Instructional staff	782,579	860,996	702,125	782,534
Administration	1,860,391	1,591,220	1,427,516	1,209,255
Operation and maintenance of plant	1,822,454	1,952,144	1,245,432	1,421,923
Transportation	667,891	877,963	501,329	617,343
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	2,185,104	11,297,795	2,618,208	3,371,310
Long-term debt:				
Principal	685,000	660,000	640,000	620,000
Interest and fiscal charges	617,555	541,920	558,464	446,448
AEA flowthrough	657,374	572,519	519,255	486,057
Total expenditures	<u>\$ 20,423,486</u>	<u>\$ 28,447,712</u>	<u>\$ 17,272,965</u>	<u>\$ 17,376,026</u>

See accompanying independent auditor's report.

	2011	2010	2009	2008	2007	2006
\$	5,849,710	\$ 5,347,324	\$ 5,170,202	\$ 4,106,306	\$ 3,971,159	\$ 3,527,309
	778,465	605,033	663,116	553,353	546,397	469,489
	598,409	625,768	867,982	504,852	550,028	503,821
	-	-	-	17,481	-	-
	7,064,590	5,743,746	6,383,061	5,743,142	5,065,455	4,367,508
	663,546	871,680	251,757	129,774	140,591	132,059
\$	<u>14,954,720</u>	<u>13,193,551</u>	<u>13,336,118</u>	<u>11,054,908</u>	<u>10,273,630</u>	<u>9,000,186</u>
\$	7,124,370	\$ 6,470,346	\$ 6,637,404	\$ 6,621,838	\$ 5,956,907	\$ 4,812,198
	328,199	322,503	279,266	322,291	438,911	311,523
	587,698	382,706	366,299	275,477	271,626	270,701
	1,195,895	1,058,486	1,020,673	990,542	986,305	874,871
	1,147,673	934,173	819,473	947,590	952,297	853,039
	431,316	448,597	313,474	299,955	363,546	329,050
	-	-	-	-	4,743	17,788
	1,183,694	6,630,208	6,198,992	293,924	93,815	137,668
	595,000	1,140,000	895,000	770,000	795,000	760,000
	463,690	488,832	473,664	97,597	129,012	157,668
	491,354	459,931	403,005	364,846	330,110	281,153
\$	<u>13,548,889</u>	<u>18,335,782</u>	<u>17,407,250</u>	<u>10,984,060</u>	<u>10,322,272</u>	<u>8,805,659</u>

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

To the Board of Education of
Bondurant-Farrar Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bondurant-Farrar Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bondurant-Farrar 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 Bondurant-Farrar Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bondurant-Farrar Community School District's internal control over financial reporting.

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

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 described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

Compliance

As part of obtaining reasonable assurance about whether Bondurant-Farrar Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part 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, 2015 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.

Bondurant-Farrar Community School District's Responses to the Findings

Bondurant-Farrar Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Bondurant-Farrar Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Bondurant-Farrar Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Hunt & Associates, P.C.

Oskaloosa, Iowa
January 7, 2016

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

I-A-15 Financial Reporting – During the audit, we identified material amounts of expenses that were netted against revenues in the Enterprise Fund, Student Construction. The prior year construction inventory totaling \$184,417 was netted to the current year sale proceeds of the house. This process understates both revenue and expenses for the associated Fund. In addition, current year expenses totaling \$42,907 were not reclassified to inventory as an asset to represent the unsold project started in the current year. Adjustments were subsequently made by the District to include all amounts in the proper asset, revenue and expense classifications in the financial statements.

Recommendation – The District should implement procedures to ensure that expenses are not improperly netted to revenues in the future and that applicable expenses are identified and reclassified as inventory so that the financial statements are free of material errors.

Response – We will ensure that these expenses are not netted to revenues in the future. The reclassification of the current year expenses to inventory was an oversight for this year and we will make the proper adjustments in the future.

Conclusion – Response accepted.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

Part II: Other Findings Related to Statutory Reporting:

II-A-15 Certified Budget – Expenditures/expenses for the year ended June 30, 2015, exceeded the amounts budgeted in the instruction and non-instructional programs functions.

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

Response – We will amend our budget in sufficient amounts before expenditures exceed the budget in the future.

Conclusion – Response accepted.

II-B-15 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

II-C-15 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-15 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Patti Davis, Spouse of Board Member Steve Davis	Coach	\$5,014
Mike Ugulini, Spouse of Board Member Susan Ugulini	Bus driver	\$6,085
Tom Looft, Board Member	Painting services	\$2,470

In accordance with Chapter 279.7A of the Code of Iowa, the transaction with the Board Member Looft does not appear to represent a conflict of interest since the cumulative amount did not exceed \$2,500 for the fiscal year. The transactions with the spouses of Board Members Ugulini and Davis do not represent conflicts of interest according to an Attorney General’s opinion dated November 9, 1976.

II-E-15 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

II-F-15 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-15 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

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

- II-H-15 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted. However, the District has \$1,898,816 invested in money market mutual funds which is an unallowable investment per the District’s own policy.
- Recommendation – The District should amend the investment policy to allow the investment in the money market mutual funds.
- Response – We will review our policy and make any necessary changes.
- Conclusion – Response accepted.
- II-J-15 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-15 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- II-L-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.
- Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

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

II-L-15 Statewide Sales, Services and Use Tax (continued)

Beginning balance		\$	3,220,891	
Revenues:				
Interest	\$	1,114		
Other local revenues		131,587		
Statewide sales, services and use tax		1,505,438		
Transfers from other accounts		579,116	2,217,255	
Expenditures/transfers out:				
School infrastructure construction		590,955		
Equipment		37,109		
Other		92,624		
Transfers to other funds:				
Debt Service Fund		826,665		
Other transfers		1,133,274	2,680,627	
Ending balance			\$ 2,757,519	

For the year ended June 30, 2015, 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-15 Financial Condition – The District’s Governmental Activities had a deficit unrestricted net position of \$4,811,973 at June 30, 2015. The Enterprise Fund, School Nutrition had a deficit unrestricted net position of \$2,854 at June 30, 2015. These deficit balances arose due to the implementation of Governmental Accounting Standards Board Statement Number 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 which required the inclusion of the District’s proportionate share of the IPERS pension liability and related deferred inflows and outflows in the District’s financial statements. In addition, the Yearbook-HS, Speech, FCCLA, Honor Society and Jayz Danz Drill Team student activity accounts within the nonmajor Special Revenue, Student Activity Fund had deficit balances of \$10,342, \$4,449, \$155, \$269 and \$598, respectively, at June 30, 2015.

Recommendation – Even though the deficits for Governmental Activities and the School Nutrition Fund arose due to the inclusion of the proportionate share of the IPERS net pension liability in the financial statements, the District should investigate ways to return the governmental activities and the Nutrition Fund to sound financial conditions. The District should continue to investigate alternatives to eliminate the deficits in the Activity Fund.

BONDURANT-FARRAR COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

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

II-M-15 Financial Condition (continued)

Response – We are unsure of what steps can be taken at this time to alleviate the strain on the District’s proportionate share of the IPERS liability on Governmental Activities and on the School Nutrition Fund. However, we will look into this situation and investigate ways to return the associated activities and funds to sound financial condition. The District is continuing to investigate alternates to eliminate the deficit accounts within the Student Activity Fund.

Conclusion – Response accepted.