

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		4-6
Management's Discussion and Analysis		7-16
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Position	G	24
Statement of Revenues, Expenses and Changes in Fund Net Position	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	J	27
Statement of Changes in Fiduciary Net Position	K	28
Notes to Financial Statements		29-42
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		44
Notes to Required Supplementary Information - Budgetary Reporting		45
Schedule of the District's Proportionate Share of the Net Pension Liability		46
Schedule of the District's Contributions		47
Notes to Required Supplementary Information - Pension Liability		48-49
Schedule of Funding Progress for the Retiree Health Plan		50
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	53
Capital Projects Accounts:		
Combining Balance Sheet	3	54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	55
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	56
Private Purpose Trust - Scholarship Accounts:		
Combining Schedule of Fiduciary Net Position	6	57
Combining Schedule of Changes in Fiduciary Net Position	7	58
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	8	59
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	9	60
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		61-62
Schedule of Findings		63-66

## Coon Rapids-Bayard Community School District

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Jason Rosenbeck	President	2015
Chad Leighty	Vice-President	2017
Pat McAlister	Board Member	2017
Mike Oswald	Board Member	2015
Jill Anthofer	Board Member	2015
Timothy Lee	(Resigned January 2015) Board Member	2015
Joel Davis	(Appointed February 2015) Board Member	2017
Brenda Schlatter	Board Member	2015
<b>School Officials</b>		
Tom Ward	Superintendent	2015
Gail Hopkins	District Secretary/ Treasurer	2015
Engel Law Firm	Attorney	2015

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
**(a professional corporation)**  
**117 West 3rd Street North, Newton, Iowa 50208-3040**  
**Telephone (641) 792-1910**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Coon Rapids-Bayard Community School District, Coon Rapids, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## **Opinions**

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

### *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 7 through 16 and 44 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coon Rapids-Bayard Community School District’s basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (none of which are presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2016 on our consideration of Coon Rapids-Bayard Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Coon Rapids-Bayard Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 14, 2016  
Newton, Iowa

---

---

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

---

---

Coon Rapids-Bayard Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2015 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$4,592,296 in fiscal year 2014 to \$4,504,609 in fiscal year 2015, while General Fund expenditures decreased from \$4,429,842 in fiscal year 2014 to \$4,004,394 in fiscal year 2015. The decrease in general fund revenues expenditures resulted in an increase in the District's General Fund balance from \$778,287 at June 30, 2014 to \$1,278,502 at June 30, 2015, a 64.27% increase from the prior year.

### **USING THIS ANNUAL REPORT**

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

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

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

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

Notes to 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, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

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

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

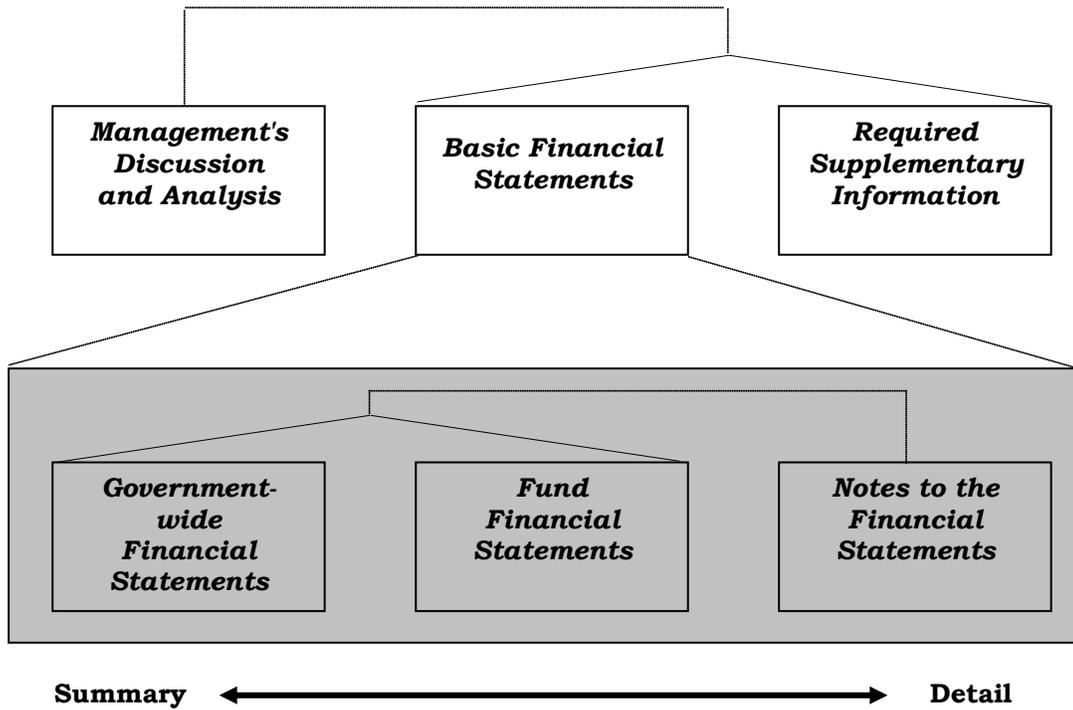


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

The required financial statements for the governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for the proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2015 compared to June 30, 2014.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Current and other assets	\$ 5,618,288	5,126,362	79,472	35,146	5,697,760	5,161,508	10.39%
Capital assets	6,093,337	6,308,493	40,503	48,360	6,133,840	6,356,853	-3.51%
Total assets	11,711,625	11,434,855	119,975	83,506	11,831,600	11,518,361	2.72%
Deferred outflows of resources	287,840	-	6,464	-	294,304	-	100.00%
Long-term liabilities	4,364,752	3,006,881	34,218	242	4,398,970	3,007,123	46.29%
Other liabilities	628,574	687,806	6,447	6,256	635,021	694,062	-8.51%
Total liabilities	4,993,326	3,694,687	40,665	6,498	5,033,991	3,701,185	36.01%
Deferred inflows of resources	2,996,200	2,324,909	14,291	-	3,010,491	2,324,909	29.49%
Net position:							
Net investment in capital assets	3,431,176	3,416,446	40,503	35,146	3,471,679	3,451,592	0.58%
Restricted	1,356,093	1,264,938	-	-	1,356,093	1,264,938	7.21%
Unrestricted	(777,330)	733,875	30,980	41,862	(746,350)	775,737	-196.21%
Total net position	\$ 4,009,939	5,415,259	71,483	77,008	4,081,422	5,492,267	-25.69%

The District's total net position decreased by 25.69% or \$1,410,845 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased 7.21% or \$91,155 over the prior year. Improvement in the Capital Projects: Physical Plant and Equipment Levy Fund contributed to the increase in restricted net position.

Unrestricted net position - is the part of net position that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased 196.21% or \$1,522,087 from the prior year. The decrease in unrestricted net position was primarily due the District's net pension liability expense recorded 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, 2014 for governmental activities and business type activities we restated by \$2,016,814 and \$44,104, 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 statements 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 changes in net position for the year ended June 30, 2014 compared to June 30, 2015.

	Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15	
Revenues:								
Program revenues:								
Charges for service	\$ 370,426	367,003	115,228	115,152	485,654	482,155	0.73%	
Operating grants, contributions and restricted interest	443,832	522,448	150,230	152,471	594,062	674,919	-11.98%	
General revenues and transfers:								
Property tax	2,322,805	2,400,125	-	-	2,322,805	2,400,125	-3.22%	
Income surtax	158,490	160,320	-	-	158,490	160,320	-1.14%	
Statewide sales, services and use tax	379,117	344,841	-	-	379,117	344,841	9.94%	
Unrestricted state grants	1,850,629	1,721,448	-	-	1,850,629	1,721,448	7.50%	
Unrestricted investment earnings	3,375	3,618	80	65	3,455	3,683	-6.19%	
Other	37,255	91,041	453	-	37,708	91,041	-58.58%	
Transfers	-	(4,186)	-	4,186	-	-	0.00%	
Total revenues and transfers	5,565,929	5,606,658	265,991	271,874	5,831,920	5,878,532	-0.79%	
Program expenses:								
Instruction	2,980,554	3,589,264	-	-	2,980,554	3,589,264	-16.96%	
Support services	1,516,449	1,195,885	-	-	1,516,449	1,195,885	26.81%	
Non-instructional programs	-	434	227,412	250,292	227,412	250,726	-9.30%	
Other expenses	457,432	457,765	-	-	457,432	457,765	-0.07%	
Total expenses	4,954,435	5,243,348	227,412	250,292	5,181,847	5,493,640	-5.68%	
Change in net position	611,494	363,310	38,579	21,582	650,073	384,892	68.90%	
Net position beginning of year, as restated	3,398,445	5,051,949	32,904	55,426	3,431,349	5,107,375	-32.82%	
Net position end of year	\$ 4,009,939	5,415,259	71,483	77,008	4,081,422	5,492,267	-25.69%	

In fiscal year 2015, local tax, statewide sales, services and use tax and unrestricted state grants accounted for 84.64% of the revenue from governmental activities while charges for service and operating grants, contributions and restricted interest accounted for 99.80% of the revenue from business type activities.

The District's total revenues were \$5,831,920, of which \$5,565,929 was for governmental activities and \$265,991 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.79% decrease in revenues and a 5.68% decrease in expenses. Revenues from operating grants, contributions and restricted interest saw the largest decline in revenues will the decrease in expenses occurred mainly in the instruction functional area.

### Governmental Activities

Revenues for governmental activities were \$5,565,929 and expenses were \$4,954,435.

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, for the year ended June 30, 2015 compared to the year end June 30, 2014.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 2,980,554	3,589,264	-16.96%	2,333,950	2,864,772	-18.53%
Support services	1,516,449	1,195,885	26.81%	1,515,634	1,195,484	26.78%
Non-instructional	-	434	-100.00%	-	434	-100.00%
Other expenses	457,432	457,765	-0.07%	290,593	293,207	-0.89%
Totals	<u>\$ 4,954,435</u>	<u>5,243,348</u>	<u>-5.51%</u>	<u>4,140,177</u>	<u>4,353,897</u>	<u>-4.91%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$370,426.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$443,832.
- The net cost of governmental activities was financed with \$2,322,805 in property tax, \$158,490 of income surtax, \$379,117 in statewide sales, services and use tax, \$1,850,629 in unrestricted state revenues, \$3,375 in interest income and \$37,255 in other general revenues.

### Business Type Activities

Revenues of the District's business type activities were \$265,991 and expenses were \$227,412. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

### INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,493,707, above last year's ending fund balances of \$1,937,635. The primary reason for this increase is increases in the General Fund and Capital Projects: Physical Plant and Equipment Levy Fund balances.

### **Governmental Fund Highlights**

- The District's General Fund balance increased from \$778,287 at June 30, 2014 to \$1,278,502 at June 30, 2015. Although General Fund revenues decreased 1.91% when compared to the prior year, the District was able to trim expenditures by 9.60% leading to the increase in fund balance.
- The Capital Projects Fund balance increased from \$740,635 at June 30, 2014 to \$868,571 at June 30, 2015. The Capital Projects: Statewide Sales, Services and Use Tax Fund balance increased from \$465,619 at June 30, 2014 to \$495,113 at June 30, 2015, due mainly to an increase in sales tax revenue received. The Capital Projects: Physical Plant and Equipment Levy Fund balance increased from \$275,016 at June 30, 2014 to \$373,458 at June 30, 2015. This increase was due in part to an increase in local source revenues received during the year.

### **Proprietary Funds Highlights**

The School Nutrition Fund net position increased from \$32,904, restated as of July 1, 2014, to \$71,483 at June 30, 2015, representing a 117.25% increase.

## **BUDGETARY HIGHLIGHTS**

The District's revenues were \$142,100 less than budgeted revenues, a variance of 2.39%. The most significant variance resulted from the District receiving less from state sources than originally anticipated.

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

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2015, the District had invested \$6,133,840, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$327,607.

The original cost of the District's capital assets was \$11,205,766. Governmental funds accounted for \$11,100,609 with the remainder of \$105,157 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$448,788 at June 30, 2015 compared to \$503,564 at June 30, 2014. The decrease was the result of depreciation expense applied during the year.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 100,000	100,000	-	-	100,000	100,000	0.00%
Buildings	5,241,887	5,363,203	-	-	5,241,887	5,363,203	-2.26%
Land improvements	448,788	503,564	-	-	448,788	503,564	-10.88%
Machinery and equipment	302,662	341,726	40,503	35,146	343,165	376,872	-8.94%
Total	\$ 6,093,337	6,308,493	40,503	35,146	6,133,840	6,343,639	-3.31%

### Long-Term Debt

At June 30, 2015, the District had \$4,398,970 in revenue bonds and other long-term debt outstanding. This represents an increase of 46.29% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

At June 30, 2015, the District had revenue bonded indebtedness of \$2,575,000 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had outstanding computer lease obligations of \$87,161 at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had compensated absences payable from the General Fund of \$31,517 at June 30, 2015.

At June 30, 2015, the District had \$14,076 of termination benefits payable from the Special Revenue, Management Levy Fund.

The District had total net pension liability of \$1,538,908 at June 30, 2015. \$1,550,012 of this total was attributable to the District's governmental activities while the remaining \$33,896 was attributable to the District's business type activities.

The District had a total net OPEB liability of \$107,308 at June 30, 2015. Governmental activities accounted for \$106,986 of this total while business type activities accounted for the remaining \$322.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Revenue bonds	\$ 2,575,000	2,720,000	-	-	2,575,000	2,720,000	-5.33%
Computer lease	87,161	172,047	-	-	87,161	172,047	-49.34%
Compensated absences	31,517	34,647	-	-	31,517	34,647	-9.03%
Termination benefits	14,076	-	-	-	14,076	-	100.00%
Net pension liability	1,550,012	-	33,896	-	1,583,908	-	100.00%
Net OPEB liability	106,986	80,187	322	242	107,308	80,429	33.42%
Total	\$ 4,364,752	3,006,881	34,218	242	4,398,970	3,007,123	46.29%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- Increases in health insurance premiums, along with salaries and benefits for the employees is always a concern for the District.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

## **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 Paige Huntley, District Secretary/Treasurer, Coon Rapids-Bayard Community School District, 905 North Street, P.O. Box 297, Coon Rapids, Iowa, 50058-0297.

BASIC FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 2,973,692	71,188	3,044,880
Receivables:			
Property tax:			
Delinquent	23,501	-	23,501
Succeeding year	2,342,705	-	2,342,705
Income surtax	155,280	-	155,280
Accounts	1,121	20	1,141
Due from other governments	121,989	-	121,989
Inventories	-	8,264	8,264
Capital assets, net of accumulated depreciation	6,093,337	40,503	6,133,840
<b>Total assets</b>	<b>11,711,625</b>	<b>119,975</b>	<b>11,831,600</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	287,840	6,464	294,304
<b>Liabilities</b>			
Accounts payable	281,170	3,452	284,622
Salaries and benefits payable	345,426	-	345,426
Accrued interest payable	1,978	-	1,978
Unearned revenue	-	2,995	2,995
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	150,000	-	150,000
Computer lease	87,161	-	87,161
Compensated absences	31,517	-	31,517
Termination benefits	14,076	-	14,076
Portion due after one year:			
Revenue bonds	2,425,000	-	2,425,000
Net pension liability	1,550,012	33,896	1,583,908
Net OPEB liability	106,986	322	107,308
<b>Total liabilities</b>	<b>4,993,326</b>	<b>40,665</b>	<b>5,033,991</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	2,342,705	-	2,342,705
Pension related deferred inflows	653,495	14,291	667,786
<b>Total deferred inflows of resources</b>	<b>2,996,200</b>	<b>14,291</b>	<b>3,010,491</b>
<b>Net Position</b>			
Net investment in capital assets	3,431,176	40,503	3,471,679
Restricted for:			
Categorical funding	156,942	-	156,942
Management levy purposes	25,578	-	25,578
Student activities	81,715	-	81,715
Debt service	223,287	-	223,287
School infrastructure	495,113	-	495,113
Physical plant and equipment	373,458	-	373,458
Unrestricted	(777,330)	30,980	(746,350)
<b>Total net position</b>	<b>\$ 4,009,939</b>	<b>71,483</b>	<b>4,081,422</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 1,702,265	141,948	53,209	(1,507,108)	-	(1,507,108)
Special	541,281	29,018	19,247	(493,016)	-	(493,016)
Other	737,008	199,460	203,722	(333,826)	-	(333,826)
	<u>2,980,554</u>	<u>370,426</u>	<u>276,178</u>	<u>(2,333,950)</u>	<u>-</u>	<u>(2,333,950)</u>
Support services:						
Student	106,598	-	-	(106,598)	-	(106,598)
Instructional staff	253,604	-	-	(253,604)	-	(253,604)
Administration	573,823	-	-	(573,823)	-	(573,823)
Operation and maintenance of plant	353,916	-	-	(353,916)	-	(353,916)
Transportation	228,508	-	815	(227,693)	-	(227,693)
	<u>1,516,449</u>	<u>-</u>	<u>815</u>	<u>(1,515,634)</u>	<u>-</u>	<u>(1,515,634)</u>
Long-term debt interest	83,015	-	-	(83,015)	-	(83,015)
Other expenditures:						
AEA flowthrough	166,839	-	166,839	-	-	-
Depreciation(unallocated)*	207,578	-	-	(207,578)	-	(207,578)
	<u>374,417</u>	<u>-</u>	<u>166,839</u>	<u>(207,578)</u>	<u>-</u>	<u>(207,578)</u>
Total governmental activities	<u>4,954,435</u>	<u>370,426</u>	<u>443,832</u>	<u>(4,140,177)</u>	<u>-</u>	<u>(4,140,177)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	227,412	115,228	150,230	-	38,046	38,046
Total	<u>\$ 5,181,847</u>	<u>485,654</u>	<u>594,062</u>	<u>(4,140,177)</u>	<u>38,046</u>	<u>(4,102,131)</u>
<b>General Revenues:</b>						
Property tax levied for:						
General purposes				\$ 1,999,019	-	1,999,019
Capital outlay				323,786	-	323,786
Income surtax				158,490	-	158,490
Statewide sales, services and use tax				379,117	-	379,117
Unrestricted state grants				1,850,629	-	1,850,629
Unrestricted investment earnings				3,375	80	3,455
Other				37,255	453	37,708
Total general revenues				<u>4,751,671</u>	<u>533</u>	<u>4,752,204</u>
Change in net position				611,494	38,579	650,073
Net position beginning of year, as restated				<u>3,398,445</u>	<u>32,904</u>	<u>3,431,349</u>
Net position end of year				<u>\$ 4,009,939</u>	<u>71,483</u>	<u>4,081,422</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash and pooled investments	\$ 1,633,886	806,366	533,440	2,973,692
Receivables:				
Property tax:				
Delinquent	19,112	3,223	1,166	23,501
Succeeding year	1,852,438	325,267	165,000	2,342,705
Income surtax	155,280	-	-	155,280
Accounts	45	-	1,076	1,121
Due from other governments	62,990	58,999	-	121,989
<b>Total assets</b>	<b>\$ 3,723,751</b>	<b>1,193,855</b>	<b>700,682</b>	<b>5,618,288</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 92,105	17	189,048	281,170
Salaries and benefits payable	345,426	-	-	345,426
Total liabilities	437,531	17	189,048	626,596
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,852,438	325,267	165,000	2,342,705
Income surtax	155,280	-	-	155,280
Total deferred inflows of resources	2,007,718	325,267	165,000	2,497,985
Fund balances:				
Restricted for:				
Categorical funding	156,942	-	-	156,942
Management levy purposes	-	-	39,654	39,654
Student activities	-	-	81,715	81,715
Debt service	-	-	225,265	225,265
School infrastructure	-	495,113	-	495,113
Physical plant and equipment	-	373,458	-	373,458
Unassigned	1,121,560	-	-	1,121,560
Total fund balances	1,278,502	868,571	346,634	2,493,707
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,723,751</b>	<b>1,193,855</b>	<b>700,682</b>	<b>5,618,288</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2015

<b>Total fund balances of governmental funds(page 20)</b>		\$ 2,493,707
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,093,337
Accounts receivable income surtax are not yet available to finance expenditures of the current year and, therefore, are recognized as deferred inflows of resources in the governmental funds.		155,280
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(1,978)
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	\$ 287,840	
Deferred inflows of resources	<u>(653,495)</u>	(365,655)
Long-term liabilities, including revenue bonds payable, computer lease payable, compensated absences payable, termination benefits payable, net pension liability and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(4,364,752)</u>
<b>Net position of governmental activities(page 18)</b>		<u><u>\$ 4,009,939</u></u>

SEE NOTES TO FINANCIAL STATEMENTS .

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,006,409	323,786	114,835	2,445,030
Tuition	170,566	-	-	170,566
Other	60,432	1,939	209,101	271,472
State sources	2,127,708	383,758	1,698	2,513,164
Federal sources	129,432	-	-	129,432
Total revenues	<u>4,494,547</u>	<u>709,483</u>	<u>325,634</u>	<u>5,529,664</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,653,719	7,343	61,671	1,722,733
Special	548,897	-	-	548,897
Other	553,857	-	178,445	732,302
	<u>2,756,473</u>	<u>7,343</u>	<u>240,116</u>	<u>3,003,932</u>
Support services:				
Student	105,370	-	-	105,370
Instructional staff	83,945	117,611	-	201,556
Administration	389,400	57,461	121,263	568,124
Operation and maintenance of plant	314,122	47,584	25,100	386,806
Transportation	188,245	33,850	10,467	232,562
	<u>1,081,082</u>	<u>256,506</u>	<u>156,830</u>	<u>1,494,418</u>
Capital outlay	-	3,700	-	3,700
Long-term debt:				
Principal	-	-	229,886	229,886
Interest	-	-	84,879	84,879
	<u>-</u>	<u>-</u>	<u>314,765</u>	<u>314,765</u>
Other expenditures:				
AEA flowthrough	166,839	-	-	166,839
Total expenditures	<u>4,004,394</u>	<u>267,549</u>	<u>711,711</u>	<u>4,983,654</u>
Excess (Deficiency) of revenues over (under) expenditures	490,153	441,934	(386,077)	546,010
Other financing sources(uses):				
Transfer in	-	-	313,998	313,998
Transfer out	-	(313,998)	-	(313,998)
Compensation for loss of capital assets	10,062	-	-	10,062
Total other financing sources(uses)	<u>10,062</u>	<u>(313,998)</u>	<u>313,998</u>	<u>10,062</u>
Change in fund balances	500,215	127,936	(72,079)	556,072
Fund balances beginning of year	<u>778,287</u>	<u>740,635</u>	<u>418,713</u>	<u>1,937,635</u>
Fund balances end of year	<u>\$ 1,278,502</u>	<u>868,571</u>	<u>346,634</u>	<u>2,493,707</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2015

**Net change in fund balances - total governmental funds(page 22)** \$ 556,072

*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. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Capital outlay	\$ 106,689	
Depreciation expense	(321,845)	(215,156)

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 36,265

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 229,886

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, interest expense is recognized as the interest accrues, regardless of when it is due. 1,864

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. 202,589

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:

Pension expense - early retirement	(60,839)	
Termination benefits	(14,076)	
Pension expense - IPERS	(101,442)	
Compensated absences	3,130	
Net OPEB liability	(26,799)	(200,026)

**Changes in net position of governmental activities(page 19)** \$ 611,494

SEE NOTES TO FINANCIAL STATEMENTS .

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2015

	Enterprise, School Nutrition
<b>Assets</b>	
Current assets:	
Cash and pooled investments	\$ 71,188
Accounts receivable	20
Inventories	8,264
	79,472
Noncurrent assets:	
Capital assets, net of accumulated depreciation	40,503
<b>Total assets</b>	119,975
 <b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	6,464
 <b>Liabilities</b>	
Current liabilities:	
Salaries and benefits payable	3,452
Unearned revenue	2,995
	6,447
Noncurrent liabilities:	
Net pension liability	33,896
Net OPEB liability	322
	34,218
<b>Total liabilities</b>	40,665
 <b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	14,291
 <b>Net Position</b>	
Net investment in capital assets	40,503
Unrestricted	30,980
<b>Total net position</b>	\$ 71,483

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2015

	Enterprise, School Nutrition
Operating revenue:	
Local sources:	
Charges for service	\$ 115,228
Miscellaneous	453
Total operating revenues	115,681
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	51,412
Benefits	7,523
Services	13,261
Supplies	149,454
Depreciation	5,762
Total operating expenses	227,412
Operating loss	(111,731)
Non-operating revenues:	
State sources	2,150
Federal sources	148,080
Interest income	80
Total non-operating revenues	150,310
Change in net position	38,579
Net position beginning of year, as restated	32,904
Net position end of year	\$ 71,483

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 115,356
Cash received from miscellaneous	453
Cash payments to employees for services	(61,193)
Cash payments to suppliers for goods or services	(146,092)
Net cash used in operating activities	(91,476)
Cash flows from non-capital financing activities:	
State grants received	2,150
Federal grants received	130,191
Net cash provided by non-capital financing activities	132,341
Cash flows from capital financing activities:	
Acquisition of capital assets	(11,119)
Cash flows from investing activities:	
Interest on investment	80
Net increase in cash and pooled investments	29,826
Cash and pooled investments beginning of year	41,362
Cash and pooled investments end of year	\$ 71,188
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (111,731)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	17,889
Depreciation	5,762
Increase in inventories	(1,266)
Increase in accounts receivable	(20)
Decrease in accounts payable	-
Increase in salaries and benefits payable	43
Decrease in net pension liability	(15,202)
Increase in deferred outflows of resources	(1,470)
Increase in deferred inflows of resources	14,291
Increase in unearned revenue	148
Increase in other postemployment benefits	80
Net cash used in operating activities	\$ (91,476)

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

During the year ended June 30, 2015, the District received \$17,889 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	Private Purpose Trust	Agency
	Scholarship	
<b>Assets</b>		
Cash and pooled investments	\$ 2,700	511
<b>Liabilities</b>		
Due to other groups	-	511
<b>Net Position</b>		
Held in trust for scholarships	\$ 2,700	-

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 2,950
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>2,600</u>
Change in net position	350
Net position beginning of year	<u>2,350</u>
Net position end of year	<u><u>\$ 2,700</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

The Coon Rapids-Bayard Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Coon Rapids and Bayard, Iowa, and the predominate agricultural territory in a portion of Audubon, Carroll, Greene and Guthrie Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Coon Rapids-Bayard Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Coon Rapids-Bayard Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

**B. Basis of Presentation**

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

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

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

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

*Unrestricted net position* consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The District reports the following non-major proprietary fund:

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

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

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

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

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

#### D. Assets, 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 cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

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

Asset Class	Amount
Buildings	\$ 10,000
Land improvements	10,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20-50 years
Intangibles	2 or more years
Machinery 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 annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

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

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 or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources 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 consists of succeeding year property tax receivable that will not be recognized as revenue 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 imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classification.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 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 insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2015, the District had no such investments.

(3) **Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 313,998</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for payments on the District's revenue bonds and computer lease.

(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
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 100,000	-	-	100,000
Total capital assets not being depreciated	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Capital assets being depreciated:				
Buildings	8,351,405	31,486	-	8,382,891
Land improvements	1,095,530	-	-	1,095,530
Machinery and equipment	1,446,985	75,203	-	1,522,188
Total capital assets being depreciated	<u>10,893,920</u>	<u>106,689</u>	<u>-</u>	<u>11,000,609</u>
Less accumulated depreciation for:				
Buildings	2,988,202	152,802	-	3,141,004
Land improvements	591,966	54,776	-	646,742
Machinery and equipment	1,105,259	114,267	-	1,219,526
Total accumulated depreciation	<u>4,685,427</u>	<u>321,845</u>	<u>-</u>	<u>5,007,272</u>
Total capital assets being depreciated, net	<u>6,208,493</u>	<u>(215,156)</u>	<u>-</u>	<u>5,993,337</u>
Governmental activities capital assets, net	<u>\$ 6,308,493</u>	<u>(215,156)</u>	<u>-</u>	<u>6,093,337</u>
<b>Business type activities:</b>				
Machinery and equipment	\$ 94,038	11,119	-	105,157
Less accumulated depreciation	58,892	5,762	-	64,654
Business type activities capital assets, net	<u>\$ 35,146</u>	<u>5,357</u>	<u>-</u>	<u>40,503</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 18,434
Other	9,782
Support services:	
Instructional staff	56,191
Transportation	29,860
	<u>114,267</u>
Unallocated depreciation	<u>207,578</u>
Total governmental activities depreciation expense	<u>\$ 321,845</u>
Business type activities:	
Food service operations	<u>\$ 5,762</u>

**(5) Long-Term Liabilities**

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds	\$ 2,720,000	-	145,000	2,575,000	150,000
Computer lease	172,047	-	84,886	87,161	87,161
Compensated absences	34,647	31,517	34,647	31,517	31,517
Termination benefits	-	14,076	-	14,076	14,076
Net pension liability	2,245,195	-	695,183	1,550,012	-
Net OPEB liability	80,187	26,799	-	106,986	-
Total	<u>\$ 5,252,076</u>	<u>72,392</u>	<u>959,716</u>	<u>4,364,752</u>	<u>282,754</u>
<b>Business type activities:</b>					
Net pension liability	\$ 49,098	-	15,202	33,896	-
Net OPEB liability	242	80	-	322	-
Total	<u>\$ 49,340</u>	<u>80</u>	<u>15,202</u>	<u>34,218</u>	<u>-</u>

Revenue Bonds

Details of District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue dated November 1, 2011			
	Interest Rates	Principal	Interest	Total
2016	2.00%	\$ 150,000	75,117	225,117
2017	2.00	150,000	72,118	222,118
2018	2.25	155,000	69,117	224,117
2019	2.40	160,000	65,630	225,630
2020	2.50	160,000	61,790	221,790
2021-2025	2.60-3.00	875,000	242,820	1,117,820
2026-2030	3.25-4.00	925,000	95,575	1,020,575
		<u>\$ 2,575,000</u>	<u>682,167</u>	<u>3,257,167</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,105,000 of bonds issued in November 2011. The bonds were issued for the purpose of financing a portion of the costs of an addition to the elementary school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not general obligation bonds of the District. However, the debt is subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require nearly 59% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$3,257,169. For the current year, \$223,018 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$379,117.

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

- a) \$225,918 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserves account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.

- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Capital Lease Payable

Details of the Districts’ June 30, 2015 computer lease indebtedness payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund are as follows:

Year Ending June 30,	Computer Lease dated August 25, 2013			
	Interest Rates	Principal	Interest	Total
2016	2.68%	\$ 87,161	2,336	89,497

Termination Benefits

During the year ended June 30, 2015, the District offered voluntary early retirement plans to its certified and support staff. Both plans required eligible employees to have completed at least 10 years of full-time service to the District, reached age 55 as of August 1, 2015, and submitted a written application which was subject to Board approval.

Early retirement benefits for support staff equal 25% of the employee’s basic salary not to exceed \$4,000 and are to be paid in one payment on September 25, 2015. Early retirement benefits for certified staff equal 1.25% of the employee’s base salary multiplied by years of service and are to be paid in two payments on September 25, 2015 and January 25, 2015. Benefits from either plan are to be deposited in the employee’s name to the Health Reimbursement Arrangement (HRA) if the retiree will remain on the District’s health insurance plan or 403(b) Special Pay Plan if the retiree will not stay on the District’s health insurance plan.

At June 30, 2015, the District has obligations to two participants with a total liability of \$14,076.

**(6) Other Postemployment Benefits (OPEB)**

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

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

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

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

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

Annual required contribution	\$ 33,970
Interest on net OPEB obligation	2,011
Adjustment to annual required contribution	<u>(6,302)</u>
Annual OPEB cost	29,679
Contributions made	<u>(2,800)</u>
Increase in net OPEB obligation	26,879
Net OPEB obligation beginning of year	<u>80,429</u>
Net OPEB obligation end of year	<u><u>\$ 107,308</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition date as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$2,800 to the plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 43,611	40.61%	\$ 55,462
2014	35,383	29.44	80,429
2015	29,679	9.43	107,308

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 \$214,134 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$214,134. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,438,682, and the ratio of the UAAL to covered payroll was 14.88%. 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the Entry Age Actuarial Cost Method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The

projected annual medical trend rate is 6.0%. Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. The aging curve used is based on a 2006 Society of Actuaries study.

Projected claim costs of the medical plan are \$709 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## **(7) 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](http://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 information 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.

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 \$207,189.

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 \$1,583,908 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 collective proportion was 0.039137 percent, which was an decrease of .001384 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$103,661. 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
Differences between expected and actual experience	\$ 17,214	\$ -
Changes of assumptions	69,901	-
Net difference between projected and actual earnings on pension plan investments	-	604,057
Changes in proportion and differences between District contributions and proportionate share of contributions	-	63,729
District contributions subsequent to the measurement date	207,189	-
Total	<u>\$ 294,304</u>	<u>\$ 667,786</u>

\$207,189 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 ended 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 Ended June 30,	
2016	\$ (145,550)
2017	(145,550)
2018	(145,550)
2019	(145,550)
2020	1,529
	<u>\$ (580,671)</u>

There were no non-employer contributing entities at IPERS.

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 per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of 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)
Total	<u>100%</u>	

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, the 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-percentagepoint 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	\$ 2,992,750	\$ 1,583,908	\$ 394,700

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](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$31,155 for legally required employer contributions and \$20,758 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(8) Risk Management**

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

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$166,839 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

**(10) Categorical Funding**

The District's ending restricted balances for categorical funding as of June 30, 2015 are comprised of the following programs:

Program	Amount
Gifted and talented programs	\$ 9,043
Four-year-old preschool state aid	74,530
Teacher salary supplement	38,089
Iowa early intervention block grant	7,069
Successful progression for early readers	15,184
Professional development for model core curriculum	1,231
Professional development	5,798
Teacher learship grants	5,998
Total	<u>\$ 156,942</u>

**(11) Deficit Fund Balance**

The District had deficit unrestricted net position of \$777,330 in the governmental activities at June 30, 2015.

**(12) Reconciliation of Governmental Fund Balances to Net Position**

Reconciliation of certain governmental fund balances to net position is the following:

	Net Investment in Capital Assets	Management Levy	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	39,654	225,265	1,121,560
Capital assets, net of accumulated depreciation	6,093,337	-	-	-
Revenue bond capitalized indebtedness	(2,575,000)	-	-	-
Computer lease capitalized indebtedness	(87,161)	-	-	-
Termination benefits	-	(14,076)	-	-
Accrued interest payable	-	-	(1,978)	-
Income surtax	-	-	-	155,280
Pension related deferred outflows	-	-	-	287,840
Compensated absences	-	-	-	(31,517)
Net pension liability	-	-	-	(1,550,012)
Net OPEB liability	-	-	-	(106,986)
Pension related deferred inflows	-	-	-	(653,495)
Net Position (Exhibit A)	<u>\$ 3,431,176</u>	<u>25,578</u>	<u>223,287</u>	<u>(777,330)</u>

**(13) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, 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:

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 5,415,259	\$ 77,008
Net pension liability at June 30, 2014	(2,245,195)	(49,098)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	228,381	4,994
Net position July 1, 2014, as restated	<u>\$ 3,398,445</u>	<u>\$ 32,904</u>

REQUIRED SUPPLEMENTARY INFORMATION

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON OF REVENUES,  
 EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY 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	\$ 2,887,068	115,761	3,002,829	3,034,626	3,034,626	(31,797)
State sources	2,513,164	2,150	2,515,314	2,581,129	2,581,129	(65,815)
Federal sources	129,432	148,080	277,512	322,000	322,000	(44,488)
Total revenues	<u>5,529,664</u>	<u>265,991</u>	<u>5,795,655</u>	<u>5,937,755</u>	<u>5,937,755</u>	<u>(142,100)</u>
Expenditures/Expenses:						
Instruction	3,003,932	-	3,003,932	3,854,774	3,854,774	850,842
Support services	1,494,418	-	1,494,418	1,838,009	1,838,009	343,591
Non-instructional programs	-	227,412	227,412	332,884	332,884	105,472
Other expenditures	485,304	-	485,304	1,173,535	1,173,535	688,231
Total expenditures/expenses	<u>4,983,654</u>	<u>227,412</u>	<u>5,211,066</u>	<u>7,199,202</u>	<u>7,199,202</u>	<u>1,988,136</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	546,010	38,579	584,589	(1,261,447)	(1,261,447)	1,846,036
Other financing sources, net	<u>10,062</u>	<u>-</u>	<u>10,062</u>	<u>11,000</u>	<u>11,000</u>	<u>(938)</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	556,072	38,579	594,651	(1,250,447)	(1,250,447)	1,845,098
Balances beginning of year, as restated	<u>1,937,635</u>	<u>32,904</u>	<u>1,970,539</u>	<u>1,520,415</u>	<u>1,520,415</u>	<u>450,124</u>
Balances end of year	<u>\$ 2,493,707</u>	<u>71,483</u>	<u>2,565,190</u>	<u>269,968</u>	<u>269,968</u>	<u>2,295,222</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

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

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 LAST FISCAL YEAR\*  
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.039137%
District's proportionate share of the net pension liability	\$ 1,583,908
District's covered-employee payroll	\$ 2,320,143
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.27%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

**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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 207,189	233,362	227,981	221,819	193,256	177,727	175,205	165,644	150,264	145,738
Contributions in relation to the statutorily required contribution	(207,189)	(233,362)	(227,981)	(221,819)	(193,256)	(177,727)	(175,205)	(165,644)	(150,264)	(145,738)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 2,320,143	2,613,236	2,629,539	2,748,686	2,780,662	2,557,223	2,759,134	2,737,917	2,613,287	2,534,574
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD 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.

COON RAPIDS-BAYARD 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.

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

For Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 369,937	369,937	0.0%	\$ 1,821,016	20.31%
2011	July 1, 2009	-	358,569	358,569	0.0	1,754,978	20.43
2012	July 1, 2009	-	324,654	324,654	0.0	1,980,662	16.39
2013	July 1, 2012	-	248,282	248,282	0.0	1,832,477	13.55
2014	July 1, 2012	-	214,134	214,134	0.0	1,869,220	11.46
2015	July 1, 2012	-	214,134	214,134	0.0	1,438,682	14.88

See Note 6 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

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	Special Revenue			Debt Service	Total
	Student Activity	Management Levy	Total		
<b>Assets</b>					
Cash and pooled investments	\$ 84,928	38,488	123,416	410,024	533,440
Receivables:					
Property tax:					
Delinquent	-	1,166	1,166	-	1,166
Succeeding year	-	165,000	165,000	-	165,000
Accounts	1,076	-	1,076	-	1,076
<b>Total assets</b>	<b>\$ 86,004</b>	<b>204,654</b>	<b>290,658</b>	<b>410,024</b>	<b>700,682</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 4,289	-	4,289	184,759	189,048
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	165,000	165,000	-	165,000
Fund balances:					
Restricted for:					
Management levy purposes	-	39,654	39,654	-	39,654
Student activities	81,715	-	81,715	-	81,715
Debt service	-	-	-	225,265	225,265
Total fund balances	81,715	39,654	121,369	225,265	346,634
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 86,004</b>	<b>204,654</b>	<b>290,658</b>	<b>410,024</b>	<b>700,682</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2015

	Special Revenue			Debt Service	Total
	Student Activity	Management Levy	Total		
Revenues:					
Local sources:					
Local tax	\$ -	114,835	114,835	-	114,835
Other	204,840	4,244	209,084	17	209,101
State sources	-	1,698	1,698	-	1,698
Total revenues	204,840	120,777	325,617	17	325,634
Expenditures:					
Current:					
Instruction:					
Regular	-	61,671	61,671	-	61,671
Other	178,445	-	178,445	-	178,445
Support services:					
Administration	-	121,263	121,263	-	121,263
Operation and maintenance of plant	-	25,100	25,100	-	25,100
Transportation	-	10,467	10,467	-	10,467
Long-term debt:					
Principal	-	-	-	229,886	229,886
Interest and fiscal charges	-	-	-	84,879	84,879
Total expenditures	178,445	218,501	396,946	314,765	711,711
Excess(Deficiency) of revenues over(under) expenditures	26,395	(97,724)	(71,329)	(314,748)	(386,077)
Other financing sources:					
Transfer in	-	-	-	313,998	313,998
Change in fund balances	26,395	(97,724)	(71,329)	(750)	(72,079)
Fund balances beginning of year	55,320	137,378	192,698	226,015	418,713
Fund balances end of year	\$ 81,715	39,654	121,369	225,265	346,634

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT ACCOUNTS  
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 436,114	370,252	806,366
Receivables:			
Property tax:			
Delinquent	-	3,223	3,223
Succeeding year	-	325,267	325,267
Due from other governments	58,999	-	58,999
<b>Total assets</b>	<b>\$ 495,113</b>	<b>698,742</b>	<b>1,193,855</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	17	17
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	325,267	325,267
Fund balances:			
Restricted for:			
School infrastructure	495,113	-	495,113
Physical plant and equipment	-	373,458	373,458
Total fund balances	495,113	373,458	868,571
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 495,113</b>	<b>698,742</b>	<b>1,193,855</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECT ACCOUNTS  
 YEAR ENDED JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	323,786	323,786
Other	1,925	14	1,939
State sources	379,117	4,641	383,758
Total revenues	<u>381,042</u>	<u>328,441</u>	<u>709,483</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	7,343	7,343
Support services:			
Instructional staff	-	117,611	117,611
Administration	-	57,461	57,461
Operation and maintenance of plant	-	47,584	47,584
Transportation	33,850	-	33,850
Capital outlay	3,700	-	3,700
Total expenditures	<u>37,550</u>	<u>229,999</u>	<u>267,549</u>
Excess of revenues over expenditures	343,492	98,442	441,934
Other financing uses:			
Transfer out	<u>(313,998)</u>	-	<u>(313,998)</u>
Change in fund balances	29,494	98,442	127,936
Fund balances beginning of year	<u>465,619</u>	<u>275,016</u>	<u>740,635</u>
Fund balances end of year	<u>\$ 495,113</u>	<u>373,458</u>	<u>868,571</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Drama and speech	\$ 1,210	155	1,178	187
Co-ed athletics	2,530	52,211	39,729	15,012
Cross country	115	-	115	-
Weight room	932	200	207	925
Boys basketball	2,814	5,521	4,456	3,879
Football	1,890	7,320	7,849	1,361
Baseball	2,082	7,775	9,255	602
Track	501	795	1,296	-
Boys golf	687	-	214	473
Wrestling club	1,278	17,805	5,912	13,171
Girls basketball	2,131	4,117	4,146	2,102
Girls volleyball	1,591	6,919	7,193	1,317
Softball	825	1,387	182	2,030
Girls golf	660	-	93	567
Art Club	139	-	-	139
FB/BB cheerleaders	(975)	5,790	3,217	1,598
Concessions	181	15,979	13,500	2,660
Elementary club	1,425	187	187	1,425
FFA	3,280	46,532	43,734	6,078
FCCLA	877	-	126	751
Intermediate club	24	-	-	24
YSO	149	-	149	-
National honor society	1,123	2,062	1,310	1,875
RIF club	1,105	450	746	809
Sign/School store	1,275	4,771	4,907	1,139
Spanish club	477	-	-	477
Student council	3,387	9,058	8,232	4,213
Band trip	5,398	276	959	4,715
Yearbook	10,916	6,483	6,251	11,148
Colorguard	44	-	-	44
Class of 2013	51	-	51	-
Class of 2014	12	-	12	-
Class of 2015	3,975	-	3,443	532
Class of 2016	3,130	5,896	7,621	1,405
Class of 2017	24	2,976	1,985	1,015
Class of 2018	57	175	190	42
Total	<u>\$ 55,320</u>	<u>204,840</u>	<u>178,445</u>	<u>81,715</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST  
 JUNE 30, 2015

	Private Purpose Trust - Scholarship Fund		
	FFA	Student	
	Scholarship	Council	Total
	Scholarship	Scholarship	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,900	800	2,700
<b>Liabilities</b>	-	-	-
<b>Net Position</b>			
Held in trust for scholarships	\$ 1,900	800	2,700

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST  
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust - Scholarship Fund		
	FFA Scholarship	Student Council Scholarship	Total
Additions:			
Local sources:			
Gifts and contributions	\$ 2,150	800	2,950
Deductions:			
Instruction:			
Regular:			
Scholarships awarded	1,800	800	2,600
Change in net position	350	-	350
Net position beginning of year	1,550	800	2,350
Net position end of year	\$ 1,900	800	2,700

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Assets</b>				
Cash and pooled investments	\$ 228	1,004	721	511
<b>Liabilities</b>				
Due to other groups	\$ 228	1,004	721	511

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**COON RAPIDS-BAYARD 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	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,445,030	2,555,396	2,682,023	2,722,950	2,739,622	2,382,926	2,256,172	2,053,447	2,087,034	1,925,580
Tuition	170,566	172,007	126,031	133,450	96,865	88,748	75,079	52,364	52,897	12,394
Other	271,472	367,906	310,333	378,053	331,529	289,785	388,776	325,069	354,051	331,079
Intermediate sources	-	-	-	-	-	-	-	-	5,156	-
State sources	2,513,164	2,348,833	2,213,325	2,305,723	2,435,223	2,084,471	2,482,847	2,419,525	2,270,117	2,375,501
Federal sources	129,432	161,653	171,393	175,985	422,976	410,431	170,870	169,248	188,846	172,828
<b>Total</b>	<b>\$ 5,529,664</b>	<b>5,605,795</b>	<b>5,503,105</b>	<b>5,716,161</b>	<b>6,026,215</b>	<b>5,256,361</b>	<b>5,373,744</b>	<b>5,019,653</b>	<b>4,958,101</b>	<b>4,817,382</b>
Expenditures:										
Current:										
Instruction:										
Regular	\$ 1,722,733	2,189,002	2,000,556	1,978,521	2,102,680	2,034,452	2,135,175	2,023,817	1,977,452	1,886,311
Special	548,897	568,530	569,484	672,555	587,570	576,554	517,807	674,584	491,232	585,131
Other	732,302	881,480	863,519	927,825	813,389	796,718	672,280	509,896	602,160	457,905
Support services:										
Student	105,370	94,174	86,897	44,917	35,500	45,252	91,272	114,789	120,087	98,707
Instructional staff	201,556	177,116	297,446	164,420	152,729	129,828	145,618	270,209	149,004	116,982
Administration	568,124	511,893	533,552	505,600	458,856	472,060	442,727	370,124	466,886	515,935
Operation and maintenance of plant	386,806	388,122	400,439	430,221	406,487	382,318	359,491	376,627	366,824	369,362
Transportation	232,562	276,297	251,243	249,936	183,952	288,584	246,070	187,081	291,658	178,054
Non-instructional programs	-	434	-	-	-	-	-	-	-	-
Capital outlay	3,700	159,631	1,079,153	2,088,807	429,314	117,155	253,433	126,752	62,285	203,942
Long-term debt:										
Principal	229,886	234,497	140,000	275,000	170,000	160,000	160,000	145,000	140,000	135,000
Interest and fiscal charges	84,879	82,417	85,217	65,520	15,805	22,635	29,355	35,300	40,900	45,563
Other expenditures:										
AEA flowthrough	166,839	164,558	161,812	162,852	184,560	168,376	157,274	154,060	149,140	147,243
<b>Total</b>	<b>\$ 4,983,654</b>	<b>5,728,151</b>	<b>6,469,318</b>	<b>7,566,174</b>	<b>5,540,842</b>	<b>5,193,932</b>	<b>5,210,502</b>	<b>4,988,239</b>	<b>4,857,628</b>	<b>4,740,135</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
**(a professional corporation)**  
**117 West 3rd Street North, Newton, Iowa 50208-3040**  
**Telephone (641) 792-1910**

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Coon Rapids-Bayard Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 14, 2016.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-15 and I-B-15 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-C-15 and I-D-15 to be significant deficiencies.

**Compliance and Other Matters**

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

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

**Coon Rapids-Bayard Community School District's Responses to Findings**

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

**Purpose of this Report**

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 14, 2016  
Newton, Iowa

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015

**Part I: Findings Related to the Financial Statements:**

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

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

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

Response - We have reviewed our control procedures. Due to our limited staff, the internal controls we have in place are limited.

Conclusion - Response accepted.

I-B-15 Supporting Documentation - We noted during our audit instances of payments to vendors that lacked an invoice or other form of supporting documentation for the payment made. We also noted several instances of purchases on the District credit card that lacked an invoice or detailed receipt to be used as supporting documentation beyond the credit card statement.

Recommendation - Chapter 279.29 of the Code of Iowa requires the District's Board to audit and allow all bills prior to payment. Lack of supporting documentation for the payment makes it impossible for the Board to audit and approve the bill. The District should review their procedures in place to ensure that all bills are supported, approved, and paid from an invoice. The District should adopt processes and procedures to use when an invoice may not be available, such as requiring additional approval or supporting documentation other than the invoice. In addition, District Board policy 400.13 concerning credit card usage states in part, "Employees and officers using a school district credit card must submit a detailed receipt in addition to a credit card receipt indicating the date, purpose and nature of the expense for each claim item. Failure to provide a proper receipt shall make the expense a personal expense. Personal

expenses shall be reimbursed to the school district no later than ten working days following use of the school district's credit card." The District should review their procedures in place to ensure that all credit card purchases are supported by detailed receipts.

Response - We tried our best to find the invoices to support these bills in question during the audit. It should be noted that Fiscal Year 2015 accounting work was done by an employee no longer employed at the district. We have reviewed with our employees the procedures on the use of school's credit cards, including providing receipts when the cards are handed back into the District.

Conclusion - Response accepted.

I-C-15 Gate Admissions - We noted during our audit that the District does not always utilize pre-numbered tickets for all events that require admission charges.

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

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

Response - I met with our athletic director shortly after the audit team visited the school and we are now using pre-numbered tickets for all events that require admission charges. We already had in place suggestions a, c, d, f, g, h, and I.

Conclusion - Response accepted.

I-D-15 Bearer Paper - We noted during our audit instances of checks for start-up money for gates made payable only to "Iowa Savings Bank".

Recommendation - Checks made out to the bank only are considered bearer paper and in the event the check were to become lost or stolen, anyone could cash the check. In the future, the District should write the check to the custodian/sponsor of the event and the bank.

Response - This will be done going forward.

Conclusion - Response accepted.

**Part II: Other Findings Related to Required Statutory Reporting:**

II-A-15 Certified Budget - District disbursements for the year ended June 30, 2015 did not exceed the amounts budgeted.

II-B-15 Questionable Disbursements - We noted no disbursements that we believe may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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 noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rich Baker, Coach Owns Advanced Laser Technologies	Office supplies	\$ 230
Larry Cady, Bus Driver	Shop rental	\$ 2,400

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

II-E-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 insure that the coverage is adequate for current operations.

II-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

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

- II-H-15 Supplementary Weighting - We noted no variances in the supplementary weighting data certified to the Department of Education.
- II-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- 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. 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:

Beginning balance		\$ 465,619
Revenues/transfers in:		
Sales tax revenues	\$ 379,117	
Other local revenues	1,925	381,042
		<u>846,661</u>
Expenditures/transfers out:		
School infrastructure construction	3,700	
Other	33,850	
Transfer to other funds:		
Debt Service Fund	313,998	351,548
		<u>351,548</u>
Ending balance		<u>\$ 495,113</u>

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 deficit unrestricted net position of \$777,330 at June 30, 2015. The primary reason for this deficit net position is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

Recommendation - The District should take steps to ensure the District's administration and board of education understand this accounting change/restatement and how GASB Statements no.68 and 71 will affect the District's financial moving forward.

Response - The deficit in the governmental activities is due to the booking of net pension liability. The District will take steps to further the District's administration and Board of Education understanding of the accounting change and how GASB Statements No. 68 and 71 will affect the District's financials in the future.

Conclusion - Response accepted.