

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2016

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# Coon Rapids-Bayard Community School District

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2015 Election)</b>		
Jason Rosenbeck	President	2015
Chad Leighty	Vice-President	2017
Pat McAlister	Board Member	2017
Mike Oswald	Board Member	2015
Timothy Lee	Board Member	2015
Joel Davis	Board Member	2017
Brenda Schlatter	Board Member	2015
<b>(After September 2015 Election)</b>		
Jason Rosenbeck	President	2019
Chad Leighty	Vice-President	2017
Pat McAlister	Board Member	2017
Katie Mason	Board Member	2019
Timothy Lee	Board Member	2019
Joel Davis	Board Member	2017
Kyler South	Board Member	2019
<b>School Officials</b>		
Tom Ward	Superintendent	2016
Gail Hopkins	District Secretary/Treasurer (Resigned August 2015)	2016
Paige Huntley	District Secretary/Treasurer (Appointed August 2015)	2016
Engel Law Firm	Attorney	2016
Neu, Minnich, Comito & Neu	Attorney	2016

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**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, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards 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, 2016, 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.

## **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 49 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, 2015 (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 20, 2017 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 20, 2017  
Newton, Iowa

Coon Rapids-Bayard Community School District

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

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Coon Rapids-Bayard Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2016 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$4,504,609 in fiscal year 2015 to \$4,482,360 in fiscal year 2016, while General Fund expenditures increased from \$4,004,394 in fiscal year 2015 to \$4,269,081 in fiscal year 2016. The District's General Fund balance increased from \$1,278,502 at June 30, 2015 to \$1,491,781 at June 30, 2016, a 16.68% 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 nonmajor governmental funds.

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

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

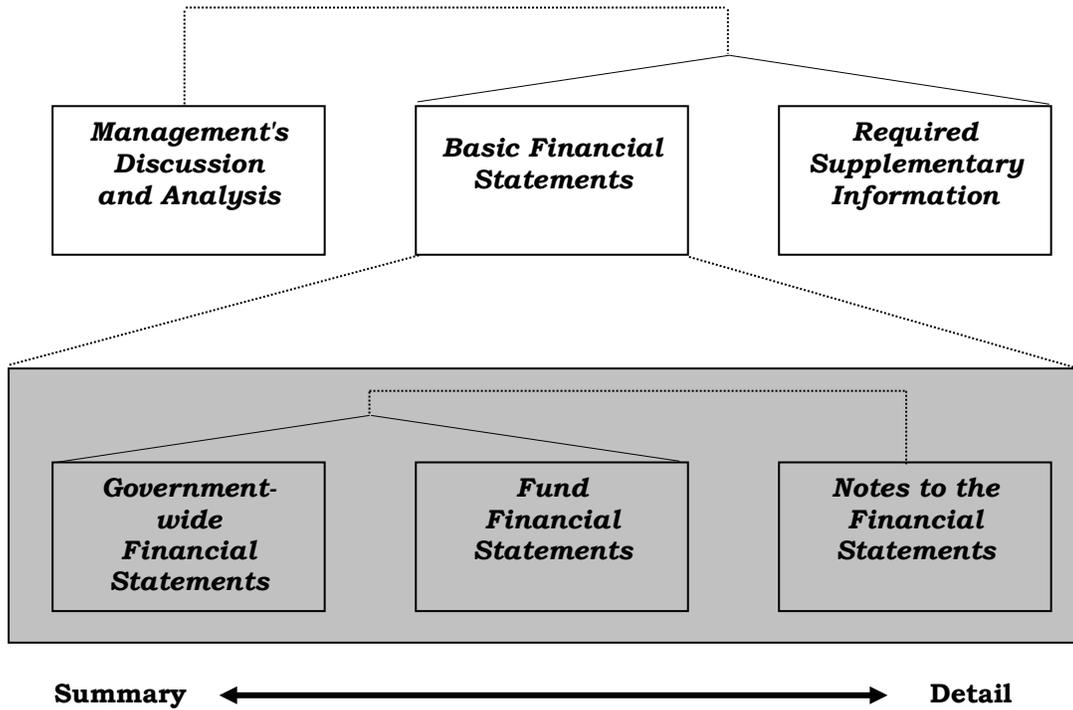


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food 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 Fund - 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, 2016 compared to June 30, 2015.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-16
Current and other assets	\$ 5,822,642	5,618,288	128,151	79,472	5,950,793	5,697,760	4.44%
Capital assets	5,864,874	6,093,337	35,343	40,503	5,900,217	6,133,840	-3.81%
Total assets	11,687,516	11,711,625	163,494	119,975	11,851,010	11,831,600	0.16%
Deferred outflows of resources	281,067	287,840	6,089	6,464	287,156	294,304	-2.43%
Long-term liabilities	4,201,061	4,364,752	36,161	34,218	4,237,222	4,398,970	-3.68%
Other liabilities	698,858	628,574	7,333	6,447	706,191	635,021	11.21%
Total liabilities	4,899,919	4,993,326	43,494	40,665	4,943,413	5,033,991	-1.80%
Deferred inflows of resources	2,601,102	2,996,200	8,923	14,291	2,610,025	3,010,491	-13.30%
Net position:							
Net investment in capital assets	3,439,874	3,431,176	35,343	40,503	3,475,217	3,471,679	0.10%
Restricted	1,542,129	1,356,093	-	-	1,542,129	1,356,093	13.72%
Unrestricted	(514,441)	(777,330)	81,823	30,980	(432,618)	(746,350)	42.04%
Total net position	\$ 4,467,562	4,009,939	117,166	71,483	4,584,728	4,081,422	12.33%

The District's total net position increased by 12.33% or \$503,306 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 13.72% or \$186,036 over the prior year. Improvement in the Management Levy Tax Fund and amounts restricted for categorical funding 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 - increased 42.04% or \$313,732 from the prior year. The increase in unrestricted net position was primarily due to changes regarding the net pension liability recorded during the year and the increase in fund balance of the General Fund.

Figure A-4 shows the changes in net position for the year ended June 30, 2016 compared to the year ended June 30, 2015.

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2016	2015	2016	2015	2016	2015	2015-16
Revenues:							
Program revenues:							
Charges for service	\$ 353,335	370,426	101,873	115,228	455,208	485,654	-6.27%
Operating grants, contributions and restricted interest	484,779	443,832	160,199	150,230	644,978	594,062	8.57%
Capital grants, contributions and restricted interest	4,000	-	-	-	4,000	-	100.00%
General revenues:							
Property tax	2,373,406	2,322,805	-	-	2,373,406	2,322,805	2.18%
Income surtax	95,297	158,490	-	-	95,297	158,490	-39.87%
Statewide sales, services and use tax	373,313	379,117	-	-	373,313	379,117	-1.53%
Unrestricted state grants	1,782,374	1,850,629	-	-	1,782,374	1,850,629	-3.69%
Unrestricted investment earnings	4,413	3,375	83	80	4,496	3,455	30.13%
Other	37,997	37,255	272	453	38,269	37,708	1.49%
Total revenues	<u>5,508,914</u>	<u>5,565,929</u>	<u>262,427</u>	<u>265,991</u>	<u>5,771,341</u>	<u>5,831,920</u>	<u>-1.04%</u>
Program expenses:							
Instruction	3,098,564	2,980,554	-	-	3,098,564	2,980,554	3.96%
Support services	1,517,233	1,516,449	-	-	1,517,233	1,516,449	0.05%
Non-instructional programs	-	-	216,744	227,412	216,744	227,412	-4.69%
Other expenses	435,494	457,432	-	-	435,494	457,432	-4.80%
Total expenses	<u>5,051,291</u>	<u>4,954,435</u>	<u>216,744</u>	<u>227,412</u>	<u>5,268,035</u>	<u>5,181,847</u>	<u>1.66%</u>
Change in net position	457,623	611,494	45,683	38,579	503,306	650,073	-22.58%
Net position beginning of year	<u>4,009,939</u>	<u>3,398,445</u>	<u>71,483</u>	<u>32,904</u>	<u>4,081,422</u>	<u>3,431,349</u>	<u>18.95%</u>
Net position end of year	<u>\$ 4,467,562</u>	<u>4,009,939</u>	<u>117,166</u>	<u>71,483</u>	<u>4,584,728</u>	<u>4,081,422</u>	<u>12.33%</u>

In fiscal year 2016, local tax, statewide sales, services and use tax and unrestricted state grants accounted for 83.94% of the revenue from governmental activities while charges for service and operating grants, contributions and restricted interest accounted for 99.86% of the revenue from business type activities.

The District's total revenues were \$5,771,341, of which \$5,508,914 was for governmental activities and \$262,427 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.04% decrease in revenues and a 1.66% increase in expenses. Revenues from unrestricted state grants saw the largest decline in revenues while the increase in expenses occurred mainly in the instruction functional area.

## Governmental Activities

Revenues for governmental activities were \$5,508,914 and expenses were \$5,051,291.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2016 compared to those expenses for the year ended June 30, 2015.

	Total Cost of Services			Net Cost of Services		
	2016	2015	Change 2015-16	2016	2015	Change 2015-16
Instruction	\$ 3,098,564	2,980,554	3.96%	2,427,020	2,333,950	3.99%
Support services	1,517,233	1,516,449	0.05%	1,513,060	1,515,634	-0.17%
Other expenses	435,494	457,432	-4.80%	269,097	290,593	-7.40%
Totals	<u>\$ 5,051,291</u>	<u>4,954,435</u>	<u>1.95%</u>	<u>4,209,177</u>	<u>4,140,177</u>	<u>1.67%</u>

For the year ended June 30, 2016:

- The cost financed by users of the District's programs was \$353,335.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$488,779.
- The net cost of governmental activities was financed with \$2,373,406 in property tax, \$95,297 of income surtax, \$373,313 in statewide sales, services and use tax, \$1,782,374 in unrestricted state revenues, \$4,413 in interest income and \$37,997 in other general revenues.

## Business Type Activities

Revenues of the District's business type activities were \$262,427 and expenses were \$216,744. 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 \$2,817,696, above last year's ending fund balances of \$2,493,707. The primary reason for the increase is the increase in the fund balance of the General Fund.

## Governmental Fund Highlights

- The District's General Fund balance increased from \$1,278,502 at June 30, 2015 to \$1,491,781 at June 30, 2016. General Fund revenues decreased \$22,249 compared to the prior year and expenses increased by \$264,687 compared to the prior year. However, total revenues still outpaced total expenditures, resulting in an increase in fund balance.

- The Capital Projects Fund balance increased from \$868,571 at June 30, 2015 to \$928,160 at June 30, 2016. The Capital Projects: Statewide Sales, Services and Use Tax Fund balance increased from \$495,113 at June 30, 2015 to \$510,163 at June 30, 2016. The Capital Projects: Physical Plant and Equipment Levy Fund balance increased from \$373,458 at June 30, 2015 to \$417,997 at June 30, 2016.

### Proprietary Funds Highlights

The School Nutrition Fund net position increased from \$71,483 at June 30, 2015 to \$117,166 at June 30, 2016, representing a 63.91% increase. Decreases in total expenses and an increase in federal revenues received contributed to the increase in net position for fiscal year 2016.

### BUDGETARY HIGHLIGHTS

The District's revenues were \$51,987 less than budgeted revenues, a variance of 0.89%. The most significant variance resulted from the District receiving less from local 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, 2016, the District had invested \$5,900,217, 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 \$304,330.

The original cost of the District's capital assets was \$11,276,473. Governmental activities accounted for \$11,171,316 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 machinery and equipment category. The District's machinery and equipment totaled \$230,456 at June 30, 2016 compared to \$343,165 at June 30, 2015. The decrease was the result of depreciation expense applied during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-16
Land	\$ 100,000	100,000	-	-	100,000	100,000	0.00%
Buildings	5,144,406	5,241,887	-	-	5,144,406	5,241,887	-1.86%
Land improvements	425,355	448,788	-	-	425,355	448,788	-5.22%
Machinery and equipment	195,113	302,662	35,343	40,503	230,456	343,165	-32.84%
Total	\$ 5,864,874	6,093,337	35,343	40,503	5,900,217	6,133,840	-3.81%

## Long-Term Debt

At June 30, 2016, the District had \$4,237,222 in revenue bonds and other long-term debt outstanding. This represents a decrease of 3.68% 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, 2016, the District had revenue bonded indebtedness of \$2,425,000 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had compensated absences payable from the General Fund of \$15,464 at June 30, 2016.

The District had total net pension liability of \$1,673,155 at June 30, 2016. \$1,637,278 of this total was attributable to the District's governmental activities while the remaining \$35,877 was attributable to the District's business type activities.

The District had a total net OPEB liability of \$123,603 at June 30, 2016. Governmental activities accounted for \$123,319 of this total while business type activities accounted for the remaining \$284.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-16
Revenue bonds	\$ 2,425,000	2,575,000	-	-	2,425,000	2,575,000	-5.83%
Computer lease	-	87,161	-	-	-	87,161	-100.00%
Compensated absences	15,464	31,517	-	-	15,464	31,517	-50.93%
Termination benefits	-	14,076	-	-	-	14,076	-100.00%
Net pension liability	1,637,278	1,550,012	35,877	33,896	1,673,155	1,583,908	5.63%
Net OPEB liability	123,319	106,986	284	322	123,603	107,308	15.19%
Total	<u>\$ 4,201,061</u>	<u>4,364,752</u>	<u>36,161</u>	<u>34,218</u>	<u>4,237,222</u>	<u>4,398,970</u>	<u>-3.68%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Increases in health insurance premiums, along with salaries and benefits for the employees is always a concern for the District.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.
- Enrollment is a concern for the District due to being located in a rural area as well as increasing open enrollment out. Enrollment levels have an effect on both state and federal revenues so decreasing enrollment will negatively effect the District financial health.

## **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, Coon Rapids, Iowa, 50058.

BASIC FINANCIAL STATEMENTS

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 3,327,465	122,888	3,450,353
Receivables:			
Property tax:			
Delinquent	51,942	-	51,942
Succeeding year	2,184,070	-	2,184,070
Income surtax	122,018	-	122,018
Accounts	17,071	106	17,177
Due from other governments	120,076	-	120,076
Inventories	-	5,157	5,157
Capital assets, net of accumulated depreciation	5,864,874	35,343	5,900,217
<b>Total assets</b>	<b>11,687,516</b>	<b>163,494</b>	<b>11,851,010</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	281,067	6,089	287,156
<b>Liabilities</b>			
Accounts payable	308,489	-	308,489
Salaries and benefits payable	390,369	3,808	394,177
Unearned revenue	-	3,525	3,525
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	150,000	-	150,000
Compensated absences	15,464	-	15,464
Portion due after one year:			
Revenue bonds	2,275,000	-	2,275,000
Net pension liability	1,637,278	35,877	1,673,155
Net OPEB liability	123,319	284	123,603
<b>Total liabilities</b>	<b>4,899,919</b>	<b>43,494</b>	<b>4,943,413</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	2,184,070	-	2,184,070
Pension related deferred inflows	417,032	8,923	425,955
<b>Total deferred inflows of resources</b>	<b>2,601,102</b>	<b>8,923</b>	<b>2,610,025</b>
<b>Net Position</b>			
Net investment in capital assets	3,439,874	35,343	3,475,217
Restricted for:			
Categorical funding	216,214	-	216,214
Management levy purposes	96,310	-	96,310
Student activities	76,313	-	76,313
Debt service	225,132	-	225,132
School infrastructure	510,163	-	510,163
Physical plant and equipment	417,997	-	417,997
Unrestricted	(514,441)	81,823	(432,618)
<b>Total net position</b>	<b>\$ 4,467,562</b>	<b>117,166</b>	<b>4,584,728</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 1,724,040	156,117	80,141	-	(1,487,782)	-	(1,487,782)
Special	620,550	29,701	18,590	-	(572,259)	-	(572,259)
Other	753,974	167,517	219,478	-	(366,979)	-	(366,979)
	<u>3,098,564</u>	<u>353,335</u>	<u>318,209</u>	<u>-</u>	<u>(2,427,020)</u>	<u>-</u>	<u>(2,427,020)</u>
Support services:							
Student	111,669	-	173	-	(111,496)	-	(111,496)
Instructional staff	282,097	-	-	-	(282,097)	-	(282,097)
Administration	482,533	-	-	-	(482,533)	-	(482,533)
Operation and maintenance of plant	370,808	-	-	4,000	(366,808)	-	(366,808)
Transportation	270,126	-	-	-	(270,126)	-	(270,126)
	<u>1,517,233</u>	<u>-</u>	<u>173</u>	<u>4,000</u>	<u>(1,513,060)</u>	<u>-</u>	<u>(1,513,060)</u>
Long-term debt interest	77,476	-	-	-	(77,476)	-	(77,476)
Other expenditures:							
AEA flowthrough	166,397	-	166,397	-	-	-	-
Depreciation(unallocated)*	191,621	-	-	-	(191,621)	-	(191,621)
	<u>358,018</u>	<u>-</u>	<u>166,397</u>	<u>-</u>	<u>(191,621)</u>	<u>-</u>	<u>(191,621)</u>
Total governmental activities	<u>5,051,291</u>	<u>353,335</u>	<u>484,779</u>	<u>4,000</u>	<u>(4,209,177)</u>	<u>-</u>	<u>(4,209,177)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	216,744	101,873	160,199	-	-	45,328	45,328
Total	<u>\$ 5,268,035</u>	<u>455,208</u>	<u>644,978</u>	<u>4,000</u>	<u>(4,209,177)</u>	<u>45,328</u>	<u>(4,163,849)</u>
<b>General Revenues:</b>							
Property tax levied for:							
General purposes				\$ 2,046,585	-		2,046,585
Capital outlay				326,821	-		326,821
Income surtax				95,297	-		95,297
Statewide sales, services and use tax				373,313	-		373,313
Unrestricted state grants				1,782,374	-		1,782,374
Unrestricted investment earnings				4,413	83		4,496
Other				37,997	272		38,269
Total general revenues				<u>4,666,800</u>	<u>355</u>		<u>4,667,155</u>
Change in net position				457,623	45,683		503,306
Net position beginning of year				4,009,939	71,483		4,081,422
Net position end of year				<u>\$ 4,467,562</u>	<u>117,166</u>		<u>4,584,728</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, 2016

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash and pooled investments	\$ 1,858,404	873,869	595,192	3,327,465
Receivables:				
Property tax:				
Delinquent	41,131	7,145	3,666	51,942
Succeeding year	1,673,599	321,471	189,000	2,184,070
Income surtax	122,018	-	-	122,018
Accounts	16,471	-	600	17,071
Due from other governments	58,878	61,198	-	120,076
<b>Total assets</b>	<b>\$ 3,770,501</b>	<b>1,263,683</b>	<b>788,458</b>	<b>5,822,642</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 92,734	14,052	201,703	308,489
Salaries and benefits payable	390,369	-	-	390,369
Total liabilities	483,103	14,052	201,703	698,858
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,673,599	321,471	189,000	2,184,070
Income surtax	122,018	-	-	122,018
Total deferred inflows of resources	1,795,617	321,471	189,000	2,306,088
Fund balances:				
Restricted for:				
Categorical funding	216,214	-	-	216,214
Management levy purposes	-	-	96,310	96,310
Student activities	-	-	76,313	76,313
Debt service	-	-	225,132	225,132
School infrastructure	-	510,163	-	510,163
Physical plant and equipment	-	417,997	-	417,997
Unassigned	1,275,567	-	-	1,275,567
Total fund balances	1,491,781	928,160	397,755	2,817,696
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,770,501</b>	<b>1,263,683</b>	<b>788,458</b>	<b>5,822,642</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, 2016

<b>Total fund balances of governmental funds(page 20)</b>	\$	2,817,696
 <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.		5,864,874
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.		122,018
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 281,067	
Deferred inflows of resources	<u>(417,032)</u>	(135,965)
Long-term liabilities, including revenue bonds payable, compensated absences 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>(4,201,061)</u>
<b>Net position of governmental activities(page 18)</b>	<b>\$</b>	<b><u>4,467,562</u></b>

SEE NOTES TO FINANCIAL STATEMENTS .

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,007,961	326,821	167,183	2,501,965
Tuition	185,668	-	-	185,668
Other	87,061	6,122	185,424	278,607
State sources	2,057,992	377,267	2,044	2,437,303
Federal sources	138,633	-	-	138,633
Total revenues	<u>4,477,315</u>	<u>710,210</u>	<u>354,651</u>	<u>5,542,176</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,771,572	15,075	14,076	1,800,723
Special	634,342	-	-	634,342
Other	583,227	-	181,866	765,093
	<u>2,989,141</u>	<u>15,075</u>	<u>195,942</u>	<u>3,200,158</u>
Support services:				
Student	106,501	-	-	106,501
Instructional staff	116,584	114,133	-	230,717
Administration	387,223	67,516	68,127	522,866
Operation and maintenance of plant	314,867	35,769	28,015	378,651
Transportation	188,368	38,173	11,180	237,721
	<u>1,113,543</u>	<u>255,591</u>	<u>107,322</u>	<u>1,476,456</u>
Capital outlay	-	63,606	-	63,606
Long-term debt:				
Principal	-	-	237,161	237,161
Interest	-	-	79,454	79,454
	<u>-</u>	<u>-</u>	<u>316,615</u>	<u>316,615</u>
Other expenditures:				
AEA flowthrough	166,397	-	-	166,397
Total expenditures	<u>4,269,081</u>	<u>334,272</u>	<u>619,879</u>	<u>5,223,232</u>
Excess (Deficiency) of revenues over (under) expenditures	208,234	375,938	(265,228)	318,944
Other financing sources(uses):				
Transfer in	-	-	316,349	316,349
Transfer out	-	(316,349)	-	(316,349)
Compensation for loss of capital assets	5,045	-	-	5,045
Total other financing sources(uses)	<u>5,045</u>	<u>(316,349)</u>	<u>316,349</u>	<u>5,045</u>
Change in fund balances	213,279	59,589	51,121	323,989
Fund balances beginning of year	<u>1,278,502</u>	<u>868,571</u>	<u>346,634</u>	<u>2,493,707</u>
Fund balances end of year	<u>\$ 1,491,781</u>	<u>928,160</u>	<u>397,755</u>	<u>2,817,696</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, 2016

**Net change in fund balances - total governmental funds(page 22)** \$ 323,989

*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	\$ 70,707	
Depreciation expense	(299,170)	(228,463)

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (33,262)

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. 237,161

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. 1,978

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position. 211,236

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:

Termination benefits	14,076	
Pension expense	(68,812)	
Compensated absences	16,053	
Net OPEB liability	(16,333)	(55,016)

**Changes in net position of governmental activities(page 19)** \$ 457,623

SEE NOTES TO FINANCIAL STATEMENTS .

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2016

	Enterprise, School Nutrition
<b>Assets</b>	
Current assets:	
Cash and pooled investments	\$ 122,888
Accounts receivable	106
Inventories	5,157
	128,151
Noncurrent assets:	
Capital assets, net of accumulated depreciation	35,343
<b>Total assets</b>	<b>163,494</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	6,089
<b>Liabilities</b>	
Current liabilities:	
Salaries and benefits payable	3,808
Unearned revenue	3,525
	7,333
Noncurrent liabilities:	
Net pension liability	35,877
Net OPEB liability	284
	36,161
<b>Total liabilities</b>	<b>43,494</b>
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	8,923
<b>Net Position</b>	
Net investment in capital assets	35,343
Unrestricted	81,823
<b>Total net position</b>	<b>\$ 117,166</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2016

	Enterprise, School Nutrition
Operating revenue:	
Local sources:	
Charges for service	\$ 101,873
Miscellaneous	272
Total operating revenues	102,145
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	51,861
Benefits	6,368
Services	607
Supplies	152,748
Depreciation	5,160
Total operating expenses	216,744
Operating loss	(114,599)
Non-operating revenues:	
State sources	2,201
Federal sources	157,998
Interest income	83
Total non-operating revenues	160,282
Change in net position	45,683
Net position beginning of year	71,483
Net position end of year	\$ 117,166

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2016

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 102,317
Cash received from miscellaneous	272
Cash payments to employees for services	(60,923)
Cash payments to suppliers for goods or services	(132,898)
Net cash used in operating activities	(91,232)
Cash flows from non-capital financing activities:	
State grants received	2,201
Federal grants received	140,648
Net cash provided by non-capital financing activities	142,849
Cash flows from investing activities:	
Interest on investment	83
Net increase in cash and pooled investments	51,700
Cash and pooled investments beginning of year	71,188
Cash and pooled investments end of year	\$ 122,888
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (114,599)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	17,350
Depreciation	5,160
Decrease in inventories	3,107
Increase in accounts receivable	(86)
Increase in salaries and benefits payable	356
Increase in net pension liability	1,981
Decrease in deferred outflows of resources	375
Decrease in deferred inflows of resources	(5,368)
Increase in unearned revenue	530
Decrease in other postemployment benefits	(38)
Net cash used in operating activities	\$ (91,232)

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

During the year ended June 30, 2016, the District received \$17,350 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	Private Purpose Trust	Agency
	Scholarship	
<b>Assets</b>		
Cash and pooled investments	\$ 1,900	973
<b>Liabilities</b>		
Due to other groups	-	973
<b>Net Position</b>		
Held in trust for scholarships	\$ 1,900	-

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2016

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	<u>\$ -</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>800</u>
Change in net position	(800)
Net position beginning of year	<u>2,700</u>
Net position end of year	<u><u>\$ 1,900</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**(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 nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The District reports the following nonmajor 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, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2015.

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 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 School Nutrition 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, 2016. 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 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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

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. Budgets and Budgetary Accounting

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

#### (2) **Cash and Pooled Investments**

The District's deposits at June 30, 2016 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, 2016, the District had no such investments.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

#### (3) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 316,349</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 indebtedness.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2016 was 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	8,382,891	58,233	-	8,441,124
Land improvements	1,095,530	12,474	-	1,108,004
Machinery and equipment	1,522,188	-	-	1,522,188
Total capital assets being depreciated	<u>11,000,609</u>	<u>70,707</u>	<u>-</u>	<u>11,071,316</u>
Less accumulated depreciation for:				
Buildings	3,141,004	155,714	-	3,296,718
Land improvements	646,742	35,907	-	682,649
Machinery and equipment	1,219,526	107,549	-	1,327,075
Total accumulated depreciation	<u>5,007,272</u>	<u>299,170</u>	<u>-</u>	<u>5,306,442</u>
Total capital assets being depreciated, net	<u>5,993,337</u>	<u>(228,463)</u>	<u>-</u>	<u>5,764,874</u>
Governmental activities capital assets, net	<u>\$ 6,093,337</u>	<u>(228,463)</u>	<u>-</u>	<u>5,864,874</u>
<b>Business type activities:</b>				
Machinery and equipment	\$ 105,157	-	-	105,157
Less accumulated depreciation	64,654	5,160	-	69,814
Business type activities capital assets, net	<u>\$ 40,503</u>	<u>(5,160)</u>	<u>-</u>	<u>35,343</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 11,715
Other	9,782
Support services:	
Instructional staff	56,191
Transportation	29,861
	<u>107,549</u>
Unallocated depreciation	191,621
Total governmental activities depreciation expense	<u>\$ 299,170</u>
Business type activities:	
Food service operations	<u>\$ 5,160</u>

**(5) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds	\$ 2,575,000	-	150,000	2,425,000	150,000
Computer lease	87,161	-	87,161	-	-
Compensated absences	31,517	15,464	31,517	15,464	15,464
Termination benefits	14,076	-	14,076	-	-
Net pension liability	1,550,012	87,266	-	1,637,278	-
Net OPEB liability	106,986	16,333	-	123,319	-
Total	<u>\$ 4,364,752</u>	<u>119,063</u>	<u>282,754</u>	<u>4,201,061</u>	<u>165,464</u>
<b>Business type activities:</b>					
Net pension liability	\$ 33,896	1,981	-	35,877	-
Net OPEB liability	322	-	38	284	-
Total	<u>\$ 34,218</u>	<u>1,981</u>	<u>38</u>	<u>36,161</u>	<u>-</u>

Revenue Bonds

Details of District's June 30, 2016 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
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	2.60	165,000	57,790	222,790
2022-2026	2.70-3.25	900,000	218,090	1,118,090
2027-2030	3.40-4.00	735,000	62,515	797,515
		<u>\$ 2,425,000</u>	<u>607,050</u>	<u>3,032,050</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 \$3,032,050. For the current year, \$225,117 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$373,313.

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 reserve 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.

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

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 36 active and 2 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, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 22,448
Interest on net OPEB obligation	2,683
Adjustment to annual required contribution	<u>(6,587)</u>
Annual OPEB cost	18,544
Contributions made	<u>(2,249)</u>
Increase in net OPEB obligation	16,295
Net OPEB obligation beginning of year	<u>107,308</u>
Net OPEB obligation end of year	<u><u>\$ 123,603</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, 2016.

For the year ended June 30, 2016, the District contributed \$2,249 to the plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 35,383	29.44%	\$ 80,429
2015	29,679	9.43	107,308
2016	18,544	12.13	123,603

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$179,017 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$179,017. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,961,550, and the ratio of the UAAL to covered payroll was 9.13%. As of June 30, 2016, 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, 2015 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 2000 Annuity Mortality Table Projected to 2015, applied on a gender-specific basis. The aging curve used is based on a 2006 Society of Actuaries study.

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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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 - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State 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 2016, pursuant to the required rate, Regular members contributed 5.95 percent of covered payroll and the District contributed 8.93 percent of covered payroll for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2016 were \$215,811.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the District reported a liability of \$1,673,155 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the District's collective proportion was 0.033866 percent, which was an decrease of 0.006072 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$70,375. At June 30, 2016, 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	\$ 25,279	-
Changes of assumptions	46,066	-
Net difference between projected and actual earnings on IPERS' investments	-	139,250
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	286,705
District contributions subsequent to the measurement date	215,811	-
Total	<u>\$ 287,156</u>	<u>425,955</u>

\$215,811 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, 2017. 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,	Amount
2017	\$ (117,231)
2018	(117,231)
2019	(117,231)
2020	10,750
2021	(13,667)
Total	<u>\$ (354,610)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 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% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 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 IPERS 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:

<b>Asset Class</b>	<b>Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
<b>Total</b>	<b>100%</b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.5%. 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, IPERS' 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 IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 2,929,393	1,673,155	612,800

**IPERS Fiduciary Net Position** - Detailed information about the IPERS' 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 IPERS** - At June 30, 2016, the District reported payables to IPERS of \$26,794 for legally required employer contributions and \$17,852 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 \$166,397 for the year ended June 30, 2016 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, 2016 are comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Weighted limited english proficiency	\$ 2,900
Weighted at-risk programs	5,981
Gifted and talented programs	17,526
Returning dropouts and dropout prevention programs	10,573
Four-year-old preschool state aid	98,518
Teacher salary supplement	16,979
Iowa early intervention block grant	14,129
Successful progression for early readers	30,338
Professional development for model core curriculum	4,844
Professional development	14,426
Total	<u>\$ 216,214</u>

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

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

	<u>Net Investment in Capital Assets</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	1,275,567
Capital assets, net of accumulated depreciation	5,864,874	-
Revenue bond capitalized indebtedness	(2,425,000)	-
Income surtax	-	122,018
Pension related deferred outflows	-	281,067
Compensated absences	-	(15,464)
Net pension liability	-	(1,637,278)
Net OPEB liability	-	(123,319)
Pension related deferred inflows	-	(417,032)
Net Position (Exhibit A)	<u>\$ 3,439,874</u>	<u>(514,441)</u>

Coon Rapids-Bayard Community School District

REQUIRED SUPPLEMENTARY INFORMATION

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE OF REVENUES,  
 EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2016

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 2,966,240	102,228	3,068,468	3,120,912	3,120,912	(52,444)
State sources	2,437,303	2,201	2,439,504	2,449,678	2,449,678	(10,174)
Federal sources	138,633	157,998	296,631	286,000	286,000	10,631
Total revenues	<u>5,542,176</u>	<u>262,427</u>	<u>5,804,603</u>	<u>5,856,590</u>	<u>5,856,590</u>	<u>(51,987)</u>
Expenditures/Expenses:						
Instruction	3,200,158	-	3,200,158	3,232,000	3,232,000	31,842
Support services	1,476,456	-	1,476,456	1,694,000	1,694,000	217,544
Non-instructional programs	-	216,744	216,744	275,000	275,000	58,256
Other expenditures	546,618	-	546,618	602,995	602,995	56,377
Total expenditures/expenses	<u>5,223,232</u>	<u>216,744</u>	<u>5,439,976</u>	<u>5,803,995</u>	<u>5,803,995</u>	<u>364,019</u>
Excess of revenues over expenditures/expenses	318,944	45,683	364,627	52,595	52,595	312,032
Other financing sources, net	<u>5,045</u>	-	<u>5,045</u>	-	-	<u>5,045</u>
Excess of revenues and other financing sources over expenditures/expenses	323,989	45,683	369,672	52,595	52,595	317,077
Balances beginning of year	<u>2,493,707</u>	<u>71,483</u>	<u>2,565,190</u>	<u>2,465,878</u>	<u>2,465,878</u>	<u>99,312</u>
Balances end of year	<u>\$ 2,817,696</u>	<u>117,166</u>	<u>2,934,862</u>	<u>2,518,473</u>	<u>2,518,473</u>	<u>416,389</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2016

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.

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  
 FOR THE LAST TWO YEARS\*  
 REQUIRED SUPPLEMENTARY INFORMATION

	2016	2015
District's proportion of the net pension liability	0.033866%	0.039938%
District's proportionate share of the net pension liability	\$ 1,673,155	1,583,908
District's covered-employee payroll	\$ 2,320,143	2,613,236
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 215,811	207,189	233,362	227,981	221,819	193,256	177,727	175,205	165,644	150,264
Contributions in relation to the statutorily required contribution	\$ (215,811)	(207,189)	(233,362)	(227,981)	(221,819)	(193,256)	(177,727)	(175,205)	(165,644)	(150,264)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 2,416,699	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
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	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, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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.

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.
- 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 the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

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	-	280,489	280,489	0.0	1,832,477	15.31
2014	July 1, 2012	-	248,282	248,282	0.0	1,869,220	13.28
2015	July 1, 2012	-	214,134	214,134	0.0	1,438,682	14.88
2016	July 1, 2015	-	179,017	179,017	0.0	1,961,550	9.13

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.

Coon Rapids-Bayard Community School District

SUPPLEMENTARY INFORMATION

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	Special Revenue			Debt Service	Total
	Student Activity	Management Levy	Total		
<b>Assets</b>					
Cash and pooled investments	\$ 88,857	92,644	181,501	413,691	595,192
Receivables:					
Property tax:					
Delinquent	-	3,666	3,666	-	3,666
Succeeding year	-	189,000	189,000	-	189,000
Accounts	600	-	600	-	600
<b>Total assets</b>	<b>\$ 89,457</b>	<b>285,310</b>	<b>374,767</b>	<b>413,691</b>	<b>788,458</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 13,144	-	13,144	188,559	201,703
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	189,000	189,000	-	189,000
Fund balances:					
Restricted for:					
Management levy purposes	-	96,310	96,310	-	96,310
Student activities	76,313	-	76,313	-	76,313
Debt service	-	-	-	225,132	225,132
Total fund balances	76,313	96,310	172,623	225,132	397,755
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 89,457</b>	<b>285,310</b>	<b>374,767</b>	<b>413,691</b>	<b>788,458</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, 2016

	Special Revenue			Debt Service	Total
	Student Activity	Management Levy	Total		
Revenues:					
Local sources:					
Local tax	\$ -	167,183	167,183	-	167,183
Other	176,464	8,827	185,291	133	185,424
State sources	-	2,044	2,044	-	2,044
Total revenues	176,464	178,054	354,518	133	354,651
Expenditures:					
Current:					
Instruction:					
Regular	-	14,076	14,076	-	14,076
Other	181,866	-	181,866	-	181,866
Support services:					
Administration	-	68,127	68,127	-	68,127
Operation and maintenance of plant	-	28,015	28,015	-	28,015
Transportation	-	11,180	11,180	-	11,180
Long-term debt:					
Principal	-	-	-	237,161	237,161
Interest and fiscal charges	-	-	-	79,454	79,454
Total expenditures	181,866	121,398	303,264	316,615	619,879
Excess(Deficiency) of revenues over(under) expenditures	(5,402)	56,656	51,254	(316,482)	(265,228)
Other financing sources:					
Transfer in	-	-	-	316,349	316,349
Change in fund balances	(5,402)	56,656	51,254	(133)	51,121
Fund balances beginning of year	81,715	39,654	121,369	225,265	346,634
Fund balances end of year	\$ 76,313	96,310	172,623	225,132	397,755

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUND ACCOUNTS  
 JUNE 30, 2016

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 448,965	424,904	873,869
Receivables:			
Property tax:			
Delinquent	-	7,145	7,145
Succeeding year	-	321,471	321,471
Due from other governments	61,198	-	61,198
<b>Total assets</b>	<b>\$ 510,163</b>	<b>753,520</b>	<b>1,263,683</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	14,052	14,052
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	321,471	321,471
Fund balances:			
Restricted for:			
School infrastructure	510,163	-	510,163
Physical plant and equipment	-	417,997	417,997
Total fund balances	510,163	417,997	928,160
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 510,163</b>	<b>753,520</b>	<b>1,263,683</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2016

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	326,821	326,821
Other	1,936	4,186	6,122
State sources	373,313	3,954	377,267
Total revenues	<u>375,249</u>	<u>334,961</u>	<u>710,210</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	15,075	15,075
Support services:			
Instructional staff	-	114,133	114,133
Administration	-	67,516	67,516
Operation and maintenance of plant	-	35,769	35,769
Transportation	-	38,173	38,173
Capital outlay	43,850	19,756	63,606
Total expenditures	<u>43,850</u>	<u>290,422</u>	<u>334,272</u>
Excess of revenues over expenditures	331,399	44,539	375,938
Other financing uses:			
Transfer out	<u>(316,349)</u>	-	<u>(316,349)</u>
Change in fund balances	15,050	44,539	59,589
Fund balances beginning of year	<u>495,113</u>	<u>373,458</u>	<u>868,571</u>
Fund balances end of year	<u>\$ 510,163</u>	<u>417,997</u>	<u>928,160</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, 2016

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Drama and speech	\$ 187	1,196	1,235	148
Co-ed athletics	15,012	42,860	46,240	11,632
Weight room	925	6,564	7,472	17
Boys basketball	3,879	2,217	1,747	4,349
Football	1,361	9,890	10,595	656
Baseball	602	12,924	12,418	1,108
Track	-	503	399	104
Boys golf	473	-	-	473
Wrestling club	13,171	7,122	13,653	6,640
Girls basketball	2,102	3,321	1,162	4,261
Girls volleyball	1,317	3,955	4,063	1,209
Softball	2,030	989	2,794	225
Girls golf	567	-	151	416
Art club	139	-	-	139
FB/BB cheerleaders	1,598	3,366	3,153	1,811
Concessions	2,660	14,824	14,793	2,691
Elementary club	1,425	-	218	1,207
FFA	6,078	33,968	39,098	948
FCCLA	751	-	-	751
Intermediate club	24	-	-	24
National honor society	1,875	1,754	1,751	1,878
RIF club	809	450	-	1,259
Sign/School store	1,139	15	-	1,154
Spanish club	477	-	-	477
Student council	4,213	6,166	5,148	5,231
Band trip	4,715	435	90	5,060
Yearbook	11,148	5,986	4,358	12,776
Colorguard	44	-	-	44
Class of 2015	532	-	-	532
Class of 2016	1,405	-	1,154	251
Class of 2017	1,015	8,932	7,434	2,513
Class of 2018	42	8,927	2,674	6,295
Class of 2019	-	100	66	34
Total	<u>\$ 81,715</u>	<u>176,464</u>	<u>181,866</u>	<u>76,313</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 JUNE 30, 2016

	Private Purpose Trust Fund - Scholarship Accounts		
	FFA Scholarship	Student Council Scholarship	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,100	800	1,900
<b>Liabilities</b>	-	-	-
<b>Net Position</b>			
Held in trust for scholarships	\$ 1,100	800	1,900

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 YEAR ENDED JUNE 30, 2016

	<u>Private Purpose Trust Fund - Scholarship Accounts</u>		
	FFA Scholarship	Student Council Scholarship	Total
Additions:			
Local sources:	\$ -	-	-
Deductions:			
Instruction:			
Regular:			
Scholarships awarded	800	-	800
Change in net position	(800)	-	(800)
Net position beginning of year	1,900	800	2,700
Net position end of year	\$ 1,100	800	1,900

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, 2016

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Assets</b>				
Cash and pooled investments	\$ 511	795	333	973
<b>Liabilities</b>				
Due to other groups	\$ 511	795	333	973

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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Local sources:										
Local tax	\$ 2,501,965	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
Tuition	185,668	170,566	172,007	126,031	133,450	96,865	88,748	75,079	52,364	52,897
Other	278,607	271,472	367,906	310,333	378,053	331,529	289,785	388,776	325,069	354,051
Intermediate sources	-	-	-	-	-	-	-	-	-	5,156
State sources	2,437,303	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
Federal sources	138,633	129,432	161,653	171,393	175,985	422,976	410,431	170,870	169,248	188,846
<b>Total</b>	<b>\$ 5,542,176</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>
Expenditures:										
Current:										
Instruction:										
Regular	\$ 1,800,723	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
Special	634,342	548,897	568,530	569,484	672,555	587,570	576,554	517,807	674,584	491,232
Other	765,093	732,302	881,480	863,519	927,825	813,389	796,718	672,280	509,896	602,160
Support services:										
Student	106,501	105,370	94,174	86,897	44,917	35,500	45,252	91,272	114,789	120,087
Instructional staff	230,717	201,556	177,116	297,446	164,420	152,729	129,828	145,618	270,209	149,004
Administration	522,866	568,124	511,893	533,552	505,600	458,856	472,060	442,727	370,124	466,886
Operation and maintenance of plant	378,651	386,806	388,122	400,439	430,221	406,487	382,318	359,491	376,627	366,824
Transportation	237,721	232,562	276,297	251,243	249,936	183,952	288,584	246,070	187,081	291,658
Non-instructional programs	-	-	434	-	-	-	-	-	-	-
Capital outlay	63,606	3,700	159,631	1,079,153	2,088,807	429,314	117,155	253,433	126,752	62,285
Long-term debt:										
Principal	237,161	229,886	234,497	140,000	275,000	170,000	160,000	160,000	145,000	140,000
Interest and fiscal charges	79,454	84,879	82,417	85,217	65,520	15,805	22,635	29,355	35,300	40,900
Other expenditures:										
AEA flowthrough	166,397	166,839	164,558	161,812	162,852	184,560	168,376	157,274	154,060	149,140
<b>Total</b>	<b>\$ 5,223,232</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>

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, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 20, 2017.

**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, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be a material weakness 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 deficiency described in Part I of the accompanying Schedule of Findings as item I-A-16 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-B-16 through I-D-16 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, 2016 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. Coon Rapids-Bayard Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 20, 2017  
Newton, Iowa

COON RAPIDS-BAYARD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2016

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-16 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted an individual has control over one or more of the following areas for the District:

- a) Cash - initiating cash receipt and disbursement transactions and handling and recording cash, posting and reconciling cash balances.
- b) Receipts - collecting, initial receipt recording, depositing, journalizing, posting, and reconciling.
- c) Disbursements - purchase order processing, check preparation, mailing and recording.
- d) Inventories - ordering, receiving, issuing, accounting and storing.
- e) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, signing of checks, posting, and distribution.
- f) Capital assets - purchasing, recording and reconciling.
- g) Computer systems - performing all general accounting functions and controlling all data input and output.
- h) Journal entries - writing, posting and approving
- i) Financial reporting - preparing, reconciling and approving

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 internal control procedures in our district and have maximum internal control possible considering our circumstances.

Conclusion - Response accepted.

I-B-16 Supporting Documentation for Credit Card Payments - We 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. It does not appear the District is requiring receipts to be turned in for purchases made with a District credit card.

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 as required by the District's own board policy and to ensure compliance with Chapter 279.29 of the Code of Iowa.

Response - The District does a better job making sure all purchases on the credit card are supported with receipts.

Conclusion - Response accepted.

I-C-16 Payroll Procedures - We noted during our audit that the District does not have an independent person verify payroll contracts are entered into the system at the correct amounts.

Recommendation - Better internal controls are established by having an independent person verify that payroll contracts are entered into the system prior to the first pay period under the new contract. This helps to ensure all employees are paid the appropriate amount and avoid any potential over or underpayments.

Response - Our District is small and we have limited staff in the office area to verify payroll contracts are entered in the system. The SBO performs multiple checks to make sure payroll is correct under the new contract and for every pay period.

Conclusion - Response accepted.

I-D-16 Time Sheets - We noted during our audit that the District does not maintain time sheets for non-certified employees.

Recommendation - Time sheets are the supporting documentation for hours worked by non-certified staff. The absence of documentation does not allow for the reconciling of hours worked and corresponding amounts paid to these employees. The District should evaluate its needs and develop appropriate business policies and procedures to maintain these payroll records of the District's non-certified employees.

Response - The district does maintain time sheets for all non-certified employees. They are collected after the second Friday of the month and are used to input time into our accounting system. They are then stored in a file cabinet in the SBO's office.

Conclusion - Response accepted.

#### OTHER MATTERS:

I-E-16 Board Policies - We noted during our audit instances of board policies that appear to not have been updated or review in the past five years. Board policies should be reviewed by the Board of Directors at least once every five years and the review date should be documented.

Recommendation - The District should review its procedures to ensure board policies are up to date and develop a plan to review policies in a timely manner.

Response - The board has started reviewing board policies this year.

Conclusion - Response accepted.

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

II-A-16 Certified Budget - District disbursements for the year ended June 30, 2016 did not exceed the amounts budgeted.

II-B-16 Questionable Disbursements - We noted that the District has credit cards which may be checked out for use by employees. We noted however, that reimbursements to employees for items purchased with personal credit cards for the full purchase price, including sales tax. As the District is a tax-exempt entity reimbursements for sales tax would not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their procedures in place, and make necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - Employees who check out the credit card or ask for reimbursement on items that were approved are reminded that the district will not pay sales tax.

Conclusion - Response accepted.

II-C-16 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-16 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	\$ 340
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-16 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

II-F-16 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-16 Certified Enrollment - We noted the basic enrollment data certified to the Iowa Department of Education was overstated by 0.22 students.

Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to correct this issue.

Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this issue.

Conclusion - Response accepted.

- II-H-16 Supplementary Weighting - We noted no variances in the supplementary weighting data certified to the Department of Education.
- II-I-16 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-16 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-16 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-16 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, 2016, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	495,113
Revenues:			
Sales tax revenues	\$	373,313	
Other local revenues		<u>1,936</u>	<u>375,249</u>
			870,362
Expenditures/transfers out:			
School infrastructure construction		43,850	
Transfer to other funds:			
Debt Service Fund		<u>316,349</u>	<u>360,199</u>
Ending balance		\$	<u><u>510,163</u></u>

For the year ended June 30, 2016, 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-16 Officiating Contracts - We noted during our audit that the Board President was not signing Activity Fund officiating contracts. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should review its procedures to ensure compliance with Chapter 291.1 of the Code of Iowa.

Response - Since the beginning of the 17 fiscal year, all referees are given contracts and sign them along with the board president.

Conclusion - Response accepted.

II-N-16 Outside Organizations - We noted during our audit that an outside organization appears to be using the District's Federal Identification Number for the purpose of establishing a bank account which is used for fundraising for a fieldtrip for District students.

Recommendation - The District should be inquiring of all local banks to verify that no outside organizations are operating under the District Federal Identification Number. The District should also contact this organization and review its relationship to determine if this account and the associated funds should be accounted for within the District financial records or if this outside organization should seek its own Federal Identification Number and tax status, and separate its operations from the District.

Response - The District checked with local banks and there was one account that has been set up since 1986. The District is exploring options to resolve this issue.

Conclusion - Response accepted.