

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Colfax-Mingo Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Skylar Rawlins	President	2017
Billie Jo Russell	Vice President	2017
Doug Garrett	Board Member	2015
Jan Myers	Board Member	2015
Mardell Tomlonovic	Board Member	2015
Dr. Rebecca Maher	Board Member	2017
Don Goodman	Board Member	2015
School Officials		
Marty Lucas	Superintendent	2015
Deb Hodgson	District Secretary/ Treasurer	2015
Ahlers and Cooney, P.C.	Attorney	2015

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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by arrangement, 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 Colfax-Mingo Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Colfax-Mingo Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. accepted accounting principles require Managements' Discussion 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 46 through 51 be presented to supplement 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 inquires 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 Colfax-Mingo Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2016 on our consideration of Colfax-Mingo 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 Colfax-Mingo Community School District's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive style with a large, stylized "N" and "J".

NOLTE, CORNMAN & JOHNSON, P.C.

January 26, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,253,211 in fiscal year 2014 to \$7,275,154 in fiscal year 2015, while General Fund expenditures increased from \$7,435,684 in fiscal year 2014 to \$8,006,709 in fiscal year 2015. The District's General Fund balance decreased from \$1,432,324 at June 30, 2014 to a \$700,769 at June 30, 2015, a 51.07% decrease.
- General fund revenues increased from the prior year due in part to an increase in state and federal source revenues received during fiscal year 2015. The increase in expenditures was due primarily to an increase in regular instruction costs as compared to 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 Colfax-Mingo 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 Colfax-Mingo Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Colfax-Mingo Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, 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.

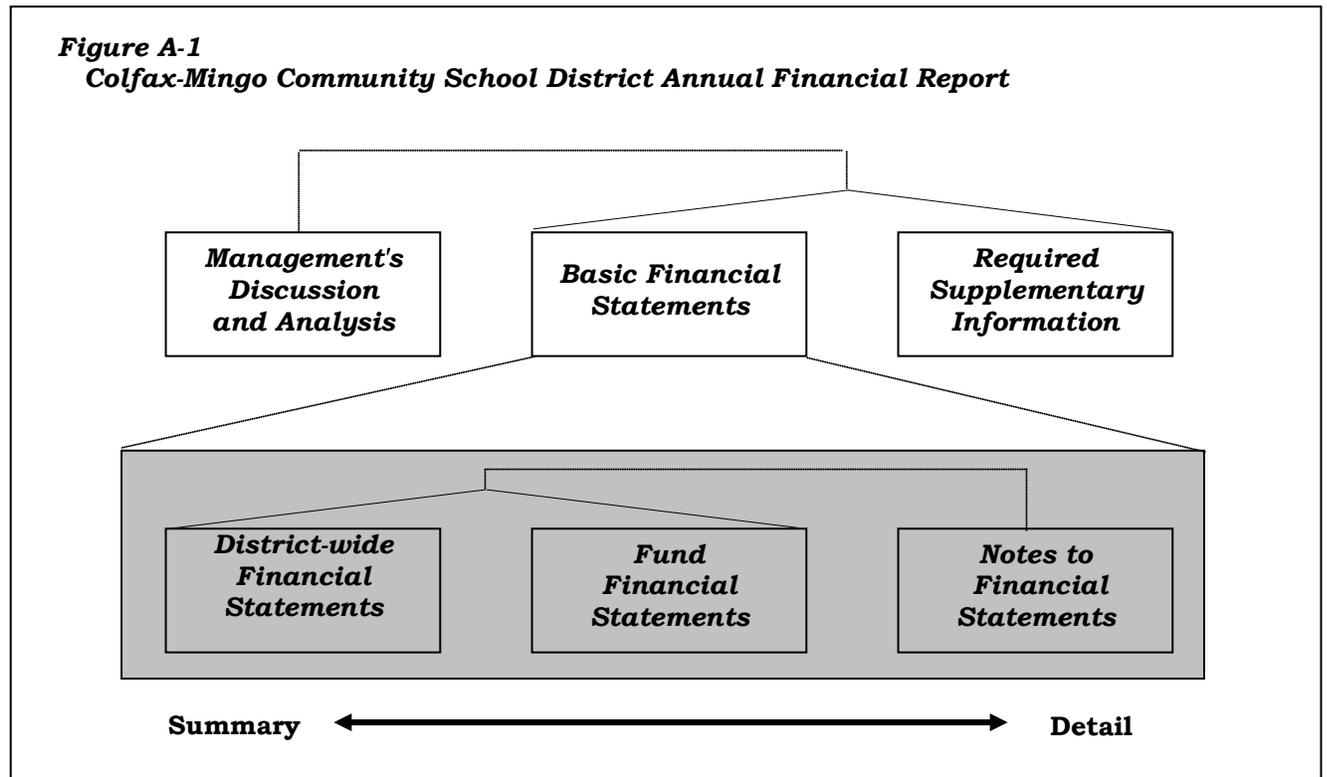


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	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 operations	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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 is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

The required financial statements for 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 Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for 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 a trustee, or fiduciary, for assets that belong to others. This fund includes the Private-Purpose Trust Fund.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this 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 the proprietary 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 net position at June 30, 2015 compared to June 30, 2014.

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,
	2015	2014 (not restated)	2015	2014 (not restated)	2015	2014 (not restated)	2014-2015
Current and other assets	\$ 6,134,426	10,043,638	85,935	47,779	6,220,361	10,091,417	-38.36%
Capital assets	10,492,658	10,499,777	78,099	59,210	10,570,757	10,558,987	0.11%
Total assets	16,627,084	20,543,415	164,034	106,989	16,791,118	20,650,404	-18.69%
Deferred outflows of resources	482,134	-	10,653	-	492,787	-	100.00%
Long-term liabilities	7,123,982	8,781,780	51,197	4,984	7,175,179	8,786,764	-18.34%
Other liabilities	707,677	751,938	161,400	143,619	869,077	895,557	-2.96%
Total liabilities	7,831,659	9,533,718	212,597	148,603	8,044,256	9,682,321	-16.92%
Deferred inflows of resources	4,047,446	2,816,482	23,039	-	4,070,485	2,816,482	44.52%
Net position:							
Net investment in capital assets	6,062,658	5,743,192	78,099	59,210	6,140,757	5,802,402	5.83%
Restricted	1,906,634	1,450,387	-	-	1,906,634	1,450,387	31.46%
Unrestricted	(2,739,179)	999,636	(139,048)	(100,824)	(2,878,227)	898,812	-420.23%
Total net position	\$ 5,230,113	8,193,215	(60,949)	(41,614)	5,169,164	8,151,601	-36.59%

The District's total net position decreased 36.59%, or \$2,982,437, 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 resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$456,247, or 31.46% over the prior year. The increase was primarily due to the increases in the Capital Projects: Statewide Sales, Services and Use Tax and Capital Projects: Physical Plant and Equipment Levy Fund balances.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$3,777,039, or 420.23%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,128,285 and \$68,410, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4
Changes in Net Position

	Governmental Activities		Business Type Activities		Total District	Total Change	
	2015	2014 (not restated)	2015	2014 (not restated)	2015	2014-2015	
Revenues:							
Program revenues:							
Charges for service	\$ 150,399	238,034	135,410	142,271	285,809	380,305	-24.85%
Operating grants, contributions and restricted interest	851,573	782,018	242,254	187,422	1,093,827	969,440	12.83%
General revenues:							
Property tax	2,836,554	2,909,892	-	-	2,836,554	2,909,892	-2.52%
Income surtax	319,256	346,327	-	-	319,256	346,327	-7.82%
Statewide sales, services and use tax	698,581	642,611	-	-	698,581	642,611	8.71%
Unrestricted state grants	4,043,434	3,935,401	-	-	4,043,434	3,935,401	2.75%
Unrestricted investment earnings	9,378	9,187	35	27	9,413	9,214	2.16%
Other	21,673	42,081	2,561	3,011	24,234	45,092	-46.26%
Total revenues	8,930,848	8,905,551	380,260	332,731	9,311,108	9,238,282	0.79%
Program expenses:							
Instructional	5,758,611	5,388,508	-	-	5,758,611	5,388,508	6.87%
Support services	2,247,807	2,268,418	7,555	9,166	2,255,362	2,277,584	-0.98%
Non-instructional programs	-	-	323,630	289,604	323,630	289,604	11.75%
Other expenses	759,247	788,867	-	-	759,247	788,867	-3.75%
Total expenses	8,765,665	8,445,793	331,185	298,770	9,096,850	8,744,563	4.03%
Excess of revenues over expenditures	165,183	459,758	49,075	33,961	214,258	493,719	-56.60%
Transfers	-	(24,554)	-	24,554	-	-	0.00%
Change in net position	165,183	435,204	49,075	58,515	214,258	493,719	-56.60%
Net position beginning of year, as restated	5,064,930	7,758,011	(110,024)	(100,129)	4,954,906	7,657,882	-35.30%
Net position end of year	\$ 5,230,113	8,193,215	(60,949)	(41,614)	5,169,164	8,151,601	-36.59%

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 88.43% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.32% of business type activities revenue.

The District's total revenues were \$9,311,108, of which \$8,930,848 was for governmental activities and \$380,260 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.79% increase in revenues and a 4.03% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$8,930,828 and expenses were \$8,765,645 for the year ended June 30, 2015.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2015	2014 (not restated)	Change 2014-2015	2015	2014 (not restated)	Change 2014-2015
Instruction	\$ 5,758,611	5,388,508	6.87%	5,052,530	4,663,357	8.35%
Support services	2,247,807	2,268,418	-0.91%	2,247,125	2,264,212	-0.75%
Other expenses	759,247	788,867	-3.75%	464,038	498,172	-6.85%
Totals	<u>\$ 8,765,665</u>	<u>8,445,793</u>	<u>3.79%</u>	<u>7,763,693</u>	<u>7,425,741</u>	<u>4.55%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$150,399.
- Federal and state governments and local sources subsidized certain programs with grants and contributions totaling \$851,573.
- The net cost of governmental activities was financed with \$2,836,554 in property tax, \$319,256 in income surtax, \$698,581 in statewide sales, services and use tax, \$4,043,434 in unrestricted state grants, \$9,378 in interest income and \$21,673 in other general revenues.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$380,260, representing a 14.28% increase from the prior year, while expenses totaled \$331,185, a 10.85% increase from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were mostly comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Colfax-Mingo 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 balance of \$2,155,494, below last year's ending fund balance of \$6,202,476. The primary reason for the decrease in combined fund balances at the end of fiscal year 2015 is the calling of the District's general obligation bonds dated March 1, 2010 on May 1, 2015 from the Debt Service fund.

Governmental Fund Highlights

- The District's decreasing General Fund financial position is the result of many factors. Revenues from state, and federal sources increased compared to the prior year, resulting in an increase in total revenues received in the General Fund. Total expenditures increased, with the biggest increase seen in the regular instruction functional area. Although District revenues increased from the prior year, they were not enough to offset the increase in expenses causing the General Fund balance to decrease from \$1,432,324 at June 30, 2014 to \$700,769 at June 30, 2015.
- The Debt Service Fund balance decreased from \$3,813,628 at June 30, 2014 to \$117,089 at June 30, 2015. This decrease is due to the District calling the remaining \$3,665,000 in principal of the March 1, 2010 general obligation bonds during the year.
- The Capital Projects Fund balance increased from \$754,860 at June 30, 2014 to \$1,115,052 at June 30, 2015. The increase was primarily the result of decreased spending in the Capital Projects: Statewide Sales, Services and Use Tax Fund which showed an increase in fund balance of \$268,611 during the year ended June 30, 2015.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a restated deficit net position of \$110,024 at July 1, 2014 to a deficit net position of \$60,949 at June 30, 2015, representing an increase of 44.60%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Colfax-Mingo Community School District amended its annual budget one time to reflect additional expenditures in the instruction area associated with staff additions and instructional materials, and due to reclassification of other expenditures to support services.

The District's revenues were \$229,377 less than budgeted revenues, a variance of 2.40%. The most significant variance resulted from the District receiving less in 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 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.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$10,570,757, 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) This amount represents a net increase of 0.11% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$325,763.

The original cost of the District's capital assets was \$15,715,324. Governmental funds account for \$15,464,762 with the remainder of \$250,562 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$141,564 at June 30, 2014, compared to \$161,290 reported at June 30, 2015. The increase was primarily the result of ongoing work to improve drainage around the elementary

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 123,219	123,219	-	-	123,219	123,219	0.00%
Construction in progress	161,290	141,564	-	-	161,290	141,564	13.93%
Buildings	10,041,040	10,050,243	-	-	10,041,040	10,050,243	-0.09%
Land improvements	88,877	98,162	-	-	88,877	98,162	-9.46%
Machinery and equipment	78,232	86,589	78,099	59,210	156,331	145,799	7.22%
Total	\$ 10,492,658	10,499,777	78,099	59,210	10,570,757	10,558,987	0.11%

Long-Term Debt

At June 30, 2015, the District had \$7,175,179 in total long-term debt outstanding. This represents a decrease of 41.84% from last year's balance of \$12,335,956. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (not restated)	2015	2014 (not restated)	2015	2014 (not restated)	2014-2015
General obligation bonds	\$ 4,430,000	8,455,000	-	-	4,430,000	8,455,000	-47.60%
Compensated absences	101,744	114,983	-	4,984	101,744	119,967	-15.19%
Net OPEB liability	251,049	211,797	-	-	251,049	211,797	18.53%
Net pension liability	2,341,189	-	51,197	-	2,392,386	-	100.00%
Total	\$ 7,123,982	8,781,780	51,197	4,984	7,175,179	8,786,764	-18.34%

The District had \$4,430,000 in general obligation bonds outstanding at June 30, 2015 payable from the Debt Service Fund.

The District had compensated absences payable of \$101,744 at June 30, 2015 payable from the General Fund.

The District also had a net OPEB liability of \$251,049 at June 30, 2015.

The District had a net pension liability of \$2,392,386 at June 30, 2015. \$2,341,189 of the total was attributable to the governmental activities of the District and \$51,197 was attributable to the business type activities of the District.

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:

- Low allowable growth over several years and enrollment decreases may negatively impact the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget. The district's cash balance will support short term funding shortfalls from the state.
- The national recession that has adversely impacted the state of Iowa's budget has translated into reduced levels of state aid funding for education. Future increases in state aid (allowable growth) to schools will be based on the condition of the state and national economies.

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 Deb Hodgson, Board Secretary, Colfax-Mingo Community School District, 204 North League Road, Colfax, Iowa, 50054.

BASIC FINANCIAL STATEMENTS

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 2,477,447	52,291	2,529,738
Receivables:			
Property tax:			
Delinquent	37,449	-	37,449
Succeeding year	2,993,895	-	2,993,895
Income surtax	289,934	-	289,934
Prepaid expenses	11,273	-	11,273
Due from other funds	130,000	-	130,000
Due from other governments	194,428	28,208	222,636
Inventories	-	5,436	5,436
Capital assets, net of accumulated depreciation	10,492,658	78,099	10,570,757
Total Assets	16,627,084	164,034	16,791,118
Deferred Outflows of Resources			
Pension related deferred outflows	482,134	10,653	492,787
Liabilities			
Due to other funds	-	130,000	130,000
Accounts payable	197,161	27,228	224,389
Salaries and benefits payable	491,481	-	491,481
Advances from grantors	6,461	-	6,461
Accrued interest payable	12,574	-	12,574
Unearned revenue	-	4,172	4,172
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	415,000	-	415,000
Compensated absences payable	101,744	-	101,744
Portion due after one year:			
General obligation bonds payable	4,015,000	-	4,015,000
Net pension liability	2,341,189	51,197	2,392,386
Net OPEB liability	251,049	-	251,049
Total Liabilities	7,831,659	212,597	8,044,256
Deferred Inflows of Resources			
Unavailable property tax revenue	2,993,895	-	2,993,895
Pension related deferred inflows	1,053,551	23,039	1,076,590
Total Deferred Inflows of Resources	4,047,446	23,039	4,070,485
Net Position			
Net investment in capital assets	6,062,658	78,099	6,140,757
Restricted for:			
Categorical funding	455,066	-	455,066
Debt service	104,515	-	104,515
Management levy purposes	161,267	-	161,267
Student activities	70,734	-	70,734
School infrastructure	942,897	-	942,897
Physical plant and equipment	172,155	-	172,155
Unrestricted	(2,739,179)	(139,048)	(2,878,227)
Total Net Position	\$ 5,230,113	(60,949)	5,169,164

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense)Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 3,462,676	105,926	35,418	(3,321,332)	-	(3,321,332)
Special	952,967	5,068	158,436	(789,463)	-	(789,463)
Other	1,342,968	39,183	362,050	(941,735)	-	(941,735)
	<u>5,758,611</u>	<u>150,177</u>	<u>555,904</u>	<u>(5,052,530)</u>	<u>-</u>	<u>(5,052,530)</u>
Support services:						
Student	140,892	-	-	(140,892)	-	(140,892)
Instructional staff	72,636	-	-	(72,636)	-	(72,636)
Administration	920,751	-	-	(920,751)	-	(920,751)
Operation and maintenance of plant	698,482	-	-	(698,482)	-	(698,482)
Transportation	415,046	222	460	(414,364)	-	(414,364)
	<u>2,247,807</u>	<u>222</u>	<u>460</u>	<u>(2,247,125)</u>	<u>-</u>	<u>(2,247,125)</u>
Long-term debt interest	188,003	-	-	(188,003)	-	(188,003)
Other expenditures:						
AEA flowthrough	295,209	-	295,209	-	-	-
Depreciation(unallocated)*	276,035	-	-	(276,035)	-	(276,035)
	<u>571,244</u>	<u>-</u>	<u>295,209</u>	<u>(276,035)</u>	<u>-</u>	<u>(276,035)</u>
Total governmental activities	<u>8,765,665</u>	<u>150,399</u>	<u>851,573</u>	<u>(7,763,693)</u>	<u>-</u>	<u>(7,763,693)</u>
Business type activities:						
Support services:						
Operation and maintenance of plant	7,555	-	-	-	(7,555)	(7,555)
Non-instructional programs:						
Food service operations	323,630	135,410	242,254	-	54,034	54,034
Total business type activities	<u>331,185</u>	<u>135,410</u>	<u>242,254</u>	<u>-</u>	<u>46,479</u>	<u>46,479</u>
Total	<u>\$ 9,096,850</u>	<u>285,809</u>	<u>1,093,827</u>	<u>(7,763,693)</u>	<u>46,479</u>	<u>(7,717,214)</u>
General Revenues:						
Property tax for:						
General purposes				\$ 2,126,994	-	2,126,994
Debt service				530,775	-	530,775
Capital outlay				178,785	-	178,785
Income surtax				319,256	-	319,256
Statewide sales, services and use tax				698,581	-	698,581
Unrestricted state grants				4,043,434	-	4,043,434
Unrestricted investment earnings				9,378	35	9,413
Other				21,673	2,561	24,234
Total general revenues				<u>7,928,876</u>	<u>2,596</u>	<u>7,931,472</u>
Change in net position				165,183	49,075	214,258
Net position beginning of year, as restated				5,064,930	(110,024)	4,954,906
Net position end of year				<u>\$ 5,230,113</u>	<u>(60,949)</u>	<u>5,169,164</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 1,151,893	110,303	1,005,959	209,292	2,477,447
Receivables:					
Property tax:					
Delinquent	26,357	6,786	2,287	2,019	37,449
Succeeding year	2,022,956	491,443	179,496	300,000	2,993,895
Income surtax	289,934	-	-	-	289,934
Prepaid expenses	-	-	-	11,273	11,273
Due from other funds	130,000	-	-	-	130,000
Due from other governments	85,196	-	109,232	-	194,428
Total Assets	\$ 3,706,336	608,532	1,296,974	522,584	6,134,426
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 194,735	-	2,426	-	197,161
Salaries and benefits payable	491,481	-	-	-	491,481
Advances from grantors	6,461	-	-	-	6,461
Total Liabilities	692,677	-	2,426	-	695,103
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,022,956	491,443	179,496	300,000	2,993,895
Income surtax	289,934	-	-	-	289,934
Total deferred inflows of resources	2,312,890	491,443	179,496	300,000	3,283,829
Fund balances:					
Nonspendable	-	-	-	11,273	11,273
Restricted for:					
Categorical funding	455,066	-	-	-	455,066
Debt service	-	117,089	-	-	117,089
Management levy purposes	-	-	-	161,267	161,267
Student activities	-	-	-	70,734	70,734
School infrastructure	-	-	942,897	-	942,897
Physical plant and equipment	-	-	172,155	-	172,155
Unassigned:					
General	245,703	-	-	-	245,703
Student activities	-	-	-	(20,690)	(20,690)
Total fund balances	700,769	117,089	1,115,052	222,584	2,155,494
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,706,336	608,532	1,296,974	522,584	6,134,426

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 20)	\$	2,155,494
 <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.		10,492,658
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		289,934
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(12,574)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, there fore, are not reported in the governmental funds as follows:		
Deferred outflows of resources	\$ 482,134	
Deferred inflows of resources	<u>(1,053,551)</u>	(571,417)
Long-term liabilities, including general obligation bonds payable, compensated absences, net pension liability and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(7,123,982)</u>
Net position of governmental activities(page 18)	\$	<u>5,230,113</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 2,312,663	530,775	178,785	151,281	3,173,504
Tuition	77,767	-	-	-	77,767
Other	54,762	7,743	171	106,128	168,804
Intermediate sources	61	-	-	-	61
State sources	4,524,959	258	698,668	79	5,223,964
Federal sources	304,442	-	-	-	304,442
Total revenues	<u>7,274,654</u>	<u>538,776</u>	<u>877,624</u>	<u>257,488</u>	<u>8,948,542</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,539,810	-	-	-	3,539,810
Special	978,164	-	-	-	978,164
Other	1,288,590	-	-	103,267	1,391,857
	<u>5,806,564</u>	<u>-</u>	<u>-</u>	<u>103,267</u>	<u>5,909,831</u>
Support services:					
Student	150,374	-	-	-	150,374
Instructional staff	61,686	-	9,212	-	70,898
Administration	801,436	-	15,394	133,301	950,131
Operation and maintenance of plant	546,486	-	-	-	546,486
Transportation	344,954	-	52,516	-	397,470
	<u>1,904,936</u>	<u>-</u>	<u>77,122</u>	<u>133,301</u>	<u>2,115,359</u>
Capital outlay	-	-	440,310	-	440,310
Long-term debt:					
Principal	-	4,025,000	-	-	4,025,000
Interest and fiscal charges	-	210,315	-	-	210,315
	<u>-</u>	<u>4,235,315</u>	<u>-</u>	<u>-</u>	<u>4,235,315</u>
Other expenditures:					
AEA flowthrough	295,209	-	-	-	295,209
Total expenditures	<u>8,006,709</u>	<u>4,235,315</u>	<u>517,432</u>	<u>236,568</u>	<u>12,996,024</u>
Excess(Deficiency) of revenues over(under) expenditures	(732,055)	(3,696,539)	360,192	20,920	(4,047,482)
Other financing sources:					
Sale of equipment	500	-	-	-	500
Change in fund balances	(731,555)	(3,696,539)	360,192	20,920	(4,046,982)
Fund balances beginning of year	<u>1,432,324</u>	<u>3,813,628</u>	<u>754,860</u>	<u>201,664</u>	<u>6,202,476</u>
Fund balances end of year	<u>\$ 700,769</u>	<u>117,089</u>	<u>1,115,052</u>	<u>222,584</u>	<u>2,155,494</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds(page 24) \$ (4,046,982)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year, are as follows:

Capital outlay	\$ 308,698	
Depreciation expense	<u>(315,817)</u>	(7,119)

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. 4,025,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 22,312

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (17,694)

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 353,367

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.

Compensated absences	13,239	
Pension expense	(137,688)	
Other postemployment benefits	<u>(39,252)</u>	<u>(163,701)</u>

Change in net position of governmental activities(page 21) \$ 165,183

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	Enterprise, School Nutrition
Assets	
Current assets:	
Cash and pooled investments	\$ 52,291
Due from other governments	28,208
Inventories	5,436
Total current assets	85,935
Noncurrent assets:	
Capital assets, net of accumulated depreciation	78,099
Total Assets	164,034
Deferred Outflows of Resources	
Pension related deferred outflows	10,653
Liabilities	
Current liabilities:	
Due to other funds	130,000
Accounts payable	27,228
Unearned revenue	4,172
Total current liabilities	161,400
Noncurrent liabilities:	
Net pension liability	51,197
Total Liabilities	212,597
Deferred Inflows of Resources	
Pension related deferred inflows	23,039
Net Position	
Net investment in capital assets	78,099
Unrestricted	(139,048)
Total Net Position	\$ (60,949)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 135,410
Miscellaneous	2,561
Total operating revenues	137,971
Operating expenses:	
Support services:	
Operation and maintenance of plant:	
Services	6,989
Supplies	566
	7,555
Non-instructional programs:	
Food service operations:	
Salaries	93,654
Benefits	11,453
Services	45,052
Supplies	163,525
Depreciation	9,946
	323,630
Total operating expenses	331,185
Operating loss	(193,214)
Non-operating revenues:	
State sources	2,922
Federal sources	239,332
Interest income	35
Total non-operating revenues	242,289
Change in net position	49,075
Net position beginning of year, as restated	(110,024)
Net position end of year	\$ (60,949)

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 135,830
Cash received from miscellaneous	2,561
Cash payments to employees for services	(114,918)
Cash payments to suppliers for goods or services	(162,125)
Net cash used in operating activities	(138,652)
Cash flows from non-capital financing activities:	
Repayments to the General Fund	(9,217)
State grants received	2,922
Federal grants received	186,386
Net cash provided by non-capital financing activities	180,091
Cash flows from capital and related financing activities:	
Purchase of capital assets	(28,835)
Cash flows from investing activities:	
Interest on investments	35
Net increase in cash and pooled investments	12,639
Cash and pooled investments beginning of year	39,652
Cash and pooled investments end of year	\$ 52,291
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (193,214)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	24,738
Depreciation	9,946
Decrease in inventories	2,691
Increase in accounts payables	26,578
Increase in unearned revenue	420
Decrease in compensated absences payable	(4,984)
Decrease in net pension liability	(24,756)
Increase in deferred outflows of resources	(3,110)
Increase in deferred inflows of resources	23,039
Net cash used in operating activities	\$ (138,652)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$24,738 of federal commodity

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 209,608
Liabilities	<u>-</u>
Net Position	
Held in trust for scholarships	<u>\$ 209,608</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 5,770
Deductions:	
Instruction:	
Other:	
Scholarships awarded	239
Change in net position	5,531
Net position beginning of year	204,077
Net position end of year	\$ 209,608

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

The Colfax-Mingo 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 Colfax and Mingo, Iowa, and the predominate agricultural territory in Jasper County. 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, Colfax-Mingo 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 Colfax-Mingo 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 do 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 Jasper County Assessors' 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in 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 are 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 not meeting the definition of the 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 Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

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

The District reports the following major proprietary fund:

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

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund includes 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.

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 position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Prepaid Expenses - The District prepaid expenses are for flood insurance for the subsequent fiscal year.

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
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

Asset Class	Estimated Useful lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	5 years
Machinery and equipment	5-20 years

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

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.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

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

Deferred Inflows of Resources -Deferred inflows of resources represent an acquisition of net position that applies to 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 receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources on 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.

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 lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused sick leave for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be intact or are not expected to be converted to cash.

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, the District amended its budget one time to reflect additional expenditures associated with additional staff and reclassifying expenditures. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the instruction function.

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits at June 30, 2015 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$805,865 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was both rated AAA by Standard & Poor's Financial Services.

(3) **Due to and Due from Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	School Nutrition	<u>\$ 130,000</u>

School Nutrition Fund is repaying the General Fund for salaries and benefits from previous fiscal years.

The District is aware that the interfund loans consist of loans made throughout the current and prior years. The District also realizes that the interfund loans may take more than one fiscal year to repay in a responsible manner.

(4) **Deficit Unassigned Fund Balance, Unrestricted and Total Net Position**

The Special Revenue: Student Activity Fund had a deficit unassigned fund balance of \$20,690 at June 30, 2015. The Enterprise, School Nutrition Fund had a deficit unrestricted net position of \$139,048 and total deficit net position of \$60,949 at June 30, 2015. The governmental activities of the District had a deficit unrestricted net position of \$2,739,179 at June 30, 2015.

(5) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 123,219	-	-	123,219
Construction in progress	141,564	220,576	200,850	161,290
Total capital assets not being depreciated	<u>264,783</u>	<u>220,576</u>	<u>200,850</u>	<u>284,509</u>
Capital assets being depreciated:				
Buildings	14,140,515	257,547	-	14,398,062
Land improvements	426,053	-	-	426,053
Machinery and equipment	324,713	31,425	-	356,138
Total capital assets being depreciated	<u>14,891,281</u>	<u>288,972</u>	<u>-</u>	<u>15,180,253</u>
Less accumulated depreciation for:				
Buildings	4,090,272	266,750	-	4,357,022
Land improvements	327,891	9,285	-	337,176
Machinery and equipment	238,124	39,782	-	277,906
Total accumulated depreciation	<u>4,656,287</u>	<u>315,817</u>	<u>-</u>	<u>4,972,104</u>
Total capital assets being depreciated, net	<u>10,234,994</u>	<u>(26,845)</u>	<u>-</u>	<u>10,208,149</u>
Governmental activities capital assets, net	<u>\$ 10,499,777</u>	<u>193,731</u>	<u>200,850</u>	<u>10,492,658</u>
Business type activities:				
Machinery and equipment	\$ 221,727	28,835	-	250,562
Less accumulated depreciation	162,517	9,946	-	172,463
Business type activities capital assets, net	<u>\$ 59,210</u>	<u>18,889</u>	<u>-</u>	<u>78,099</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 9,015
Special	2,124
Other	664
Support services:	
Administration	6,843
Operation and maintenance of plant	3,560
Transportation	<u>17,576</u>
	39,782
Unallocated depreciation	<u>276,035</u>
Total governmental activities depreciation expense	<u>\$ 315,817</u>
Business type activities:	
Food service operations	<u>\$ 9,946</u>

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 8,455,000	-	4,025,000	4,430,000	415,000
Compensated absences	114,983	101,744	114,983	101,744	101,744
Net OPEB liability	211,797	39,252	-	251,049	-
Net pension liability	3,473,239	-	1,132,050	2,341,189	-
Total	\$ 12,255,019	140,996	5,272,033	7,123,982	516,744
Business type activities:					
Compensated absences	\$ 4,984	-	4,984	-	-
Net pension liability	75,953	-	24,756	51,197	-
Total	\$ 80,937	-	29,740	51,197	-

General Obligation Bonds Payable

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

Year Ending June 30,	Construction Bonds			School Refunding Bonds			Total		
	Interest Rates	Issued of May 1, 2005		Interest Rates	Issued of May 21, 2013		Principal	Interest	Total
		Principal	Interest		Principal	Interest			
2016	5.75 %	\$ 10,000	35,267	0.45 %	\$ 405,000	40,175	\$ 415,000	75,442	490,442
2017	5.75	10,000	34,693	0.45	410,000	38,353	420,000	73,046	493,046
2018	5.75	15,000	34,117	0.55	410,000	36,097	425,000	70,214	495,214
2019	5.75	15,000	33,255	0.70	415,000	33,228	430,000	66,483	496,483
2020	5.75	15,000	32,393	0.85	420,000	29,700	435,000	62,093	497,093
2021-2025	5.75	580,000	149,025	1.00-1.70	1,725,000	60,880	2,305,000	209,905	2,514,905
Total		\$ 645,000	318,750		\$ 3,785,000	238,433	\$ 4,430,000	557,183	4,987,183

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 72 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefit, which is a partial self-funded medical plan, is administered by Wellmark Blue Cross Blue Shield of Iowa. 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 of the District (ARC), 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 June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 44,071
Interest on net OPEB obligation	5,295
Adjustment to annual required contribution	(10,114)
Annual OPEB cost	<u>39,252</u>
Contributions made	-
Increase in net OPEB obligation	<u>39,252</u>
Net OPEB obligation - beginning of year	<u>211,797</u>
Net OPEB obligation - end of year	<u><u>\$ 251,049</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day 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 plans actual contributions for the year ended June 30, 2015.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 34,957	0.00	\$ 176,139
2014	35,658	0.00	211,797
2015	39,252	0.00	251,049

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$286,178, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$286,178. The covered payroll (annual payroll of active employees covered by the plan) was \$3,794,446, and the ratio of the UAAL to the covered payroll was 7.5%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare 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 the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are 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 July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed from the 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.

(8) Pension Plan

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

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or

decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District’s contributions to IPERS for the year ended June 30, 2015 were \$361,205.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,392,386 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s collective proportion was 0.059114 percent, which was a decrease of 0.003571 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$140,699. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,001	\$ -
Changes of assumptions	105,581	-
Net difference between projected and actual earnings on pension plan investments	-	912,387
Changes in proportion and differences between District contributions and proportionate share of contributions	-	164,203
District contributions subsequent to the measurement date	361,205	-
Total	\$ 492,787	\$ 1,076,590

\$361,205 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	
2016	\$ (235,718)
2017	(235,718)
2018	(235,718)
2019	(235,718)
2020	(2,136)
	<u>\$ (945,008)</u>

There were no non-employer contributing entities at IPERS.

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

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

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

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

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

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

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 4,520,345	\$ 2,392,386	\$ 596,167

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$32,445 for legally required employer contributions and \$21,618 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental, vision, and prescription drugs.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2015 were \$602,554.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$295,209 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

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

Program	Amount
Four-year-old preschool state aid	\$ 192,517
At-risk programs	27,192
Gifted and talented programs	39,100
Returning dropout and dropout prevention programs	22,502
Beginning teacher mentoring and induction	2,558
Teacher salary supplement	1
Iowa early intervention block grant	1
Successful progression for early readers	33,941
Professional development for model core curriculum	51,039
Professional development	83,525
Market factor incentives	563
Teacher leadership grants	2,127
Total	<u>\$ 455,066</u>

(12) Detailed Reconciliation of Certain Governmental Fund Balances to Net Position

The following is the detailed reconciliation of certain Governmental Funds to the Statement of Net Position:

	Net Investment in Capital Assets	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	117,089	245,703
Capital assets, net of accumulated depreciation	10,492,658	-	-
General obligation bond capitalized indebtedness	(4,430,000)	-	-
Accrued interest payable	-	(12,574)	-
Income surtax	-	-	289,934
Accrued compensated absences payable	-	-	(101,744)
Net OPEB liability	-	-	(251,049)
Nonspendable fund balance	-	-	11,273
Pension related deferred outflows	-	-	482,134
Net pension liability	-	-	(2,341,189)
Pension related deferred inflows	-	-	(1,053,551)
Unassigned student activities fund balance	-	-	(20,690)
Net position (Exhibit A)	<u>\$ 6,062,658</u>	<u>104,515</u>	<u>(2,739,179)</u>

(13) Construction Commitment

The District entered into contracts totaling \$167,624 for a drainage project at the District's elementary school. As of June 30, 2015, costs of \$161,290 had been incurred against the contracts. The balance of \$6,334 remaining at June 30, 2015 will be paid as work on the projects progresses.

(14) Operating Lease Obligation

The District leases a transportation/storage/alternative school facility on a monthly basis from the Colfax-Mingo Education Foundation. The lease contract extends through June 30, 2016. Annual lease payments are \$12,000.

During fiscal year 2013, the District entered into a three year transportation service contract with Durham School Services. Under this contract, Durham School Services provides the district with 7 buses, maintenance, and drivers. In addition to the contract, the District also pays for the use of the buses on district routes, special education routes, and fieldtrips. Total payments to Durham School Services during fiscal year 2015 totaled \$354,443, including contract payments of \$52,516.

(15) Accounting Change/Restatement

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 8,193,215	\$ (41,614)
Net pension liability at June 30, 2014	(3,473,239)	(75,953)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	344,954	7,543
Net position July 1, 2014, as restated	<u>\$ 5,064,930</u>	<u>\$ (110,024)</u>

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND
 AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 3,420,075	138,006	3,558,081	4,375,023	4,375,023	(816,942)
Intermediate sources	61	-	61	-	-	61
State sources	5,223,964	2,922	5,226,886	4,708,156	4,708,156	518,730
Federal sources	304,442	239,332	543,774	475,000	475,000	68,774
Total revenues	8,948,542	380,260	9,328,802	9,558,179	9,558,179	(229,377)
Expenditures/Expenses:						
Instruction	5,909,831	-	5,909,831	5,600,000	5,700,000	(209,831)
Support services	2,115,359	7,555	2,122,914	2,193,611	2,216,861	93,947
Non-instructional programs	-	323,630	323,630	350,000	350,000	26,370
Other expenditures	4,970,834	-	4,970,834	5,258,122	5,258,122	287,288
Total expenditures/expenses	12,996,024	331,185	13,327,209	13,401,733	13,524,983	197,774
Excess(Deficiency) of revenues over(under) expenditures/expenses	(4,047,482)	49,075	(3,998,407)	(3,843,554)	(3,966,804)	(31,603)
Other financing sources, net	500	-	500	2,500	2,500	(2,000)
Excess(Deficiency) of revenues and and other financing sources over(under) expenditures/expenses	(4,046,982)	49,075	(3,997,907)	(3,841,054)	(3,964,304)	(33,603)
Balance beginning of year, as restated	6,202,476	(110,024)	6,092,452	5,721,631	5,721,631	370,821
Balance end of year	\$ 2,155,494	(60,949)	2,094,545	1,880,577	1,757,327	337,218

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison 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. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budget expenditures by \$123,250.

During the year ended June 30, 2015, expenditures in the instruction functional area exceeded the amount budgeted.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>
District's proportion of the net pension liability	0.059114%
District's proportionate share of the net pension liability	\$ 2,392
District's covered-employee payroll	\$ 4,045
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.13%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

Note: Only the current year fiscal year is being presented using a June 30, 2014 measurement date because 10-year data is not yet available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS
 (IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 361	352	352	352	302	292	284	261	222	226
Contributions in relation to the statutorily required contribution	(361)	(352)	(352)	(352)	(302)	(292)	(284)	(261)	(222)	(226)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 4,045	3,942	4,060	4,362	4,345	4,201	4,472	4,314	3,861	3,930
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

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	\$ -	\$ 323	\$ 323	0.0 %	\$ 4,043	8.0 %
2011	July 1, 2009	-	326	326	0.0	3,698	8.7
2012	July 1, 2009	-	319	319	0.0	4,369	7.3
2013	July 1, 2012	-	298	298	0.0	3,711	8.0
2014	July 1, 2012	-	295	295	0.0	3,543	8.3
2015	July 1, 2012	-	286	286	0.0	3,794	7.5

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 159,248	50,044	209,292
Receivables:			
Property tax:			
Delinquent	2,019	-	2,019
Succeeding year	300,000	-	300,000
Prepaid expenses	11,273	-	11,273
Total Assets	\$ 472,540	50,044	522,584
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	300,000	-	300,000
Fund balances:			
Nonspendable	11,273	-	11,273
Restricted for:			
Management levy purposes	161,267	-	161,267
Student activities	-	70,734	70,734
Unassigned	-	(20,690)	(20,690)
Total fund balances	172,540	50,044	222,584
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 472,540	50,044	522,584

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Manage- ment levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 151,281	-	151,281
Other	8,236	97,892	106,128
State sources	79	-	79
Total revenues	<u>159,596</u>	<u>97,892</u>	<u>257,488</u>
Expenditures:			
Current:			
Instruction:			
Other	-	103,267	103,267
Support services:			
Administration	133,301	-	133,301
Total expenditures	<u>133,301</u>	<u>103,267</u>	<u>236,568</u>
Change in fund balances	26,295	(5,375)	20,920
Fund balances beginning of year	<u>146,245</u>	<u>55,419</u>	<u>201,664</u>
Fund balances end of year	<u>\$ 172,540</u>	<u>50,044</u>	<u>222,584</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 833,665	172,294	1,005,959
Receivables:			
Property tax:			
Delinquent	-	2,287	2,287
Succeeding year	-	179,496	179,496
Due from other governments	109,232	-	109,232
Total Assets	\$ 942,897	354,077	1,296,974
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	2,426	2,426
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	179,496	179,496
Fund balances:			
Restricted for:			
School infrastructure	942,897	-	942,897
Physical plant and equipment	-	172,155	172,155
Total fund balances	942,897	172,155	1,115,052
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 942,897	354,077	1,296,974

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	High School Capital Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	-	178,785	178,785
Other	-	35	136	171
State sources	-	698,581	87	698,668
Total revenues	-	698,616	179,008	877,624
Expenditures:				
Current:				
Support services:				
Instructional staff	-	9,212	-	9,212
Administration	-	-	15,394	15,394
Transportation	-	-	52,516	52,516
Capital outlay	982	420,793	18,535	440,310
Total expenditures	982	430,005	86,445	517,432
Change in fund balances	(982)	268,611	92,563	360,192
Fund balances beginning of year	982	674,286	79,592	754,860
Fund balances end of year	\$ -	942,897	172,155	1,115,052

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund Transfers	Balance End of Year
Fair Concessions	\$ -	1,912	1,540	-	372
Elementary Student Council	2,502	-	-	-	2,502
Elementary	2,872	4,106	4,517	-	2,461
MS Cheerleaders	-	-	178	178	-
MS Student Council	-	-	106	106	-
Middle Activity	-	4,803	6,582	1,779	-
HS Drama	6,097	607	901	-	5,803
HS Speech	844	434	1,213	-	65
HS Chorus	10,183	383	331	-	10,235
HS Band	1,955	-	-	-	1,955
Cross Country	-	155	1,232	1,077	-
Athletics	(20,737)	4,222	6,183	2,008	(20,690)
Boys Basketball	1,341	4,377	3,461	(488)	1,769
Football	10,952	10,555	5,340	(8,688)	7,479
Baseball	147	4,024	6,367	2,196	-
Boys Track	-	9	1,282	1,273	-
Boys Golf	-	150	975	825	-
Wrestling	2,651	2,771	2,049	(700)	2,673
Girls Basketball	2,689	3,203	2,610	(488)	2,794
Volleyball	3,961	1,769	2,405	-	3,325
Softball	-	7,536	8,722	1,186	-
Girls Track	-	17	870	853	-
Girls Golf	-	199	690	491	-
Interest	-	66	-	(66)	-
HS Cheerleaders	2,009	2,127	4,708	572	-
HS Student Council	5,676	4,517	3,767	(106)	6,320
Annual	2,630	7,090	5,395	-	4,325
Art Club	230	200	-	-	430
Class of 2015	2,242	300	534	(2,008)	-
Class of 2016	575	9,999	10,327	-	247
Class of 2017	350	1,720	-	-	2,070
Class of 2018	805	300	-	-	1,105
Class of 2019	420	60	60	-	420
Class of 2020	691	-	-	-	691
National Honor Society	206	-	-	-	206
FFA	5,476	15,139	14,216	-	6,399
Business Professionals	654	-	-	-	654
Sound Club	1,355	-	-	-	1,355
Spanish Club	557	260	800	-	17
Wrestling Pep Club	52	-	-	-	52
Drill Team	6,034	4,882	5,906	-	5,010
Total	<u>\$ 55,419</u>	<u>97,892</u>	<u>103,267</u>	<u>-</u>	<u>50,044</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2015

	Private Purpose Trust - Scholarship Fund			
	Umphress- Schollosser Scholarship	Jennings Scholarship	Tobin Coates Scholarship	Total
Assets				
Cash and pooled investments	\$ 16,214	2,103	191,291	209,608
Liabilities				
	-	-	-	-
Net Position				
Held in trust for scholarships	\$ 16,214	2,103	191,291	209,608

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust - Scholarship Fund			
	Umphress- Schlosser Scholarship	Jennings Scholarship	Tobin Coates Scholarship	Total
Additions:				
Local sources:				
Interest income	\$ 153	9	5,608	5,770
Deductions:				
Instruction:				
Other:				
Scholarships awarded	89	150	-	239
Change in net position	64	(141)	5,608	5,531
Net position beginning of year	16,150	2,244	185,683	204,077
Net position end of year	\$ 16,214	2,103	191,291	209,608

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 3,173,504	3,236,070	3,855,518	3,789,255	3,731,934	3,584,988	3,594,437	3,164,741	3,276,124	3,020,975
Tuition	77,767	144,862	149,929	95,776	143,637	134,043	154,858	172,744	119,091	171,293
Other	168,784	229,930	257,576	235,702	218,762	255,077	343,408	369,212	436,926	447,273
Intermediate sources	61	1,425	630	2,969	11,000	10,980	2,411	5,690	2,088	-
State sources	5,223,964	5,014,872	4,417,885	4,654,771	4,624,384	4,179,319	4,853,594	4,691,460	4,294,204	4,240,763
Federal sources	304,442	258,243	388,560	469,674	758,860	638,901	378,910	228,246	167,700	182,164
Total	\$ 8,948,522	8,885,402	9,070,098	9,248,147	9,488,577	8,803,308	9,327,618	8,632,093	8,296,133	8,062,468
Expenditures:										
Instruction:										
Regular	\$ 3,539,810	3,063,125	2,834,140	3,002,165	3,108,660	3,126,815	3,339,751	3,219,236	3,044,310	3,063,337
Special	978,164	917,608	1,129,172	1,090,830	1,092,652	999,148	1,034,036	1,061,646	823,207	855,427
Other	1,391,857	1,359,157	1,281,660	1,243,816	1,256,247	1,159,446	1,000,630	927,978	874,839	872,374
Support services:										
Student	150,374	145,147	111,671	99,021	91,613	72,204	77,367	102,857	99,401	162,948
Instructional staff	70,898	124,951	150,167	115,867	75,841	101,582	108,583	136,885	135,260	210,439
Administration	950,131	951,978	1,075,792	983,877	885,941	1,017,501	990,821	997,008	1,033,717	854,325
Operation and maintenance										
of plant	546,486	601,467	566,205	502,002	595,279	583,119	595,505	668,270	684,346	530,425
Transportation	397,470	433,062	347,737	324,646	335,540	308,494	283,436	395,848	321,682	275,014
Capital outlay	440,310	370,640	322,896	28,368	150,267	47,582	118,304	139,665	1,570,588	6,042,327
Long-term debt:										
Principal	4,025,000	350,000	1,100,000	710,911	672,194	633,472	623,519	604,839	601,023	387,865
Interest and fiscal charges	210,315	214,948	359,472	229,750	275,573	355,589	361,824	385,912	404,039	496,026
Other expenditures:										
AEA flow-through	295,209	290,695	284,348	285,334	320,669	321,489	296,982	278,868	261,144	253,475
Total	\$ 12,996,024	8,822,778	9,563,260	8,616,587	8,860,476	8,726,441	8,830,758	8,919,012	9,853,556	14,003,982

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 the Colfax-Mingo Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the 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 Colfax-Mingo Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2016.

Internal Control Over Financial Reporting

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

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

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 misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colfax-Mingo 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 that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Colfax-Mingo Community School District's Responses to Findings

Colfax-Mingo Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Colfax-Mingo 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 Colfax-Mingo Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

January 26, 2016
Newton, Iowa

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual may perform two or more functions in each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling.
- 2) Investments - investing, detailed recordkeeping, and custody of investments.
- 3) Receipts - collecting, recording, journalizing, posting and reconciling.
- 4) Inventories - ordering, receiving, issuing and storing.
- 5) Capital assets - recording and reconciling.
- 6) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, and posting.
- 7) Financial reporting - preparing, reconciling and approving.
- 8) Computer systems - performing all general accounting functions and controlling all data input and output.
- 9) School lunch program - collecting, recording, journalizing, posting, reconciling, purchase order processing, check preparation, mailing and recording.

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

Response - The District recognizes there is internal audit and oversight of district financial activity. Internal controls are in place to ensure no one individual performs two or more functions in a row, but may perform two or more functions within a given area. The District will continue to explore additional oversight opportunities.

Conclusion - Response accepted.

I-B-15 Purchase Orders - We noted during our audit that the District currently uses purchase orders in the purchasing process, however the General Fund, Capital Projects Fund, and Student Activity Fund had instances of purchase orders that were completed after the product had been ordered.

Recommendation - The advantage of using a purchase order system is that approvals of the items being purchased are noted prior to ordering the items. In addition, when the items are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding order, which represents the amount as an obligation against the budget. When monitoring actual expenses, it can be helpful to know the outstanding orders which will be subsequently paid, therefore allowing the person who approves purchase orders the insight to know if there is still available funding to make the purchase.

Although districts are not required to use a purchase order system, the benefits to financial management make the system desirable. The District's current purchase order system should be reviewed and necessary changes made so that all disbursements are approved by the appropriate administrator before ordering of supplies takes place.

Response - Purchase Orders: The District has utilized a web-based purchase order system to process each purchase order for several years. Upon administrative approval, the purchase orders are posted to the ledger system for budgeting and monitoring outstanding obligations. Transactions that must be expedited are approved manually by administration, followed with a system-generated purchase order. The District continues to monitor this area for improvement.

Conclusion - Response accepted.

OTHER MATTERS:

I-C-15 Board Policies - We noted during our audit the District's board policy book appears to have not been kept up to date. All board policies should be reviewed every five years and documented when approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take steps to review board policies in a more timely manner.

Response - The District will take steps to review and update policies.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting

II-A-15 Certified Budget - District disbursements for the year ended June 30, 2015 exceeded the amended certified budgeted amount in the instruction functional area.

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

Response - The District will monitor and amend the budget timely and in sufficient amounts.

Conclusion - Response accepted.

II-B-15 Questionable Disbursements - We noted during our audit the purchase of a gift card with Student Activity funds. Giving cash or gift certificates/cards does not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - Gift cards are not an appropriate District purchase since Iowa Code Section 279.29 requires districts to “audit and allow” all bills and the gift card does not provide the board with the ability to perform the required function of approval of the final purchase. The District should refrain from purchasing gift cards to be given as prizes, gifts or incentives.

Response - The Spanish Club conducted an “Adopt-A-Family” event, issuing a gift card to a family. The gift card was not rewarded as a prize, gift or incentive to a student or faculty member. The District will instruct personnel to avoid “cash” rewards or gifts and monitor such activity.

Conclusion - Response accepted.

II-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-15 Business Transactions - No business transactions between the District and District officials or employees were noted.

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

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

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

II-H-15 Supplementary Weighting - We noted a variance in the supplementary weighting data certified to the Iowa Department of Education. The certified data for the fall 2014 count date was overstated by 0.099.

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

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

Conclusion - Response accepted.

II-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-K-15 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

II-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2015 audit:

Beginning balance		\$	674,286
Revenues:			
Sales tax revenues	\$	698,581	
Other local revenues		35	698,616
			<u>1,372,902</u>
Expenditures/transfers out:			
School infrastructure construction		420,793	
Equipment		9,212	430,005
			<u>430,005</u>
Ending balance		\$	<u>942,897</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

II-M-15 Financial Condition - We noted during our audit that the Special Revenue, Student Activity Fund had a deficit unassigned fund balance of \$20,690 at June 30, 2015. We also noted the School Nutrition Fund had a deficit unrestricted net position of \$139,048 and a deficit total net position of \$60,949. Additionally we noted that the governmental activities of the District had a deficit unrestricted net position of \$2,739,179 at June 30, 2015. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

Recommendation - The District should continue to monitor the deficit account within the Student Activity Fund and develop a workout plan to eliminate this deficit. The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward.

Response - The District will strive to reduce expenditures and increase revenues to address the Activity Fund deficit and the School Nutrition Fund deficit.

Conclusion - Response accepted.

II-N-15 Checks Outstanding - We noted during our audit that the District had checks included in the General, School Nutrition and Student Activity Fund bank reconciliations that have been outstanding for over a year.

Recommendation - The District needs to determine if the checks need to be voided, reissued or submitted to the State Treasurer as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - The District has reduced the number of outstanding checks, and will continue to investigate and reduce the remaining outstanding checks.

Conclusion - Response accepted.

- II-O-15 Interfund Loans - We noted during our audit that the District has an interfund loan which was on the balance sheets in a prior year and still on the current year balance sheets. As of June 30, 2015, the District has a loan between the Nutrition Fund and the General Fund that has not been repaid.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2009, interfund loans on the District's yearend financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue external loans to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should issue external debt to repay the interfund loan to be in compliance with the declaratory order issued by the Iowa Department of Education to the Auditor of State and Iowa Code Chapter 74.

Response - The District is addressing the School Nutrition Fund to reduce expenditures, increase revenues. The Nutrition Fund reimbursed the General Fund \$5,000 toward the outstanding loan in 2013-2014, and \$9,217.33 in 2014-2015.

Conclusion - Response accepted.

- II-P-15 Activity Fund Contracts - During our audit we noted instances of Student Activity Fund contracts which were not signed by the Board President. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District in compliance with Chapter 291.1 of the Code of Iowa.

Response - The District will have all contracts signed by the Board President.

Conclusion - Response accepted.

- II-Q-15 Facility Rental - We noted during our audit that the District receives money for the use of facilities when hosting district and regional events. The District currently receipts district and regional rents into the Student Activity Fund.

Recommendation - Chapter 297.9 of the Code of Iowa requires rent to be receipted into the General Fund. The District should receipt rent collected for facility usage into the General Fund.

Response - The District will receipt reimbursements from the Iowa High School Athletic Association to the General Fund instead of the Activity Fund per Iowa Code.

Conclusion - Response accepted.