

Council Bluffs Community School District
Council Bluffs, Iowa

**Financial Statements and
Supplementary Information
June 30, 2015**

Together with Independent Auditor's Report

Council Bluffs Community School District

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Council Bluffs Community School District

Officials

<u>Officials</u>	<u>Board of Education</u>	<u>Term Expires</u>
Bill Grove	President	2019
Troy Arthur	Vice President	2019
Dave Coziahr	Board Member	2019
Scott Hansen	Board Member	2017
Dr. Jill Ogg-Gress	Board Member	2017
Susan Riley	Board Member	2017
Chris LaFerla	Board Member	2019

School Officials

Dr. Martha Bruckner	Superintendent	2015
Dean Wilson	District Secretary/Treasurer and Chief Financial Officer	2015

Independent Auditor's Report

To the Board of Education
Council Bluffs 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 Council Bluffs Community School District, Council Bluffs, Iowa (the District), 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Council Bluffs 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 accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, in 2015 the 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 opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District contributions and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 40 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary 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 Council Bluffs Community School District's basic financial statements. The financial statements for the eight years ended June 30, 2013 (which are not presented herein) were audited by other auditors, who expressed unqualified opinions on those financial statements. The supplementary information included in pages 46 through 54, including the schedule of expenditures of federal awards required by Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 December 10, 2015 on our consideration of the 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 the District's internal control over financial reporting and compliance.

SEIM JOHNSON, LLP

Omaha, Nebraska,
December 10, 2015.

Council Bluffs Community School District

Management's Discussion and Analysis

The Council Bluffs 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 Overview

- General Fund revenues increased from \$101,965,858 in fiscal 2014 to \$106,557,279 in fiscal 2015. The increase in General Fund revenues was attributed to revenue from the teacher leadership grant (TLC) and an increase in state aid. General Fund expenditures increased from \$101,129,279 in fiscal 2014 to \$108,335,950 in fiscal 2015, primarily due to increases in instructional costs and the TLC grant. The difference between fiscal 2015 revenues and expenditures resulted in a net decrease in fund balance of \$1,778,671. As a result, the District's General Fund balance decreased from \$14,128,673 in fiscal 2014 to a balance of \$12,350,002 in fiscal 2015, which represents a 12.59% decrease from the prior year.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) decreased from 11.8% at June 30, 2014 to 10.4% at June 30, 2015. The State School Budget Review Committee recommends a solvency ratio of 5%-10%.

USING THIS ANNUAL REPORT

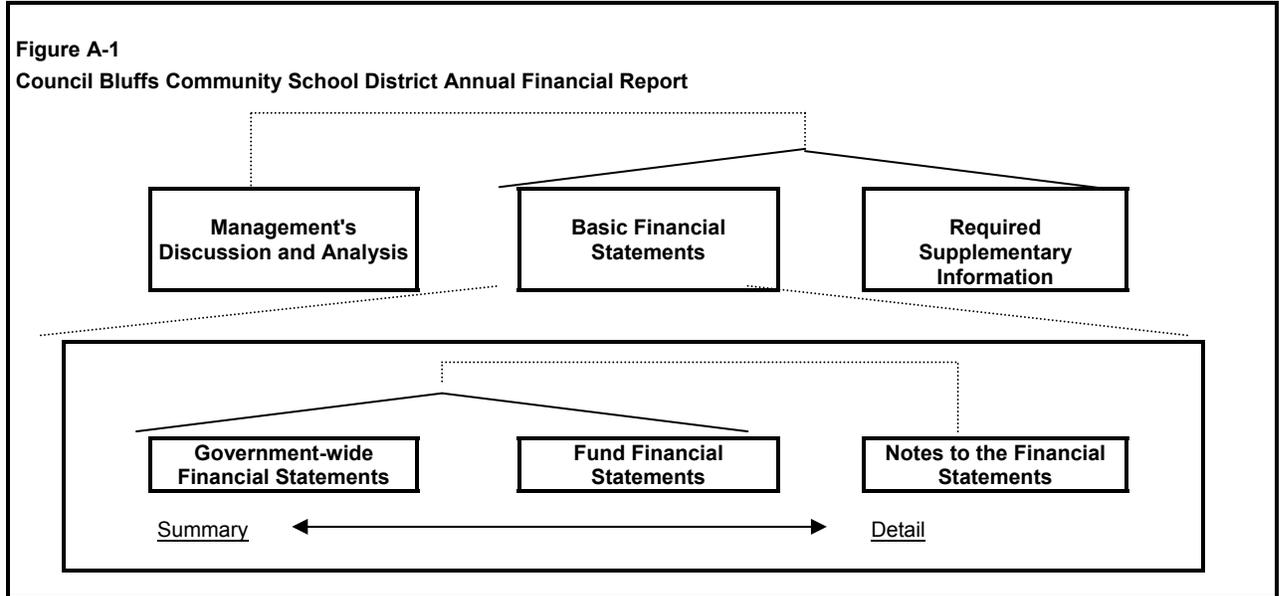
The annual report consists of a series of financial statements and other information, as follows:

- 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 Council Bluffs 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 Council Bluffs Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Council Bluffs Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.
- Other Supplementary Information provides detailed information about the non-major funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Council Bluffs Community School District

Management's Discussion and Analysis

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



Council Bluffs Community School District

Management's Discussion and Analysis

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 services and adult education	Instances in which the District administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> Statement of 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 Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows 	<ul style="list-style-type: none"> Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term: funds do not currently contain capital assets, although they can
Type of 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 year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Council Bluffs Community School District

Management's Discussion and Analysis

REPORTING OF DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the 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 statements report the District's net position and how they have changed. Net Position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net Position are an indicator of whether financial position is improving or deteriorating, respectively. 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 and self-insurance program is included here.

Fund Financial Statements

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

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

The District has two kinds of funds:

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 District's programs.

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

Council Bluffs Community School District

Management's Discussion and Analysis

- Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way the Government-wide statements are reported. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund. Internal service funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The District maintains one internal service fund to account for the premium and claim payments for the self-insured health insurance plans for District employees. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. Because the service provided by the District predominately benefits governmental, rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The required financial statements for proprietary funds include a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows.

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

Government-Wide Financial Analysis

Net Position – 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
Statement of Net Position

	Governmental Activities		Business-type Activities		Total School District		% Change 2014-2015
	June 30,		June 30,		June 30,		
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 90,886,475	89,340,097	1,665,157	1,278,148	92,551,632	90,618,245	2.13%
Capital assets	132,516,174	131,146,504	209,007	157,547	132,725,181	131,304,051	1.08%
Total assets	223,402,649	220,486,601	1,874,164	1,435,695	225,276,813	221,922,296	1.51%
Deferred outflows	7,239,520	--	159,236	--	7,398,756	--	100%
Total assets and deferred outflows	230,642,169	220,486,601	2,033,400	1,435,695	232,675,569	221,922,296	4.85%
Liabilities	126,713,916	88,190,828	942,847	323,238	127,656,763	88,514,066	44.22%
Deferred inflows	47,250,805	35,063,438	200,731	11,769	47,451,536	35,075,207	35.29%
Net position:							
Invested capital assets-net of related debt	58,394,245	58,221,504	209,007	157,547	58,603,252	58,379,051	0.38%
Restricted	23,302,164	24,755,721	--	--	23,302,164	24,755,721	-5.87%
Unrestricted	(25,018,961)	14,255,110	680,815	943,141	(24,338,146)	15,198,251	-260.14%
Total net position	56,677,448	97,232,335	889,822	1,100,688	57,567,270	98,333,023	-41.46%
Total liabilities, deferred inflows and net position	\$ 230,642,169	220,486,601	2,033,400	1,435,695	232,675,569	221,922,296	4.85%

The District's combined net position decreased 41.46%, over the prior year. The reason for the large reduction was GASB 68, which required the district to show the effect of the district's portion of its unfunded liability in the Iowa Public Employee Retirement System (IPERS). The largest portion of the District's net position is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position decreased 5.87% compared to last year, primarily a result of spending a portion of its carryover of categorical funding.

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 260.14% attributable to the GASB 68 restatement.

Council Bluffs Community School District

Management's Discussion and Analysis

Changes in net position – 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
Summary of Changes in Net Position

	Governmental Activities		Business Type Activities		Total School District		
	June 30,		June 30,		June 30,		% Change
	2015	2014	2015	2014	2015	2014	2014-2015
Revenues:							
Program revenues:							
Charges for services	\$ 4,115,580	3,712,784	723,437	1,055,076	4,839,017	4,767,860	1.49%
Operating grants, contributions and restricted interest	23,666,935	23,196,607	4,292,805	3,890,818	27,959,740	27,087,425	3.22%
Capital grants, contributions, and restricted interest	106,804	448,793	--	--	106,804	448,793	-76.20%
General revenue:							
Property tax	35,644,150	34,777,919	--	--	35,644,150	34,777,919	2.49%
Statewide sales, services and use tax	8,537,607	7,786,233	--	--	8,537,607	7,786,233	9.65%
Unrestricted state grants	49,319,708	46,279,730	--	--	49,319,708	46,279,730	6.57%
Other	52,327	64,988	--	--	52,327	64,988	-19.48%
Total revenues	121,443,111	116,267,054	5,016,242	4,945,894	126,459,353	121,212,948	4.33%
Program expenditures by Governmental Activities							
Instruction	73,583,710	69,154,287	--	--	73,583,710	69,154,287	6.41%
Support services	31,751,803	30,167,636	--	--	31,751,803	30,167,636	5.25%
Non-instructional programs	--	--	4,594,436	4,538,595	4,594,436	4,538,595	1.23%
Other expenses	15,117,081	14,232,973	--	--	15,117,081	14,232,973	6.21%
Total expenses	120,452,594	113,554,896	4,594,436	4,538,595	125,047,030	118,093,491	5.89%
Change in net position	990,517	2,712,158	421,806	407,299	1,412,323	3,119,457	-54.73%
Beginning Net Position, as restated	55,686,931	94,520,177	468,016	693,389	56,154,947	95,213,566	-41.02%
Ending Net Position	\$ 56,677,448	97,232,335	889,822	1,100,688	57,567,270	98,333,023	-41.46%

Property tax, statewide sales, service and use tax and unrestricted state grants account for 76.99% in fiscal 2015 compared to 76.41% in fiscal 2014 of the revenue from governmental activities, while charges for services and operating grants and contributions account for 100% of the revenue from business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.33% increase in fiscal 2015 revenues compared to a 3.03% increase in fiscal 2014, and a 5.89% increase in fiscal 2015 expenses compared to a 1.75% increase in fiscal 2014 expenses. The increase in expenses related to an increase in instructional costs.

Governmental Activities

Revenues for governmental activities were \$121,443,111 and expenses were \$120,452,594 for the year ended June 30, 2015.

Figure A-5 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			Net Cost		
	June 30,			June 30,		
	2015	2014	% Change	2015	2014	% Change
Instruction	73,583,710	69,154,287	6.41%	50,410,182	46,891,401	7.50%
Support services	31,751,803	30,167,636	5.25%	31,103,732	29,263,793	6.29%
Other expenses	15,117,081	14,232,973	6.21%	11,049,361	10,041,519	10.04%
Totals	120,452,594	113,554,896	6.07%	92,563,275	86,196,713	7.39%

Council Bluffs Community School District

Management's Discussion and Analysis

- The cost financed by users of the District's programs was \$4,115,580.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$19,137,270.
- The net cost of governmental activities was financed with \$35,644,150 in property tax, \$8,537,607 in statewide sales, services and use tax, \$49,319,708 in unrestricted state grants, \$40,536 in interest income, and \$11,791 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$5,016,242 and expenses were \$4,594,436. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of changes for services, federal and state reimbursements, and investment income.

Individual Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$35,777,374 for 2015 and \$38,284,926 for 2014. The decrease was attributable to the deficit in the general fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Revenues increased from fiscal 2014 attributable to a greater increase in state aid and the TLC grant. Expenditures related to instruction rose, resulting in a net position decrease from \$12,350,002 to \$14,128,673.
- The Capital Project Fund net position decreased from \$10,172,633 in fiscal 2014 to a balance of \$8,089,224 in fiscal 2015 due to remodeling construction at two elementary schools.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$1,100,688 at June 30, 2014 to \$889,822 at June 30, 2015, representing a decrease of 19.16% due to a \$632,672 restatement of prior year fund balance attributable to GASB 68.

Budgetary Highlights

The District's general fund revenues were approximately \$770,000 less and expenditures were \$1.3 million less than the certified budget submitted in April 2014 for each respective category.

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

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the District had invested \$132.7 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities and transportation equipment. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$8.2 million.

Council Bluffs Community School District

Management's Discussion and Analysis

The original cost of the District's capital assets was \$200.2 million. Governmental funds account for \$199.5 million with the remainder in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in work-in-progress category related to remodeling projects at two elementary schools and a stadium remodeling project.

Figure A-6
Capital Asset Summary

	Governmental Activities		Business Activities		Total School District		% Change
	June 30,		June 30,		June 30,		2014-2015
	2015	2014	2015	2014	2015	2014	
Land	1,530,039	1,530,039	--	--	1,530,039	1,530,039	0%
Construction in progress	5,941,883	3,404,565	--	--	5,941,883	3,404,565	74.53%
Buildings & land improvements	123,968,718	126,090,843	--	--	123,968,718	126,090,843	-1.68%
Furniture & equipment	1,075,534	121,057	209,007	157,547	1,284,541	278,604	361.06%
Totals	132,516,174	131,146,504	209,007	157,547	132,725,181	131,304,051	1.08%

Long-Term Debt

At June 30, 2015 the District had \$108,493,955 general obligation and other long-term debt outstanding. This represents a decrease of 6.4% from the prior year, as restated for GASB 68. More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

Figure A-7
Long Term Debt Summary

			% Change
	2015	2014	2014-2015
General obligation bonds	500,000	1,500,000	-66.7%
Revenue Bonds	61,570,000	64,275,000	-4.2%
Bond anticipation note	4,901,929	--	100.0%
Quality Zone Academy Bonds	1,500,000	1,500,000	0.0%
Qualified School Construction Bonds	5,650,000	5,650,000	0.0%
Compensated Absences	158,367	203,568	-22.2%
Net OPEB Liability	1,001,409	879,688	13.8%
Net pension liability	33,212,250	--	100.0%
Totals	108,493,955	74,008,256	46.6%

Factors Influencing 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:

- The political environment in Iowa makes planning for future funding difficult. The Iowa legislature is required to set school funding two years in advance, but has not followed the law in recent years.
- The levels of state and federal funding for education are not keeping pace with the increases in cost and mandated growth. Although the district's financial position is currently stable, increases in costs will put a strain on district finances.
- Costs associated with special education continue to rise as more students are identified as requiring additional services.

Council Bluffs Community School District

Management's Discussion and Analysis

- The potential for unfunded mandates at the state or federal level.
- An enrollment decline will result in less state aid and property tax revenues.
- Fixed costs for utilities and busing service are anticipated to increase.

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 Dean Wilson, Chief Financial Officer, Council Bluffs Community School District, 300 W Broadway, Suite 1600, Council Bluffs, Iowa, 51503.

Council Bluffs Community School District

Statement of Net Position June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, and cash equivalents and pooled investments	\$ 50,242,787	1,598,010	51,840,797
Receivables:			
Property tax:			
Delinquent	668,430		668,430
Succeeding year	34,576,273	--	34,576,273
Accounts	5,340,860	7,392	5,348,252
Inventories	43,922	59,755	103,677
Prepaid expenses	14,203	--	14,203
Capital assets, net of accumulated depreciation	132,516,174	209,007	132,725,181
Total assets	<u>223,402,649</u>	<u>1,874,164</u>	<u>225,276,813</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	7,239,520	159,236	7,398,756
Total assets and deferred outflows of resources	<u>\$ 230,642,169</u>	<u>2,033,400</u>	<u>232,675,569</u>
LIABILITIES			
Accounts payable	\$ 4,838,274	77,642	4,915,916
Retainage payable	275,260	--	275,260
Salaries and benefits payable	10,931,390	268,563	11,199,953
Accrued expenses	81,323	--	81,323
Accrued interest liabilities	1,369,553	--	1,369,553
Current portion of long term debt	4,768,214	--	4,768,214
Incurred and unpaid claims	724,161	--	724,161
Compensated absences	158,367	8,459	166,826
Long term debt, net of current portion	69,353,715	--	69,353,715
Other post employment benefits	1,001,409	82,412	1,083,821
Net pension liability	33,212,250	505,771	33,718,021
Total liabilities	<u>126,713,916</u>	<u>942,847</u>	<u>127,656,763</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	34,576,273	--	34,576,273
Advances from grantors	8,336	7,845	16,181
Pension related deferred inflows	12,666,196	192,886	12,859,082
Total deferred inflows of resources	<u>47,250,805</u>	<u>200,731</u>	<u>47,451,536</u>
NET POSITION			
Net investment in capital assets	58,394,245	209,007	58,603,252
Restricted for:			
Categorical funding	1,244,345	--	1,244,345
Debt service	11,751,431	--	11,751,431
Management levy purposes	1,921,295	--	1,921,295
Student activities	295,869	--	295,869
School infrastructure	4,633,059	--	4,633,059
Physical plant and equipment levy	3,456,165	--	3,456,165
Unrestricted	(25,018,961)	680,815	(24,338,146)
Total net position	<u>56,677,448</u>	<u>889,822</u>	<u>57,567,270</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 230,642,169</u>	<u>2,033,400</u>	<u>232,675,569</u>

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Activities For the Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction:	\$						
Regular instruction	36,399,098	1,104,657	10,848,770	--	(24,445,671)	--	(24,445,671)
Special instruction	33,425,472	2,007,840	8,100,637	--	(23,316,995)	--	(23,316,995)
Other instruction	3,759,140	923,761	187,863	--	(2,647,516)	--	(2,647,516)
	<u>73,583,710</u>	<u>4,036,258</u>	<u>19,137,270</u>	<u>--</u>	<u>(50,410,182)</u>	<u>--</u>	<u>(50,410,182)</u>
Support services:							
Student services	2,519,354	--	2,106	--	(2,517,248)	--	(2,517,248)
Instructional staff services	5,734,010	--	42,420	--	(5,691,590)	--	(5,691,590)
Administration services	11,995,845	--	329,619	--	(11,666,226)	--	(11,666,226)
Operation and maintenance of plant	7,819,905	76,266	--	--	(7,743,639)	--	(7,743,639)
Transportation services	3,682,689	3,056	194,604	--	(3,485,029)	--	(3,485,029)
	<u>31,751,803</u>	<u>79,322</u>	<u>568,749</u>	<u>--</u>	<u>(31,103,732)</u>	<u>--</u>	<u>(31,103,732)</u>
Other expenditures:							
Facilities acquisition	457,308	--	--	106,804	(350,504)	--	(350,504)
Long-term debt interest	2,885,620	--	66,554	--	(2,819,066)	--	(2,819,066)
AEA flowthrough	3,894,362	--	3,894,362	--	--	--	--
Depreciation (unallocated)*	7,879,791	--	--	--	(7,879,791)	--	(7,879,791)
	<u>15,117,081</u>	<u>--</u>	<u>3,960,916</u>	<u>106,804</u>	<u>(11,049,361)</u>	<u>--</u>	<u>(11,049,361)</u>
Total governmental activities	120,452,594	4,115,580	23,666,935	106,804	(92,563,275)	--	(92,563,275)
Business type activities:							
Non-instructional programs:							
Food service operations	4,594,436	723,437	4,292,805	--	--	421,806	421,806
Total	<u>\$ 125,047,030</u>	<u>4,839,017</u>	<u>27,959,740</u>	<u>106,804</u>	<u>(92,563,275)</u>	<u>421,806</u>	<u>(92,141,469)</u>
General revenues							
Property and other tax levied for:							
General purposes:					\$ 32,430,499	--	32,430,499
Debt service					1,043,570	--	1,043,570
Capital outlay					2,170,081	--	2,170,081
Statewide sales, services and use tax					8,537,607	--	8,537,607
Unrestricted state grants					49,319,708	--	49,319,708
Unrestricted investment earnings					40,536	--	40,536
Other					11,791	--	11,791
Total general revenues					<u>93,553,792</u>	<u>--</u>	<u>93,553,792</u>
Change in net position					990,517	421,806	1,412,323
Net position, beginning of year, as restated					<u>55,686,931</u>	<u>468,016</u>	<u>56,154,947</u>
Net position end of year					<u>\$ 56,677,448</u>	<u>889,822</u>	<u>57,567,270</u>

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

See accompanying notes to the financial statements

Council Bluffs Community School District

Balance Sheet – Governmental Funds June 30, 2015

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and pooled investments	\$ 22,159,962	8,192,623	13,107,051	2,259,068	45,718,704
Receivables:					
Property tax:					
Delinquent	570,622	40,161	19,313	38,334	668,430
Succeeding year	30,148,290	2,126,670	504,744	1,796,569	34,576,273
Accounts	4,017,617	1,323,243	--	--	5,340,860
Inventories	43,922	--	--	--	43,922
Prepaid expenses	14,203	--	--	--	14,203
Total assets	<u>\$ 56,954,616</u>	<u>11,682,697</u>	<u>13,631,108</u>	<u>4,093,971</u>	<u>86,362,392</u>
LIABILITIES					
Accounts payable	\$ 3,568,465	1,191,543	5,380	72,886	4,838,274
Retainage payable	--	275,260	--	--	275,260
Salaries & benefits payable	10,805,552	--	--	--	10,805,552
Accrued expenses	73,971	--	--	7,352	81,323
Total liabilities	<u>14,447,988</u>	<u>1,466,803</u>	<u>5,380</u>	<u>80,238</u>	<u>16,000,409</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues:					
Succeeding year property tax	30,148,290	2,126,670	504,744	1,796,569	34,576,273
Advances from grantors	8,336	--	--	--	8,336
Total deferred inflows of resources	<u>30,156,626</u>	<u>2,126,670</u>	<u>504,744</u>	<u>1,796,569</u>	<u>34,584,609</u>
FUND BALANCES					
Nonspendable:					
Inventories	43,922	--	--	--	43,922
Prepaid items	14,203	--	--	--	14,203
Restricted for:					
Categorical funding	1,244,345	--	--	--	1,244,345
Debt service	--	--	13,120,984	--	13,120,984
School infrastructure	--	4,633,059	--	--	4,633,059
Physical plant and equipment	--	3,456,165	--	--	3,456,165
Management levy purposes	--	--	--	1,921,295	1,921,295
Student activities	--	--	--	295,869	295,869
Unassigned	11,047,532	--	--	--	11,047,532
Total fund balances	<u>12,350,002</u>	<u>8,089,224</u>	<u>13,120,984</u>	<u>2,217,164</u>	<u>35,777,374</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 56,954,616</u>	<u>11,682,697</u>	<u>13,631,108</u>	<u>4,093,971</u>	<u>86,362,392</u>
RECONCILIATION					
Total fund balances of governmental funds					\$ 35,777,374
Amounts reported for governmental activities in statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.					132,516,174
Long-term liabilities, including bonds payable, compensated absences payable, other postemployment benefits payable and net pension liability are not due and payable in the current period and therefore are not reported in the funds					(108,493,955)
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 funds					(1,369,553)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds, as follows:					
Deferred outflows of resources				7,239,520	
Deferred inflows of resources				(12,666,196)	(5,426,676)
Internal service funds are used by management to charge the costs of certain activities, such as, insurance and vehicles to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.					3,674,084
Net position - governmental activities					<u>\$ 56,677,448</u>

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds June 30, 2015

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local sources:					
Local tax	\$ 30,393,044	10,707,688	1,043,570	2,037,455	44,181,757
Tuition	2,980,020	--	--	--	2,980,020
Other	3,508,896	106,804	66,553	923,761	4,606,014
State sources	64,465,411	--	--	--	64,465,411
Federal sources	5,209,908	--	--	--	5,209,908
Total revenues	<u>106,557,279</u>	<u>10,814,492</u>	<u>1,110,123</u>	<u>2,961,216</u>	<u>121,443,110</u>
EXPENDITURES					
Current					
Instruction:					
Regular instruction	36,258,118	376,397	--	1,003,604	37,638,119
Special instruction	34,556,075	--	--	--	34,556,075
Other instruction	2,867,144	--	--	987,656	3,854,800
	<u>73,681,337</u>	<u>376,397</u>	<u>--</u>	<u>1,991,260</u>	<u>76,048,994</u>
Support services:					
Student services	2,587,655	3,129	--	--	2,590,784
Instructional staff services	5,582,699	25,756	--	34,825	5,643,280
Administration services	11,760,219	416,383	--	220,126	12,396,728
Operation and maintenance of plant services	7,625,870	264,877	--	55,547	7,946,294
Transportation services	3,203,808	455,500	--	11,400	3,670,708
	<u>30,760,251</u>	<u>1,165,645</u>	<u>--</u>	<u>321,898</u>	<u>32,247,794</u>
Other expenditures:					
Facilities acquisition	--	10,029,827	--	--	10,029,827
Long-term debt:					
Principal	--	--	4,803,071	--	4,803,071
Interest and fiscal charges	--	48,000	2,878,614	--	2,926,614
AEA flowthrough	3,894,362	--	--	--	3,894,362
	<u>3,894,362</u>	<u>10,077,827</u>	<u>7,681,685</u>	<u>--</u>	<u>21,653,874</u>
Total expenditures	<u>108,335,950</u>	<u>11,619,869</u>	<u>7,681,685</u>	<u>2,313,158</u>	<u>129,950,662</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,778,671)</u>	<u>(805,377)</u>	<u>(6,571,562)</u>	<u>648,058</u>	<u>(8,507,552)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issue	--	6,000,000	--	--	6,000,000
Transfers in (out)	--	(7,278,032)	7,278,032	--	--
Total other financing sources and uses	<u>--</u>	<u>(1,278,032)</u>	<u>7,278,032</u>	<u>--</u>	<u>6,000,000</u>
NET CHANGE IN FUND BALANCE	<u>(1,778,671)</u>	<u>(2,083,409)</u>	<u>706,470</u>	<u>648,058</u>	<u>(2,507,552)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>14,128,673</u>	<u>10,172,633</u>	<u>12,414,514</u>	<u>1,569,106</u>	<u>38,284,926</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,350,002</u>	<u>8,089,224</u>	<u>13,120,984</u>	<u>2,217,164</u>	<u>35,777,374</u>
RECONCILIATION					
Net change in fund balances - total governmental funds				\$	(2,507,552)
Internal service funds are used by management to change the cost of certain activities to individual funds. The change in net position is reported with governmental activities.					454,376
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense.					1,369,671
The current year District employer share of IPERS contributions are reported as expenditures in governmental funds, but are reported as a deferred outflow of resources in the statement of net position.					2,906,478
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.					4,803,071
Bond proceeds provide current financial resources to governmental funds but issuing debt increases long term liabilities in the statement of net position.					(6,000,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds.					<u>(35,527)</u>
Change in net position - governmental activities				\$	<u>990,517</u>

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Net Position – Proprietary Funds For the Year Ended June 30, 2015

	Business-type Activities Enterprise Funds	Governmental Activities
	Enterprise	Internal Service
	School Nutrition	Employee Health
ASSETS		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 1,598,010	4,524,083
Accounts receivable	7,392	--
Inventories	59,755	--
Total current assets	<u>1,665,157</u>	<u>4,524,083</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>209,007</u>	<u>--</u>
Total assets	1,874,164	4,524,083
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	<u>159,236</u>	<u>--</u>
Total assets and deferred outflows of resources	<u>\$ 2,033,400</u>	<u>4,524,083</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 77,642	--
Salaries and benefits payable	268,563	125,838
Incurred and unpaid claims	--	724,161
Compensated absences	8,459	--
Net OPEB liability	<u>82,412</u>	<u>--</u>
Total current liabilities	437,076	849,999
Long-term liabilities:		
Net pension liability	<u>505,771</u>	<u>--</u>
Total liabilities	<u>942,847</u>	<u>849,999</u>
DEFERRED INFLOWS OF RESOURCES		
Advances from grantors	7,845	--
Pension related deferred inflows	<u>192,886</u>	<u>--</u>
Total deferred inflows of resources	<u>200,731</u>	<u>--</u>
NET POSITION		
Net investment in capital assets	209,007	--
Unrestricted	<u>680,815</u>	<u>3,674,084</u>
Total net position	<u>889,822</u>	<u>3,674,084</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,033,400</u>	<u>4,524,083</u>

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds For the Year Ended June 30, 2015

	Business-type Activities Enterprise Funds	Governmental Activities
	Enterprise	Internal
	School	Service
	Nutrition	Employee Health
OPERATING REVENUES		
Local sources:		
Charges for services	\$ 723,437	10,063,609
OPERATING EXPENSES		
Support services:		
Administration services	--	9,610,587
Non-instructional programs:		
Food service operations:		
Salaries	1,476,253	--
Benefits	468,508	--
Purchased services	108,541	--
Supplies	2,494,959	--
Miscellaneous	649	--
Depreciation	45,526	--
Total operating expenses	4,594,436	9,610,587
OPERATING INCOME (LOSS)	(3,870,999)	453,022
NON-OPERATING REVENUE (EXPENSES):		
State sources	38,550	--
Federal sources	4,262,813	--
Loss on disposal of equipment	(8,558)	--
Other	--	1,354
Total non-operating revenues	4,292,805	1,354
CHANGE IN NET POSITION	421,806	454,376
NET POSITION, BEGINNING OF YEAR, AS RESTATED (SEE NOTE 15)	468,016	3,219,708
NET POSITION, END OF YEAR	\$ 889,822	3,674,084

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Cash Flows – Proprietary Funds For the Year Ended June 30, 2015

	Business-type Activities	
	Enterprise Funds	
	Enterprise	Governmental Activities
	School	Internal Service
	Nutrition	Employee Health
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from user charges	\$ 722,180	10,135,716
Payments to employees	(1,436,182)	--
Payments of employee benefits	(549,859)	15,738
Payments to suppliers for goods and services	(2,535,929)	(9,411,789)
Net cash provided by (used in) operating activities	<u>(3,799,790)</u>	<u>739,665</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State subsidies received	38,550	--
Federal subsidies received	4,262,813	--
Other nonoperating receipts (charges)	(12,484)	1,354
Net cash provided by noncapital financing activities	<u>4,288,879</u>	<u>1,354</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(96,986)	--
Net cash used in capital and related financing activities	<u>(96,986)</u>	<u>--</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	392,103	741,019
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,205,907</u>	<u>3,783,064</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,598,010</u>	<u>4,524,083</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (3,870,999)	453,022
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	45,526	--
Decrease in accounts receivable	(1,257)	72,107
Decrease in inventories	6,351	--
Increase in accounts payable	61,869	198,798
Increase in deferred inflows	192,886	--
Increase in deferred outflows	(84,715)	--
Increase in salaries and benefits payable	41,952	15,738
Increase in net OPEB liability	10,019	--
Increase in net pension liability	(201,422)	--
Net cash provided by (used in) operating activities	<u>\$ (3,799,790)</u>	<u>739,665</u>

Noncash investing, capital and financing activities

During the year ended June 30, 2015 the District received \$277,075 of federal commodities

See accompanying notes to the financial statements

Council Bluffs Community School District

**Statement of Fiduciary Net Position – Fiduciary Funds
For the Year Ended June 30, 2015**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>138,783</u>
Total assets	<u><u>138,783</u></u>
LIABILITIES	
Accounts payable	8,114
Due to other governments	<u>130,669</u>
Total liabilities	\$ <u><u>138,783</u></u>

See accompanying notes to the financial statements

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

(1) Organization and Summary of Significant Accounting Policies

The Council Bluffs Community School District (the District) is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. 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 Carter Lake, Crescent and Council Bluffs, Iowa and the predominately agricultural territory in Pottawattamie County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

For financial reporting purposes, the 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. GASB 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 District has no component units which meet the GASB criteria.

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

B. Basis of Presentation

Government-wide financial statements - The Statement of Net Position and the Statement of Activities report information on all of the 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 services.

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

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 are 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.

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 revenues 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 expenditures, including instructional, support and other costs.

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

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

The District reports the following major proprietary fund:

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

The Internal Service Fund is used to account for self-funded health insurance provided to other departments or funds of the District. The District's internal service fund is presented in the Proprietary Fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial activity of the internal service fund is included in the governmental activities column when presented in the Government-wide financial statements.

The District also reports the following fiduciary fund which focuses on net position and changes in net position.

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

C. *Measurement Focus and Basis of Accounting*

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

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

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

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

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

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

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 are charges to customers for sales and services. Operating expenses for the Enterprise Fund 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.

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

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 levy is certified by the Board of Education. 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 levy

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

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 becomes due and collectible in September and March of the fiscal year with a 1% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2015 and reflects the tax levy contained in the budget certified to the County Board of Supervisors in April 2013.

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, 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.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 500
Buildings	5,000
Land improvements	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

<u>Asset Class</u>	<u>Amount</u>
Buildings	50 years
Land improvements	20 years
Furniture and equipment	5-15 years

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

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

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired. 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.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable, other receivables not collected within sixty days after year end, and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Unavailable revenue 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 of other advances.

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

Nonspendable – Amounts not in spendable form, such as inventories.

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.

Committed fund balances – Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal actions of the government's highest level of decision making authority. These amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it used to commit those amounts. The Board of Education is the District's highest level of authority. All actions concerning approving, eliminating, or modifying of minimal fund balances will be accomplished through resolution. At June 30, 2015, the District had no committed fund balance.

Assigned fund balance – Consists of amounts that are constrained by the government intended to be used for specific purposes, but are neither restricted nor committed. The authority for making an assignment is not required to be the government's highest decision making authority. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regards to committed fund balances. The District management staff will have the overall responsibilities for monitoring these balances. At June 30, 2015, the District had no assigned fund balance.

Unassigned – All amounts not included in the preceding classifications.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. The District did not exceed its General Fund unspent authorized budget.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

G. 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.

H. Change in Accounting Principle

During 2014, the District adopted the provisions of GASB Statement No. 65, *Items Previously Recorded as Assets and Liabilities*. GASB Statement No. 65 required reclassification of certain items previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources on the statement of net position.

I. Subsequent Events

The District considered events occurring through December 10, 2015 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

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 \$13. Pursuant to Rule 2a-7 under the Investment Company Act of 1940, the investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

(3) Interfund Transfers

The detail of interfund transfers at June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ <u><u>7,278,032</u></u>

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,530,039	--	--	1,530,039
Construction in progress	3,404,565	8,294,984	5,757,666	5,941,883
Total capital assets not being depreciated	<u>4,934,604</u>	<u>8,294,984</u>	<u>5,757,666</u>	<u>7,471,922</u>
Capital assets being depreciated:				
Buildings and land improvements	183,363,868	5,757,666	--	189,121,534
Furniture and equipment	1,595,921	1,277,535	--	2,873,456
Total capital assets being depreciated	<u>184,959,789</u>	<u>7,035,201</u>	<u>--</u>	<u>191,994,990</u>
Less accumulated depreciation for:				
Buildings and land improvements	57,273,025	7,879,791	--	65,152,816
Furniture and equipment	1,474,864	323,058	--	1,797,922
Total accumulated depreciation	<u>58,747,889</u>	<u>8,202,849</u>	<u>--</u>	<u>66,950,738</u>
Total capital assets being depreciated, net	<u>126,211,900</u>	<u>(1,167,648)</u>	<u>--</u>	<u>125,044,252</u>
Governmental activities capital assets, net	<u>\$ 131,146,504</u>	<u>7,127,336</u>	<u>5,757,666</u>	<u>132,516,174</u>
Business-type activities				
Furniture and equipment	\$ 716,873	105,544	78,119	744,298
Less accumulated depreciation	<u>559,326</u>	<u>45,526</u>	<u>69,561</u>	<u>535,291</u>
Business-type activities capital assets, net	<u>\$ 157,547</u>	<u>60,018</u>	<u>8,558</u>	<u>209,007</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Regular		\$	14,990
Other			5,271
Support Services:			
Instructional			255,312
Administration			11,841
Operation and maintenance of plant			23,663
Transportation			11,981
			<u>323,058</u>
Unallocated			<u>7,879,791</u>
Total depreciation expense - governmental activities		\$	<u><u>8,202,849</u></u>
Business-type activities:			
Nutrition services		\$	<u><u>45,526</u></u>

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities					
General obligation bonds	\$ 1,500,000	--	1,000,000	500,000	500,000
Revenue bonds	64,275,000	--	2,705,000	61,570,000	2,785,000
Bond anticipation note	--	6,000,000	1,098,071	4,901,929	1,483,214
Quality zone academy bonds	1,500,000	--	--	1,500,000	--
Qualified school construction bonds	5,650,000	--	--	5,650,000	--
Compensated absences	203,568	158,367	203,568	158,367	158,367
Net OPEB liability	879,688	315,350	193,629	1,001,409	--
Net pension liability	41,545,404	--	8,333,154	33,212,250	--
Total	\$ <u>115,553,660</u>	<u>6,473,717</u>	<u>13,533,422</u>	<u>108,493,955</u>	<u>4,926,581</u>
Business-type activities					
Compensated liabilities	\$ 6,578	8,459	6,578	8,459	8,459
Net OPEB liability	72,395	25,952	15,935	82,412	--
Net pension liability	632,672	--	126,901	505,771	--
Total	\$ <u>711,645</u>	<u>34,411</u>	<u>149,414</u>	<u>596,642</u>	<u>8,459</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

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

Year Ending June 30,	Bond Issue of May 3, 2010			
	Interest Rates	Principal	Interest	Total
2016	1.900%	\$ 500,000	4,750	504,750

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

Year Ending June 30,	Bond Issue of March 1, 2010 Series A			
	Interest Rates	Principal	Interest	Total
2016	3.000%	\$ 550,000	490,468	1,040,468
2017	4.000%	575,000	470,688	1,045,688
2018	4.000%	600,000	447,188	1,047,188
2019	4.000%	625,000	422,688	1,047,688
2020	4.000%	650,000	397,188	1,047,188
2021-2025	4.00-4.375%	3,600,000	1,565,406	5,165,406
2026-2030	4.50-4.75%	5,025,000	673,250	5,698,250
		\$ 11,625,000	4,466,876	16,091,876

Year Ending June 30,	Bond Issue of April 1, 2010 Series B			
	Interest Rates	Principal	Interest	Total
2016	4.000%	\$ 1,170,000	1,091,375	2,261,375
2017	4.000%	1,200,000	1,043,975	2,243,975
2018	4.000%	1,235,000	995,275	2,230,275
2019	4.000%	1,280,000	944,975	2,224,975
2020	4.000%	1,330,000	836,850	2,166,850
2021-2025	4.50-5.00%	7,520,000	3,546,263	11,066,263
2026-2030	5.000%	10,905,000	318,120	11,223,120
		\$ 24,640,000	8,776,833	33,416,833

Year Ending June 30,	Bond Issue of April 1, 2011			
	Interest Rates	Principal	Interest	Total
2016	3.000%	\$ 580,000	719,150	1,299,150
2017	3.500%	605,000	699,863	1,304,863
2018	3.500%	635,000	678,163	1,313,163
2019	4.000%	655,000	653,950	1,308,950
2020	4.000%	680,000	627,250	1,307,250
2021-2025	4.25-4.75%	3,940,000	2,690,500	6,630,500
2026-2030	4.75-5.00%	9,580,000	1,383,713	10,963,713
		\$ 16,675,000	7,452,589	24,127,589

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

Year Ending June 30,	Bond Issue of March 1, 2012			
	Interest Rates	Principal	Interest	Total
2016	2.000%	\$ 485,000	209,160	694,160
2017	2.000%	495,000	199,360	694,360
2018	2.000%	505,000	189,360	694,360
2019	2.000%	515,000	179,160	694,160
2020	2.000%	525,000	168,760	693,760
2021-2025	2.50-2.75%	2,810,000	645,300	3,455,300
2026-2030	3.000%	3,295,000	252,240	3,547,240
		<u>\$ 8,630,000</u>	<u>1,843,340</u>	<u>10,473,340</u>

Year Ending June 30,	Total Revenue Bonds		
	Principal	Interest	Total
2016	\$ 2,785,000	2,510,153	5,295,153
2017	2,875,000	2,413,886	5,288,886
2018	2,975,000	2,309,986	5,284,986
2019	3,075,000	2,200,773	5,275,773
2020	3,185,000	2,030,048	5,215,048
2021-2025	17,870,000	8,447,469	26,317,469
2026-2030	28,805,000	2,627,323	31,432,323
	<u>\$ 61,570,000</u>	<u>22,539,638</u>	<u>84,109,638</u>

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued March 1, 2010, April 1, 2010, April 1, 2011 and March 1, 2012. The bonds were issued for the purpose of defraying a portion of the costs of renovating buildings within the District. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 60% of statewide sales, services and use tax revenues. For the current year, principal and interest paid on the bonds was \$5,302,893 and total statewide sales, services and use tax revenues were \$8,537,607.

The resolution providing for the issuance of the statewide sales, services and use tax revenues includes the following provisions:

- a) \$5,993,498 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The accrued interest on the revenue bond proceeds shall be placed into a sinking account. The balance of the proceeds shall be deposited to the project account.
- b) The District will make transfers from the statewide sales, services and use tax account and those proceeds shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

Bond Anticipation Note

On July 1, 2014, the District issued a Bond Anticipation Note (BAN). The District has pledged future statewide sales, services and use tax revenues to repay the BAN. The District anticipates the BAN will be paid in full at or prior to maturity, and no bonds will be issued related to this BAN.

Year Ending June 30,	Bond Anticipation Note of July 1, 2014			
	Interest Rates	Principal	Interest	Total
2016	1.485%	\$ 1,483,214	64,559	1,547,773
2017	1.485%	1,505,362	42,411	1,547,773
2018	1.485%	1,527,841	19,932	1,547,773
2019	1.485%	385,512	1,431	386,943
		<u>\$ 4,901,929</u>	<u>128,333</u>	<u>5,030,262</u>

Quality Zone Academy Bond

On November 24, 2009, the District issued Quality Zone Academy Bonds (OZAB) which are held by Security Bank of Kansas City. Annual transfers from the Capital Projects Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2024, of \$1,500,000. Details of the District's June 30, 2015 QZAB bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of November 24, 2009			
	Interest Rates	Principal	Interest	Total
2016	2.600%	\$ --	33,750	33,750
2017	2.600%	--	33,750	33,750
2018	2.600%	--	33,750	33,750
2019	2.600%	--	33,750	33,750
2020	2.600%	--	33,750	33,750
2021-2025	2.600%	1,500,000	151,875	1,651,875
		<u>\$ 1,500,000</u>	<u>320,625</u>	<u>1,820,625</u>

Qualified School Construction Bonds

On November 24, 2009, the District issued Qualified School Construction Bonds (QSCB). Annual transfers from the Capital Projects Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2025, of \$5,650,000. Details of the District's June 30, 2015 QSCB bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of November 24, 2009			
	Interest Rates	Principal	Interest	Total
2016	2.600%	\$ --	146,900	146,900
2017	2.600%	--	146,900	146,900
2018	2.600%	--	146,900	146,900
2019	2.600%	--	146,900	146,900
2020	2.600%	--	146,900	146,900
2021-2025	2.600%	--	734,500	734,500
2026	2.600%	5,650,000	73,450	5,723,450
		<u>\$ 5,650,000</u>	<u>1,542,450</u>	<u>7,192,450</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

(6) Pension and Retirement Benefits

Plan Description

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

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

Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time 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.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

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 was \$5,527,394.

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 \$33,718,021 for its proportionate share of the net pension liability. The District's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was .833143 percent, which was an increase of .000468 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$2,526,198. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 366,449	--
Changes of assumptions	1,488,052	--
Net difference between projected and actual earnings on pension plan investments	--	12,859,082
Changes in proportion and differences between District contributions and proportionate share of contributions	16,861	--
District contributions subsequent to the measurement date	<u>5,527,394</u>	<u>--</u>
Total	<u>\$ 7,398,756</u>	<u>12,859,082</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

Deferred outflows of resources related to pensions included \$5,527,394 resulting from 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:

<u>Year Ended June 30,</u>	
2016	\$ (2,777,536)
2017	(2,777,536)
2018	(2,777,536)
2019	(2,777,536)
2020	<u>122,426</u>
	<u>\$ (10,987,720)</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)	3.0 percent
Salary increases (effective June 30, 2014)	4.0 to 17.0 percent, average, including inflation. Rates vary by membership group
Investment rate of return (effective June 30, 1996)	7.5 percent per annum, compounded annually, net of pension plan investment expense, including inflation

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

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

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

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

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

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-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Discount Rate</u> <u>(7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
District's proportionate share of the net pension liability	\$ 63,709,253	33,718,021	8,402,314

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 \$-0- for legally required employer contributions and \$-0- for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(7) Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 949 active and 47 retired members in the plan. Employees must be age 55 or older at retirement.

The medical/prescription drug benefit, which is a self insured medical plan, is administered by United Health Care. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

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

Annual required contribution	\$	336,452
Interest on net OPEB obligation		42,844
Adjustment to annual required contribution		(37,994)
Annual OPEB cost		<u>341,302</u>
Contributions made		<u>(209,564)</u>
Increase in net OPEB obligation		131,738
Net OPEB obligation, beginning of year		<u>952,083</u>
Net OPEB obligation, end of year	\$	<u><u>1,083,821</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2014. The end of 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.

For the year ended June 30, 2015, the District contributed \$209,564 to the medical plan. Plan members receiving benefits contributed \$421,820, or 66.8% of the premium costs.

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

<u>Year Ended</u>		<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>
June 30, 2013	\$	629,859	66.2	\$	688,714
June 30, 2014		650,369	59.5		952,083
June 30, 2015		341,302	61.4		1,083,821

Funding Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation for the period July 1, 2013 through June 30, 2015, the actuarial accrued liability was \$3.308 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.308 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$48.1 million, and the ratio of the UAAL to covered payroll was 6.9%. As of June 30, 2015, there was 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 health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 8%, and is reduced each year until reaching the ultimate medical trend rate of 5%.

Mortality rates are from the RP2014 Combined Healthy Generational Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were modeled from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2011 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2011. These probabilities were then modified to levels more appropriate for Iowa School Districts.

The projected claim costs of the medical plan are illustrated per month in the following table per age group used for calculations in the actuarial liabilities:

<u>Age</u>	<u>\$600 Deductible Claims</u>	<u>\$1,200 Deductible Claims</u>	<u>High Deductible Claims</u>
45	\$ 6,605	6,312	6,293
50	7,710	7,372	7,371
55	9,234	8,831	8,853
60	11,161	10,679	10,731
64	12,761	12,215	12,290

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Self Insurance Program

The District has established a self insurance medical program which is accounted for in the Employee Health Fund (an internal service fund). This program provides employees health benefit coverage up to a maximum of \$150,000 per employee per year. The District purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

The District makes payments to the Employee Health Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The incurred and unpaid claims liability is based on liabilities incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Change in the Fund's claims liability amount is shown below.

Incurred and unpaid claims, beginning of year	\$ 525,363
Incurred claims	8,518,517
Payments	<u>(8,407,566)</u>
Incurred and unpaid claims, end of year	<u>\$ 724,161</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

(9) Categorical Funding

The District's ending fund balances for categorical funding by project as of and for the year ended June 30, 2015 are as follows:

<u>Project</u>	<u>Amount</u>
Voluntary preschool	\$ 595,910
Core curriculum	161,598
Teach salary supplement	151,424
Early intervention	126,953
Shared vision	90,735
Early readers	68,554
Reading recovery	26,580
Limited English proficiency	22,591
	<u>\$ 1,244,345</u>

(10) Risk Management

Council Bluffs Community School District is exposed to various risks of loss related to torts, theft, damage to and destruction of property, 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.

(11) 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 \$3,894,362 for the year ended June 30, 2015.

(12) Construction Commitment

The District has entered into various contracts for projects within the District. As of June 30, 2015, costs of \$5,941,883 had been incurred against the contracts. The balance of \$2,932,166 remaining at June 30, 2015 will be paid as work on the projects progresses.

(13) Lease Commitments

The District has entered into a lease agreement for the use of various vehicles and buses for student transportation as well as administrative office space. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 649,500
2017	649,500
2018	649,500
2019	240,000
2020	244,800

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2015

(14) Change in Accounting Principle

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 was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 97,232,335	1,100,688
Net pension liability at June 30, 2014	(46,438,933)	(707,193)
Deferred outflows of resources related to contributions made after the July 30, 2013 measurement date	<u>4,893,529</u>	<u>74,521</u>
Net position July 1, 2014, as restated	<u>\$ 55,686,931</u>	<u>468,016</u>

Council Bluffs Community School District

**Required Supplementary Information
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances – Budget and Actual –
All Governmental Funds and Proprietary Fund
For the Year Ended June 30, 2015**

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES						
Local sources	\$ 51,767,791	714,879	52,482,670	50,892,909	50,892,909	1,589,761
State sources	64,465,411	38,550	64,503,961	65,145,984	65,145,984	(642,023)
Federal sources	5,209,908	4,262,813	9,472,721	10,184,512	10,184,512	(711,791)
Total revenues	<u>121,443,110</u>	<u>5,016,242</u>	<u>126,459,352</u>	<u>126,223,405</u>	<u>126,223,405</u>	<u>235,947</u>
EXPENDITURES/EXPENSES						
Instruction	76,048,994	--	76,048,994	76,942,000	76,942,000	893,006
Support Services	32,247,794	--	32,247,794	32,250,000	33,000,000	752,206
Non-instructional programs	--	4,594,436	4,594,436	4,300,000	4,300,000	(294,436)
Other expenditures	21,653,874	--	21,653,874	16,215,028	20,000,000	(1,653,874)
Total expenditures/expenses	<u>129,950,662</u>	<u>4,594,436</u>	<u>134,545,098</u>	<u>129,707,028</u>	<u>134,242,000</u>	<u>(303,098)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	(8,507,552)	421,806	(8,085,746)	(3,483,623)	(8,018,595)	67,151
OTHER FINANCING SOURCES	<u>6,000,000</u>	<u>--</u>	<u>6,000,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES AND OTHER FINANCING SOURCES	(2,507,552)	421,806	(2,085,746)	(3,483,623)	(8,018,595)	67,151
BALANCES, Beginning of year	<u>38,284,926</u>	<u>468,016</u>	<u>38,752,944</u>	<u>36,338,804</u>	<u>36,338,804</u>	<u>(2,414,140)</u>
BALANCES, End of year	<u>\$ 35,777,374</u>	<u>889,822</u>	<u>30,667,198</u>	<u>32,855,181</u>	<u>28,320,209</u>	<u>(2,346,989)</u>

See note to Required Supplementary Information

Council Bluffs Community School District

Notes to Required Supplementary Information – Budgetary Reporting For the Year Ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except internal service funds and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$4,534,972.

During the year ended June 30, 2015, the District did not exceed its General Fund unspent authorized budget.

Council Bluffs Community School District

Required Supplementary Information Schedule of the District's Proportionate Share of the Net Pension Liability June 30, 2015

	Iowa Public Employee's Retirement System Last Fiscal Year* (In Thousands)	<u>2015</u>
District's proportion of net pension liability		0.8331430%
District's proportionate share of the net pension liability		\$ 33,718
District's covered-employee payroll		\$ 61,892
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		54.48%
Plan fiduciary net position as a percentage of the total pension liability		87.61%

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

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

Council Bluffs Community School District

**Required Supplementary Information
Schedule of District's Contributions
June 30, 2015**

(In Thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contribution	\$ 5,527	4,894	4,638	4,323	3,816	3,822	3,381	3,089	2,750	2,626
Contributions in relation to the statutorily required contribution	<u>(5,527)</u>	<u>(4,894)</u>	<u>(4,638)</u>	<u>(4,323)</u>	<u>(3,816)</u>	<u>(3,822)</u>	<u>(3,381)</u>	<u>(3,089)</u>	<u>(2,750)</u>	<u>(2,626)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>--</u>								
District's covered employee payroll	\$ 61,892	54,804	53,433	53,502	54,986	57,560	53,244	50,974	47,993	45,670
Contributions as a percentage of covered employee payroll	8.93%	8.93%	8.68%	8.08%	6.94%	6.64%	6.35%	6.06%	5.73%	5.75%

Council Bluffs Community School District

Notes to Required Supplementary Information – Pension Liability June 30, 2015

Notes to Required Supplementary Information – Pension Liability

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.

Council Bluffs Community School District

Required Supplementary Information Schedule of Funding Progress for the Retiree Health Plan For the Year Ended June 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Position (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2011	7/1/2010	\$ --	\$ 7,487	\$ 7,487	0.0%	\$ 55,321	13.5%
2012	7/1/2010	--	7,683	7,683	0.0%	54,241	14.2%
2013	7/1/2012	--	5,834	5,834	0.0%	53,940	10.8%
2014	7/1/2012	--	6,029	6,029	0.0%	54,532	11.1%
2015	7/1/2014	--	3,308	3,308	0.0%	48,105	6.9%

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.

Council Bluffs Community School District

**Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

	Special Revenue		
	Student Activity Funds	Management Levy Fund	Total
ASSETS			
Cash, cash equivalents and pooled investments	\$ 366,176	1,892,892	2,259,068
Receivables:			
Property tax:			
Delinquent	--	38,334	38,334
Succeeding year	--	1,796,569	1,796,569
Total assets	<u>\$ 366,176</u>	<u>3,727,795</u>	<u>4,093,971</u>
LIABILITIES			
Accounts payable	\$ 62,955	9,931	72,886
Accrued expenses	<u>7,352</u>	<u>--</u>	<u>7,352</u>
Total liabilities	<u>70,307</u>	<u>9,931</u>	<u>80,238</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	<u>--</u>	<u>1,796,569</u>	<u>1,796,569</u>
FUND BALANCES			
Restricted for:			
Management levy purposes	--	1,921,295	1,921,295
Student activities	<u>295,869</u>	<u>--</u>	<u>295,869</u>
Total fund balances	<u>295,869</u>	<u>1,921,295</u>	<u>2,217,164</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 366,176</u>	<u>3,727,795</u>	<u>4,093,971</u>

Council Bluffs Community School District

**Supplementary Information
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances –
Nonmajor Governmental Funds
For the Year Ended June 30, 2015**

	Special Revenue		
	Student Activity Funds	Management Levy	Total
REVENUES			
Local sources:			
Local tax	\$ --	2,037,455	2,037,455
Other	923,761	--	923,761
Total revenues	<u>923,761</u>	<u>2,037,455</u>	<u>2,961,216</u>
EXPENDITURES			
Current			
Instruction:			
Regular instruction	--	1,003,604	1,003,604
Other instruction	987,656	--	987,656
	<u>987,656</u>	<u>1,003,604</u>	<u>1,991,260</u>
Support services:			
Instructional staff services	--	34,825	34,825
Administration services	--	220,126	220,126
Operation and maintenance of plant services	--	55,547	55,547
Transportation services	11,400	--	11,400
	<u>11,400</u>	<u>310,498</u>	<u>321,898</u>
Total expenditures	<u>999,056</u>	<u>1,314,102</u>	<u>2,313,158</u>
NET CHANGE IN FUND BALANCE	(75,295)	723,353	648,058
FUND BALANCES, BEGINNING OF YEAR	<u>371,164</u>	<u>1,197,942</u>	<u>1,569,106</u>
FUND BALANCES, END OF YEAR	<u>\$ 295,869</u>	<u>1,921,295</u>	<u>2,217,164</u>

Council Bluffs Community School District

**Supplementary Information
Combining Balance Sheet
Capital Project Funds
For the Year Ended June 30, 2015**

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Stadium Fund	Total
ASSETS				
Cash, cash equivalents and pooled investments	\$ 3,799,160	2,812,797	1,580,666	8,192,623
Receivables				
Property tax:				
Delinquent	--	40,161	--	40,161
Succeeding year	--	2,126,670	--	2,126,670
Accounts	1,323,243	--	--	1,323,243
Total assets	<u>\$ 5,122,403</u>	<u>4,979,628</u>	<u>1,580,666</u>	<u>11,682,697</u>
LIABILITIES				
Liabilities				
Accounts payable	\$ 239,523	56,269	895,751	1,191,543
Retainage payable	249,821	25,439	--	275,260
Total liabilities	<u>489,344</u>	<u>81,708</u>	<u>895,751</u>	<u>1,466,803</u>
DEFERRED INFLOWS OF RESOURCES				
Succeeding year property tax	--	2,126,670	--	2,126,670
FUND BALANCES				
Restricted for:				
School infrastructure	4,633,059	--	--	4,633,059
Physical plant and equipment	--	2,771,250	684,915	3,456,165
Total fund balances	<u>4,633,059</u>	<u>2,771,250</u>	<u>684,915</u>	<u>8,089,224</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,122,403</u>	<u>4,979,628</u>	<u>1,580,666</u>	<u>11,682,697</u>

Council Bluffs Community School District

Supplementary Information Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds For the Year Ended June 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Stadium Fund	
REVENUES				
Local sources:				
Local tax	\$ 8,537,607	2,170,081	--	10,707,688
Other	1,678	82,811	22,315	106,804
Total revenues	<u>8,539,285</u>	<u>2,252,892</u>	<u>22,315</u>	<u>10,814,492</u>
EXPENDITURES				
Current				
Instruction:				
Regular instruction	350,000	26,397	--	376,397
Support services:				
Student services	--	3,129	--	3,129
Instructional staff services	--	25,756	--	25,756
Administration services	28,599	342,784	45,000	416,383
Operation and maintenance of plant services	3,831	261,046	--	264,877
Transportation services	--	455,500	--	455,500
	<u>32,430</u>	<u>1,088,215</u>	<u>45,000</u>	<u>1,165,645</u>
Other expenditures:				
Facilities acquisition	7,712,746	1,024,681	1,292,400	10,029,827
Interest and fiscal charges	48,000	--	--	48,000
	<u>7,760,746</u>	<u>1,024,681</u>	<u>1,292,400</u>	<u>10,077,827</u>
Total expenditures	<u>8,143,176</u>	<u>2,139,293</u>	<u>1,337,400</u>	<u>11,619,869</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>396,109</u>	<u>113,599</u>	<u>(1,315,085)</u>	<u>(805,377)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issue	6,000,000	--	--	6,000,000
Transfers in (out)	(8,778,032)	(500,000)	2,000,000	(7,278,032)
Total other financing sources and uses	<u>(2,778,032)</u>	<u>(500,000)</u>	<u>2,000,000</u>	<u>(1,278,032)</u>
NET CHANGE IN FUND BALANCE	(2,381,923)	(386,401)	684,915	(2,083,409)
FUND BALANCES, BEGINNING OF YEAR	7,014,982	3,157,651	--	10,172,633
FUND BALANCES, END OF YEAR	<u>\$ 4,633,059</u>	<u>2,771,250</u>	<u>684,915</u>	<u>8,089,224</u>

Council Bluffs Community School District

Supplementary Information

Schedule of Changes in Special Revenue Fund – Student Activity Accounts

For the Year Ended June 30, 2015

	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Bloomer	\$ 481	1,642	332	1,791
Carter Lake	10,225	6,075	4,593	11,707
College View	823	--	63	760
Crescent	7,789	--	250	7,539
Edison	171	1,729	3,509	(1,609)
Franklin	8,961	7,077	4,028	12,010
Hoover	8,292	432	4,538	4,186
Lewis & Clark	11,661	2,638	2,846	11,453
Longfellow	19,685	1,846	1,964	19,567
Roosevelt	7,692	3,883	3,610	7,965
Rue	6,335	--	152	6,183
Walnut Grove	4,386	--	--	4,386
Kirn JHS	49,473	77,677	93,197	33,953
Woodrow Wilson JHS	61,012	78,916	84,324	55,604
Tucker Center	4,846	13,533	14,286	4,093
Thomas Jefferson SHS	32,980	351,887	403,499	(18,632)
Abraham Lincoln SHS	126,208	376,426	377,865	124,769
Kanesville AHS	10,144	--	--	10,144
	<u>\$ 371,164</u>	<u>923,761</u>	<u>999,056</u>	<u>295,869</u>

Council Bluffs Community School District

Supplementary Information

**Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund
For the Year Ended June 30, 2015**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and cash equivalents	\$ 151,601	210,707	223,525	138,783
Total assets	<u>\$ 151,601</u>	<u>210,707</u>	<u>223,525</u>	<u>138,783</u>
LIABILITIES				
Accounts payable	\$ 4,990	8,114	4,990	8,114
Due to other governments	146,611	202,593	218,535	130,669
Total liabilities	<u>\$ 151,601</u>	<u>210,707</u>	<u>223,525</u>	<u>138,783</u>

Council Bluffs Community School District

Supplementary Information Schedule of Revenues by Source and Expenditures by Function All Governmental Funds For the Year Ended June 30, 2015

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
REVENUES:										
Local sources:										
Local Tax	\$ 44,181,757	42,564,152	42,421,544	45,325,106	44,479,263	39,049,297	37,586,234	34,307,204	33,800,638	32,358,320
Tuition	2,980,020	2,712,434	2,335,207	2,777,515	2,192,571	2,246,918	1,871,096	1,157,712	1,001,119	934,227
Other	4,606,014	5,651,958	5,236,703	6,556,766	4,786,297	4,254,559	4,054,384	6,119,926	5,364,504	4,525,895
State sources	64,465,411	59,383,774	57,386,553	55,525,497	54,955,848	47,060,916	53,221,318	52,207,460	48,469,877	47,028,209
Federal sources	5,209,908	5,954,736	5,772,683	7,369,888	6,702,964	10,344,768	5,545,158	4,145,583	5,027,629	5,499,459
Total	<u>121,443,110</u>	<u>116,267,054</u>	<u>113,152,690</u>	<u>117,554,772</u>	<u>113,116,943</u>	<u>102,956,458</u>	<u>102,278,190</u>	<u>97,937,885</u>	<u>93,663,767</u>	<u>90,346,110</u>
EXPENDITURES:										
Instruction:										
Regular Instruction	37,638,119	35,487,624	36,537,506	33,131,109	32,567,873	34,086,154	35,654,436	35,657,047	30,386,159	28,609,550
Special Instruction	34,556,075	31,250,302	28,628,797	29,276,353	31,085,908	27,812,408	15,480,975	12,469,039	18,280,727	16,567,128
Other Instruction	3,854,800	3,503,366	3,842,876	3,887,216	4,500,693	4,737,108	11,706,642	8,651,760	4,984,498	4,460,152
Support services:										
Student services	2,590,784	3,104,599	2,881,955	2,829,534	2,542,273	2,558,412	3,675,037	3,453,440	4,465,882	4,054,876
Instructional staff services	5,643,280	2,379,699	2,393,281	3,463,196	1,363,587	1,991,979	1,187,846	1,118,647	1,138,998	1,803,741
Administration services	12,396,728	12,372,695	11,867,856	11,275,283	11,345,682	11,711,387	11,970,092	10,059,458	9,430,215	9,291,532
Operation and maintenance of plant services	7,946,294	9,176,788	7,412,240	7,647,550	7,795,108	8,349,843	8,389,631	7,202,071	7,335,816	6,532,393
Transportation services	3,670,708	3,488,486	3,350,459	3,038,034	3,042,152	2,830,114	2,626,647	2,474,717	2,337,870	2,242,997
Non-instructional programs	--	--	--	--	--	--	3,844	5,993	3,272	13,634
Other expenditures:										
Facilities acquisition	10,029,827	3,583,145	8,227,957	12,168,670	39,262,078	24,107,373	19,862,198	14,154,164	8,549,845	10,962,240
Long-term debt:										
Principal	4,803,071	3,635,000	3,495,000	1,000,000	1,000,000	1,000,000	840,000	785,000	767,766	845,305
Interest and fiscal charges	2,926,614	2,919,818	2,976,221	2,813,716	1,947,050	475,576	325,437	336,448	362,989	389,130
AEA Flowthrough	3,894,362	3,695,117	3,554,916	3,542,694	3,936,375	3,769,834	3,394,994	3,186,427	3,022,000	2,870,483
Total	<u>\$ 129,950,662</u>	<u>114,596,639</u>	<u>115,169,064</u>	<u>114,073,355</u>	<u>140,388,779</u>	<u>123,430,188</u>	<u>115,117,779</u>	<u>99,554,211</u>	<u>91,066,037</u>	<u>88,643,161</u>

Council Bluffs Community School District

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures of Federal Awards
U.S. DEPARTMENT OF EDUCATION		
Passed through the State of Iowa Department of Education:		
Title I	84.010	\$ 2,162,149
Title I - carryover	84.010	139,405
Total Title I		<u>2,301,554</u>
Passed through the State of Iowa Department of Education:		
Vocational Education - Basic Grants to States	84.048	128,600
Safe and Drug-Free Schools and Communities	84.184	63,599
Gaining Early Awareness and Readiness of Undergraduate Programs	84.334	2,106
Advanced Placement Program	84.330	2,830
Title IIA - Federal Teacher Quality Program	84.367	417,803
Title III - English Language Acquisition State Grants	84.365	92,587
Twenty-First Century Community Learning Centers	84.287	295,573
Grants for State Assessments and Related Activities	84.369	42,420
Total passed through the State of Iowa Department of Education		<u>1,045,518</u>
Passed through Green Hills Area Education Agency:		
IDEA, Part B	84.027	<u>511,171</u>
Total U.S. DEPARTMENT OF EDUCATION		<u>3,858,243</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through the State of Iowa Department of Education:		
Child Nutrition Cluster		
National School Lunch Program	10.555	2,979,704
Food Distribution - Child Nutrition Act (non-cash)	10.555	277,075
Summer Food Service Program for Children	10.559	132,327
Passed through the State of Iowa Department of Health and Human Services:		
School Breakfast Program	10.553	712,774
Total Child Nutrition Cluster		<u>4,101,880</u>
Passed through the State of Iowa Department of Education:		
Fresh Fruit and Vegetable Program	10.582	117,708
Nutritional Education and Training Program	10.564	43,225
Total U.S. DEPARTMENT OF AGRICULTURE		<u>4,262,813</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through the State of Iowa Department of Education,		
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	<u>700</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 8,121,756</u>

The accompanying notes are an integral part of this schedule.

Council Bluffs Community School District

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2015

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Council Bluffs Community School District under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Council Bluffs Community School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Council Bluffs Community School District.

Note 2. Summary of Significant Accounting

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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
Council Bluffs Community School District:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Council Bluffs Community School District (the 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 December 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

SEIM JOHNSON, LLP

Omaha, Nebraska,
December 10, 2015.

Independent Auditor's Report on Compliance For Each Major Federal Program, and Report on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Education
Council Bluffs Community School District:

Report on Compliance for Each Major Federal Program

We have audited Council Bluffs Community School District's compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Council Bluffs Community School District's major federal programs for the year ended June 30, 2015. Council Bluffs Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Council Bluffs Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Council Bluffs Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Council Bluffs Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Council Bluffs Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Council Bluffs Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Council Bluffs Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Council Bluffs Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that were considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

SEIM JOHNSON, LLP

Omaha, Nebraska,
December 10, 2015.

Council Bluffs Community School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2015

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes x No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies (Title, Part A of ESEA)
84.287	Twenty-First Century Community Learning Centers
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
10.559	National School Lunch and Fund Distribution Program
	Summer Food Service Program for Children

Dollar threshold used to distinguish between type A and type B programs _____ \$300,000 _____

Auditee qualified as low-risk auditee? _____ Yes x No

Council Bluffs Community School District

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

II. FINANCIAL STATEMENT FINDINGS

None noted.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

Council Bluffs Community School District

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2015

PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2014-003 Documentation of Employee Time and Effort CFDA Number: 84.010 – Title I

Condition: The District maintains semi-annual certifications employees working primarily in Title I programs, however the certifications for many of these employees indicate that they are working a portion of the time in the Title I program with the remaining time spent on state funded programs. In addition, the District does not maintain time and effort documentation for employees that were paid from Title I funding for activities outside of their general job assignment.

Auditee Response: The District is reviewing its policies and procedures, and is discussing the matter with the Iowa Department of Education to ensure that compliance is achieved in the future. Based on discussion with the Iowa Department of Education the District will implement procedures to ensure compliance is achieved in the future.

Status: Finding Cleared

2014-001 Allocation of Employee Payroll Expenditures

Condition: The District does not have sufficient controls in place to ensure the allocation of employee payroll expenditures to specific project codes, including projects funded by Title I, is appropriate.

Auditee Response: Management addressed this issue for future years by requiring staff to submit allocations at the beginning of the year to ensure proper coding of payroll expenditures.

Status: Finding cleared.

Council Bluffs Community School District

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015**

PRIOR YEAR FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2014-001 Allocation of Employee Payroll Expenditures

Condition: The District does not have sufficient controls in place to ensure the allocation of employee payroll expenditures to specific project codes is appropriate.

Auditee Response: Management addressed this issue for future years by requiring staff to submit allocations at the beginning of the year to ensure proper coding of payroll expenditures.

Status: Finding cleared.

2014-002 Approval of Purchase Card Expenditures

Condition: Management was unable to provide documentation of approvals of purchase card expenditures.

Auditee Response: Management has communicated with the appropriate individuals the importance of approving purchasing card transactions. Management will improve monitoring and oversight of purchasing card transactions.

Status: Finding Cleared.

Council Bluffs Community School District

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2015

Part IV: Other Findings Related to Statutory Reporting:

IV-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 exceeded the amended certified budget amounts in the non-instructional and other functions.

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

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response Accepted.

IV-B-15 Questionable Expenditures

No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-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.

IV-D-15 Business Transactions

No business transactions between the District and District officials were noted.

IV-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.

IV-F-15 Board Minutes

No transactions were found that we believe should have been approved by the Board Minutes.

IV-G-15 Certified Enrollment

Comment – We noted a variance in the basic enrollment data certified to the Department of Education. The number of students reported on Line 1 as resident students was overstated by 12.44 students.

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

Response – The District will contact the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion – Response accepted.

IV-H-15 Supplemental Weighting

No variances in the supplemental weighting certified to the Department of Education were noted.

IV-I-15 Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.

Council Bluffs Community School District

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2015

IV-J-15 Certified Annual Report

The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-K-15 Categorical Funding

No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-15 Statewide Sales, Services and Use Tax

No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423.3 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 2014 audit.

Beginning balance		\$	7,014,982
Revenues/transfers in:			
Sales tax revenues	\$	8,537,607	
Other local revenues		1,678	
Proceeds from Bond Anticipation Note		<u>6,000,000</u>	<u>14,539,285</u>
			<u>21,554,267</u>
Expenditures/transfers out:			
School infrastructure construction		8,095,176	
Debt issuance costs		48,000	
Transfer to the Stadium Fund		1,500,000	
Transfer to the Debt Service Fund		<u>7,278,032</u>	<u>16,921,208</u>
Ending balance		\$	<u>4,633,059</u>

For the year ended June 30, 2015, the District reduced the following levy as a result of the monies received under Chapter 423E or 423F of the Code of Iowa:

		Rate of Levy Reduction Per \$1,000 of Taxable Valuation		Property Tax Dollars Reduced
Ending balance	\$	3.41	\$	7,278,032

IV-M-14 Revenue Bonds

The District is in compliance with the provisions of the revenue bond resolution.

Council Bluffs Community School District

Audit Staff For the Year Ended June 30, 2015

This audit was performed by:

Brian D. Green, FHFMA, CPA, Partner

Justin M. Hope, CHFP, CPA, Manager

Amanda L. Peñalva, Staff Auditor

Gavin D. Blum, Staff Auditor

Christie A. Schaffart, Staff Auditor