

COLUMBUS COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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## Columbus Community School District

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2013 Election)		
Marsha Gerot	President	2013
Joy Lekwa	Vice President	2013
David Duncan	Board Member	2015
Sandy Martin	Board Member	2013
Eric Totemeier	Board Member	2015
(After September 2013 Election)		
Sandy Martin	President	2017
Joy Lekwa	Vice President	2017
David Duncan	Board Member	2015
Wayne Finke	Board Member	2017
Eric Totemeier	Board Member	2015
<u>School Officials</u>		
Dr. Marlene Johnson	Superintendent	2014
Tanya Purdy	District Secretary/Treasurer	2014
Lynch Dallas	Attorney	2014

**Columbus Community School District**



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

**Independent Auditor's Report**

**To the Board of Education of the Columbus Community School District:**

**Report on the Financial Statements**

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Columbus Community School District, Columbus Junction, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Columbus Community School District at June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Other Matters**

### *Required Supplementary Information.*

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Columbus Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited the financial statements for the two years ended June 30, 2006, (none of which are presented herein) in accordance with the standards referred to in the third paragraph of this report and unmodified opinions were expressed on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2015, on our consideration of the Columbus Community School District's internal control over financial reporting and 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 Columbus Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 10, 2015  
Newton, Iowa

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

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The Columbus Community School District provides the 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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2014 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$10,029,075 in fiscal year 2013 to \$9,781,341 in fiscal year 2014, and General Fund expenditures decreased from \$10,051,160 in fiscal year 2013 to \$9,940,639 in fiscal year 2014. General Fund revenues were less than the General Fund expenditures, resulting in a decrease in the District's General Fund balance from \$1,240,558 at June 30, 2013 to a balance of \$1,081,260 at June 30, 2014, a 12.84% decrease from the prior year.
- The most significant decrease in General Fund revenues occurred in the state source revenues during fiscal year 2014. The most significant decrease in expenditures occurred in the instruction functional area.

### **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 Columbus 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 Columbus 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 Columbus Community School District acts solely as an agent or custodial for the benefit of those outside of School District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

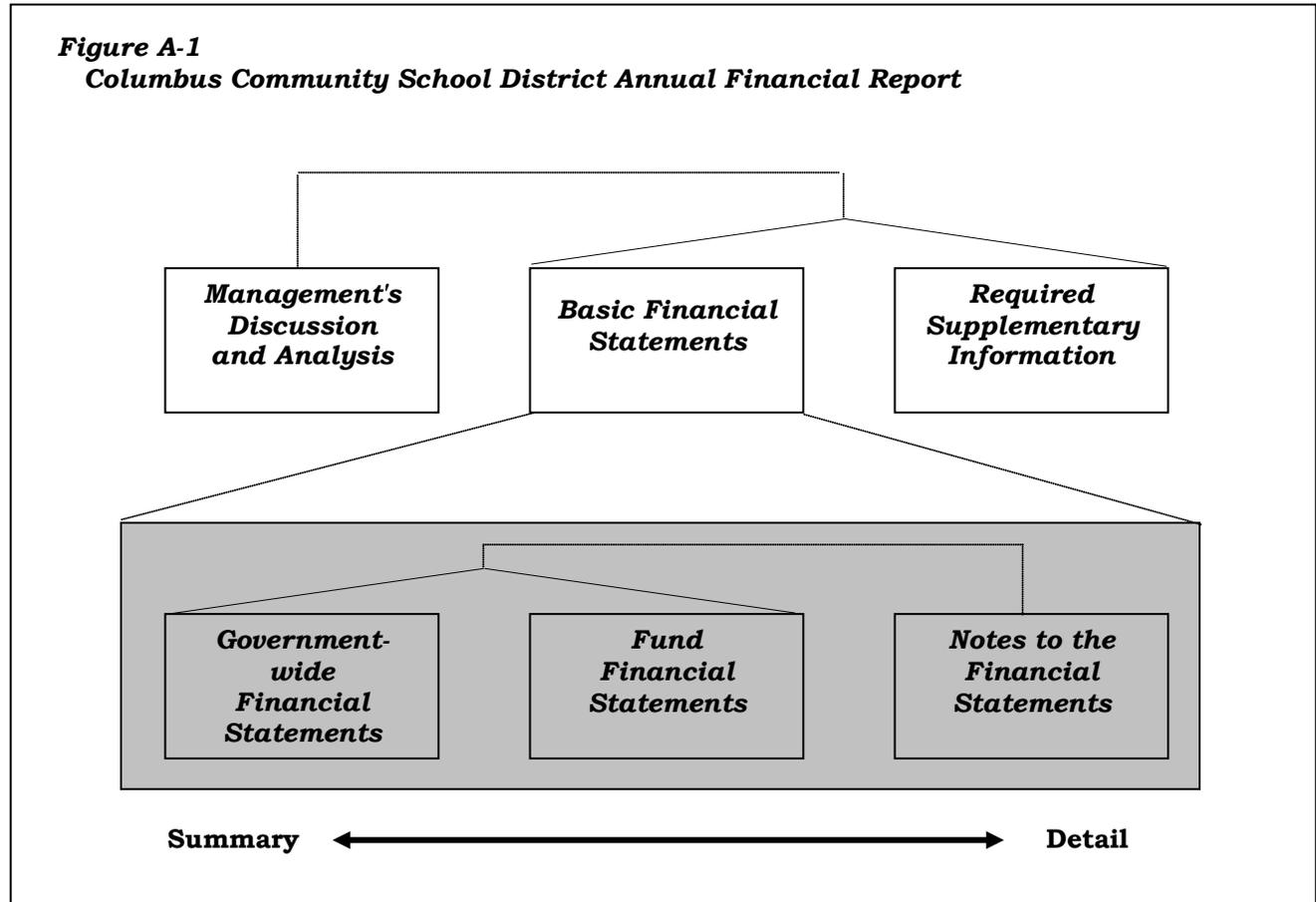


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

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

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

- Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District administers and accounts for the District 9 FHS/Hero program.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2014.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 9,868,931	10,354,848	221,974	190,126	10,090,905	10,544,974	-4.31%
Capital assets	14,267,116	14,706,264	12,167	15,038	14,279,283	14,721,302	-3.00%
Total assets	<u>24,136,047</u>	<u>25,061,112</u>	<u>234,141</u>	<u>205,164</u>	<u>24,370,188</u>	<u>25,266,276</u>	<u>-3.55%</u>
Long-term liabilities	9,495,409	10,092,351	18,746	15,536	9,514,155	10,107,887	-5.87%
Other liabilities	1,679,892	2,142,762	10,492	12,113	1,690,384	2,154,875	-21.56%
Total liabilities	<u>11,175,301</u>	<u>12,235,113</u>	<u>29,238</u>	<u>27,649</u>	<u>11,204,539</u>	<u>12,262,762</u>	<u>-8.63%</u>
Deferred inflows of resources	3,718,358	4,023,407	-	-	3,718,358	4,023,407	-7.58%
Net position:							
Net investment in capital assets	5,202,116	4,966,264	12,167	15,038	5,214,283	4,981,302	4.68%
Restricted	3,285,918	3,084,268	-	-	3,285,918	3,084,268	6.54%
Unrestricted	754,354	752,060	192,736	162,477	947,090	914,537	3.56%
Total net position	<u>\$ 9,242,388</u>	<u>8,802,592</u>	<u>204,903</u>	<u>177,515</u>	<u>9,447,291</u>	<u>8,980,107</u>	<u>5.20%</u>

The District's combined net position increased by 5.20%, or \$467,184, over the prior year. The largest portion of the District's net position is the invested in capital assets, (e.g. land, infrastructure, buildings and equipment) net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$201,650 or 6.54%. The increase was primarily a result of the increase in net position restricted for school infrastructure.

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 - increased \$32,553, or 3.56%. This increase resulted in part due to the reduction in General Fund balance restricted for categorical funding.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

	Figure A-4						
	Changes in Net Position						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
June 30,		June 30,		June 30,		June 30,	
2014		2013		2014		2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 259,469	223,266	122,401	127,866	381,870	351,132	8.75%
Operating grants, contributions and restricted interest	1,128,847	1,225,858	440,668	434,755	1,569,515	1,660,613	-5.49%
Capital grants, contributions and restricted interest	250,000	300,000	-	-	250,000	300,000	-16.67%
General revenues:							
Property tax	4,023,861	4,079,396	-	-	4,023,861	4,079,396	-1.36%
Income surtax	427,680	406,016	-	-	427,680	406,016	5.34%
Statewide sales, services and use tax	725,970	758,675	-	-	725,970	758,675	-4.31%
Unrestricted state grants	4,753,744	4,833,245	-	-	4,753,744	4,833,245	-1.64%
Nonspecific program federal grants	-	15,968	-	-	-	15,968	-100.00%
Unrestricted interest earnings	18,244	18,947	59	29	18,303	18,976	-3.55%
Other	120,698	140,231	281	9,874	120,979	150,105	-19.40%
Total revenues	11,708,513	12,001,602	563,409	572,524	12,271,922	12,574,126	-2.40%
Program expenses:							
Instruction	7,060,416	7,147,473	666	777	7,061,082	7,148,250	-1.22%
Support services	3,060,706	2,918,529	20,466	7,324	3,081,172	2,925,853	5.31%
Non-instructional programs	4,809	3,409	544,889	529,430	549,698	532,839	3.16%
Other expenses	1,112,786	944,704	-	-	1,112,786	944,704	17.79%
Total expenses	11,238,717	11,014,115	566,021	537,531	11,804,738	11,551,646	2.19%
Excess(Deficiency) of revenues over(under) expenditures	469,796	987,487	(2,612)	34,993	467,184	1,022,480	-54.31%
Transfers	(30,000)	(31,018)	30,000	31,018	-	-	0.00%
Change in net position	439,796	956,469	27,388	66,011	467,184	1,022,480	-54.31%
Net position beginning of year	8,802,592	7,846,123	177,515	111,504	8,980,107	7,957,627	12.85%
Net position end of year	\$ 9,242,388	8,802,592	204,903	177,515	9,447,291	8,980,107	5.20%

In fiscal year 2014, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 84.82% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for nearly all of the revenue from business type activities.

The District's total revenues were approximately \$12.27 million, of which approximately \$11.71 million was for governmental activities and approximately \$0.56 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.40% decrease in revenues and a 2.19% increase in expenses. The decrease in revenues is due in part to a decrease in state and federal grants received in fiscal year 2014. The increase in expenditures was primarily due to an increase in debt service expenditures in the current year.

### Governmental Activities

Revenues for governmental activities were \$11,708,513 and expenses were \$11,238,717.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2014 compared to the year ended June 30, 2013.

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 7,060,416	7,147,473	-1.22%	6,062,652	6,058,689	0.07%
Support services	3,060,706	2,918,529	4.87%	2,784,696	2,618,529	6.35%
Non-instructional	4,809	3,409	41.07%	4,809	3,409	41.07%
Other expenses	1,112,786	944,704	17.79%	748,244	584,364	28.04%
Totals	\$ 11,238,717	11,014,115	2.04%	9,600,401	9,264,991	3.62%

- The cost financed by users of the District's programs was \$259,469.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$1,378,847.
- The net cost of governmental activities was financed with \$4,023,861 in property tax, \$427,680 in income surtax, \$725,970 in statewide sales, services and use tax, \$4,753,744 in unrestricted state grants, \$18,244 in interest income and \$120,698 in other general revenues.

### Business Type Activities

Revenues for business type activities during the year ended June 30, 2014 were \$563,409, representing a 1.59% decrease from the prior year, while expenses totaled \$566,021, a 5.30% increase over the prior year. The District's business type activities include the School Nutrition Fund, the Greenhouse Fund and the Swimming Pool Fund. Revenues of these activities were largely comprised of charges for service and federal and state reimbursements.

### INDIVIDUAL FUND ANALYSIS

As previously noted, the Columbus 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 \$4,096,093, above last year's ending fund balances of \$3,811,442. The primary reason for the increase is the improvement of the Capital Projects Fund balance.

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## **Governmental Fund Highlights**

- The District's General Fund financial position is the product of many factors. Reductions in local tax and state source revenues led to an overall decrease in revenues. Total expenditures decreased as well, mainly in the instruction functional area. Total expenditures outpaced revenues ensuring the \$159,298 decline in fund balance to \$1,081,260 at June 30, 2014.
- The Capital Projects Fund balance increased from \$1,032,543 at June 30, 2013 to \$1,393,063 at June 30, 2014. This was primarily due to a decrease in capital outlay expenditures from the District completing construction on the gymnasium and administration building in the prior year.
- The Debt Service Fund balance increased from \$1,323,007 June 30, 2013 to \$1,420,341 at June 30, 2014. The increase is due primarily from the required annual transfer to the QZAB escrow account from the Capital Projects: Physical Plant and Equipment Levy Fund.

## **Proprietary Fund Highlights**

The School Nutrition Fund net position increased from \$105,934 at June 30, 2013 to \$127,461 at June 30, 2014, representing a 20.32% increase.

The Swimming Pool Fund net position increased from \$69,274 at June 30, 2013 to \$74,741 at June 30, 2014, a 7.89% increase. The increase is due in part to a transfer from the Special Revenue, Public Education and Recreation Levy Fund to help defray pool expenses.

The Greenhouse Fund balance increased from \$2,307 at June 30, 2013 to \$2,701 at June 30, 2014, representing a 17.08% increase.

## **BUDGETARY HIGHLIGHTS**

The District's revenues were \$161,250 more than budgeted revenues, a variance of 1.33%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

Initially, total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures below 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.

Although District expenditures did not exceed the amounts budgeted in any of the four functional areas, the District exceeded its General Fund unspent authorized budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2014, the District had invested \$14,279,283 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net decrease of 3.00% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$656,805.

The original cost of the District's capital assets was \$22,058,432. Governmental funds account for \$21,954,761 with the remainder of \$103,671 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$306,685 at June 30, 2013 as compared to \$269,842 at June 30, 2014. The decrease is due to the annual depreciation taken during the year.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 406,285	406,285	-	-	406,285	406,285	0.00%
Buildings	13,173,288	13,595,193	-	-	13,173,288	13,595,193	-3.10%
Land improvements	269,842	306,685	-	-	269,842	306,685	-12.01%
Machinery and equipment	417,701	398,101	12,167	15,038	429,868	413,139	4.05%
Total	\$ 14,267,116	14,706,264	12,167	15,038	14,279,283	14,721,302	-3.00%

### Long-Term Debt

At June 30, 2014, the District had \$9,514,155 in general obligation bonds payable, revenue bonds payable, and other long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

- The District had total outstanding general obligation bonds payable from the Debt Service Fund of \$1,320,000 at June 30, 2014.
- The District had total outstanding revenue bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$6,745,000.
- As of June 30, 2014, the District had qualified zone academy bonds of \$1,000,000 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.
- The District had compensated absences payable of \$180,085 at June 30, 2014. Of this amount, \$162,819 is payable from the General Fund and \$17,266 is payable from the Enterprise: School Nutrition Fund.
- The District had a total net OPEB liability of \$203,575 at June 30, 2014. Of this amount, \$267,590 is attributable to Governmental Activities while \$1,480 is attributable to Business Type Activities.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
General obligation bonds	\$ 1,320,000	1,625,000	-	-	1,320,000	1,625,000	-18.77%
Revenue bonds	6,745,000	7,115,000	-	-	6,745,000	7,115,000	-5.20%
Qualified zone academy bonds	1,000,000	1,000,000	-	-	1,000,000	1,000,000	0.00%
Compensated absences	162,819	149,893	17,266	14,419	180,085	164,312	9.60%
Net OPEB liability	267,590	202,458	1,480	1,117	269,070	203,575	32.17%
Total	\$ 9,495,409	10,092,351	18,746	15,536	9,514,155	10,107,887	-5.87%

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

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

- The state's economy is showing limited signs of economic recovery. A weaker economy adversely impacts the amount of new general fund money available to the District. Also continued budget concerns at the state level, declining enrollment and decreased taxable evaluations will affect future projects. The District will continue to be forced to shift funding to property taxes and income surtaxes.

## **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 Tanya Purdy, District Treasurer/District Secretary, Columbus Community School District, 1208 Colton St., Columbus Junction, Iowa, 52738.

## **Basic Financial Statements**

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 5,228,403	203,735	5,432,138
Receivables:			
Property tax:			
Delinquent	35,530	-	35,530
Succeeding year	3,718,358	-	3,718,358
Income surtax	378,368	-	378,368
Accounts	7,899	4,027	11,926
Due from other governments	500,373	5,452	505,825
Inventories	-	8,760	8,760
Capital assets, net of accumulated depreciation	14,267,116	12,167	14,279,283
<b>TOTAL ASSETS</b>	<b>24,136,047</b>	<b>234,141</b>	<b>24,370,188</b>
<b>LIABILITIES</b>			
Accounts payable	687,257	5,774	693,031
Salaries and benefits payable	967,244	-	967,244
Advances from grantors	21,611	-	21,611
Accrued interest payable	3,780	-	3,780
Unearned revenue	-	4,718	4,718
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	315,000	-	315,000
Revenue bonds payable	380,000	-	380,000
Compensated absences	162,819	17,266	180,085
Portion due after one year:			
General obligation bonds payable	1,005,000	-	1,005,000
QZAB bonds payable	1,000,000	-	1,000,000
Revenue bonds payable	6,365,000	-	6,365,000
Net OPEB liability	267,590	1,480	269,070
<b>TOTAL LIABILITIES</b>	<b>11,175,301</b>	<b>29,238</b>	<b>11,204,539</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property tax revenue	3,718,358	-	3,718,358
<b>NET POSITION:</b>			
Net investment in capital assets	5,202,116	12,167	5,214,283
Restricted for:			
Categorical funding	269,050	-	269,050
Debt service	1,416,561	-	1,416,561
Management levy purposes	119,337	-	119,337
Student activity	87,279	-	87,279
Public education and recreation	628	-	628
School infrastructure	1,171,949	-	1,171,949
Physical plant and equipment	221,114	-	221,114
Unrestricted	754,354	192,736	947,090
<b>TOTAL NET POSITION</b>	<b>\$ 9,242,388</b>	<b>204,903</b>	<b>9,447,291</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense)Revenue and Changes in Net Position		Total
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 3,990,573	130,744	187,948	-	(3,671,881)	(3,671,881)
Special	1,427,068	33,867	59,883	-	(1,333,318)	(1,333,318)
Other	1,642,775	90,710	494,612	-	(1,057,453)	(1,057,453)
	<u>7,060,416</u>	<u>255,321</u>	<u>742,443</u>	<u>-</u>	<u>(6,062,652)</u>	<u>-</u>
Support services:						
Student	248,661	-	12,094	-	(236,567)	(236,567)
Instructional staff	445,598	-	7,769	-	(437,829)	(437,829)
Administration	967,452	-	-	-	(967,452)	(967,452)
Operation and maintenance of plant	1,009,264	-	-	250,000	(759,264)	(759,264)
Transportation	389,731	4,148	1,999	-	(383,584)	(383,584)
	<u>3,060,706</u>	<u>4,148</u>	<u>21,862</u>	<u>250,000</u>	<u>(2,784,696)</u>	<u>-</u>
Non-instructional programs:						
Food service operations	1,500	-	-	-	(1,500)	(1,500)
Other enterprise operations	3,309	-	-	-	(3,309)	(3,309)
	<u>4,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,809)</u>	<u>-</u>
Long-term debt interest	221,703	-	-	-	(221,703)	(221,703)
Other expenditures:						
AEA flowthrough	364,542	-	364,542	-	-	-
Depreciation (unallocated)*	526,541	-	-	-	(526,541)	(526,541)
	<u>891,083</u>	<u>-</u>	<u>364,542</u>	<u>-</u>	<u>(526,541)</u>	<u>-</u>
Total governmental activities	<u>11,238,717</u>	<u>259,469</u>	<u>1,128,847</u>	<u>250,000</u>	<u>(9,600,401)</u>	<u>-</u>
Business Type activities:						
Instruction:						
Other	666	1,060	-	-	394	394
Support services:						
Operation and maintenance of plant	20,466	-	-	-	(20,466)	(20,466)
Non-instructional programs:						
Food service operations	521,599	114,118	428,668	-	21,187	21,187
Community service operations	23,290	7,223	12,000	-	(4,067)	(4,067)
Total business type activities	<u>566,021</u>	<u>122,401</u>	<u>440,668</u>	<u>-</u>	<u>(2,952)</u>	<u>(2,952)</u>
Total	<u>\$ 11,804,738</u>	<u>381,870</u>	<u>1,569,515</u>	<u>250,000</u>	<u>(9,600,401)</u>	<u>(2,952)</u>
<b>General Revenues and Transfers:</b>						
General revenues:						
Property tax levied for:						
General purposes				\$ 3,437,381	-	3,437,381
Capital outlay				227,887	-	227,887
Debt service				358,593	-	358,593
Income surtax				427,680	-	427,680
Statewide sales, services and use tax				725,970	-	725,970
Unrestricted state grants				4,753,744	-	4,753,744
Unrestricted investment earnings				18,244	59	18,303
Other				120,698	281	120,979
Transfers				(30,000)	30,000	-
Total general revenues and transfers				<u>10,040,197</u>	<u>30,340</u>	<u>10,070,537</u>
Change in net position				439,796	27,388	467,184
Net position beginning of year				8,802,592	177,515	8,980,107
Net position end of year				<u>\$ 9,242,388</u>	<u>204,903</u>	<u>9,447,291</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 2,133,254	1,005,860	1,871,533	217,756	5,228,403
Receivables:					
Property tax					
Delinquent	28,812	1,986	3,138	1,594	35,530
Succeeding year	2,858,690	219,960	360,354	279,354	3,718,358
Income surtax	378,368	-	-	-	378,368
Due from other funds	5,764	-	-	-	5,764
Accounts	6,919	-	-	980	7,899
Due from other governments	94,772	405,601	-	-	500,373
<b>TOTAL ASSETS</b>	<b>\$ 5,506,579</b>	<b>1,633,407</b>	<b>2,235,025</b>	<b>499,684</b>	<b>9,874,695</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ -	-	-	5,764	5,764
Accounts payable	199,406	20,384	454,330	13,137	687,257
Salaries and benefits payable	967,244	-	-	-	967,244
Advances from grantors	21,611	-	-	-	21,611
<b>Total liabilities</b>	<b>1,188,261</b>	<b>20,384</b>	<b>454,330</b>	<b>18,901</b>	<b>1,681,876</b>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,858,690	219,960	360,354	279,354	3,718,358
Income surtax	378,368	-	-	-	378,368
<b>Total deferred inflows of resources</b>	<b>3,237,058</b>	<b>219,960</b>	<b>360,354</b>	<b>279,354</b>	<b>4,096,726</b>
Fund balances:					
Restricted for:					
Categorical funding	269,050	-	-	-	269,050
Debt service	-	-	1,420,341	-	1,420,341
Management levy purposes	-	-	-	119,337	119,337
Student activity	-	-	-	87,279	87,279
Public education and recreation	-	-	-	628	628
School infrastructure	-	1,171,949	-	-	1,171,949
Physical plant and equipment	-	221,114	-	-	221,114
Unassigned:					
General	812,210	-	-	-	812,210
Student activity	-	-	-	(5,815)	(5,815)
<b>Total fund balances</b>	<b>1,081,260</b>	<b>1,393,063</b>	<b>1,420,341</b>	<b>201,429</b>	<b>4,096,093</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,506,579</b>	<b>1,633,407</b>	<b>2,235,025</b>	<b>499,684</b>	<b>9,874,695</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2014

**Total fund balances of governmental funds(page 20)** \$ 4,096,093

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 14,267,116

Accounts receivable income surtax, are not yet available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 378,368

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (3,780)

Long-term liabilities, including general obligation bonds payable, revenue bonds payable, qualified zone academy bonds payable, compensated absences payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds. (9,495,409)

**Net position of governmental activities(page 18)** \$ 9,242,388

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>REVENUES:</b>					
Local sources:					
Local tax	\$ 3,694,682	227,887	358,593	173,727	4,454,889
Tuition	147,886	-	-	-	147,886
Other	103,083	324,142	15,223	104,715	547,163
State sources	5,287,567	726,051	127	55	6,013,800
Federal sources	548,123	-	-	-	548,123
Total revenues	9,781,341	1,278,080	373,943	278,497	11,711,861
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	3,932,369	-	-	42,737	3,975,106
Special	1,399,998	-	-	-	1,399,998
Other	1,527,520	-	-	103,665	1,631,185
	6,859,887	-	-	146,402	7,006,289
Support services:					
Student	242,917	-	-	2,995	245,912
Instructional staff	381,019	59,740	-	1,100	441,859
Administration	896,796	23,216	-	34,889	954,901
Operation and maintenance of plant	868,282	-	-	61,707	929,989
Transportation	323,887	11,000	-	13,809	348,696
	2,712,901	93,956	-	114,500	2,921,357
Non-instructional programs:					
Food service operations	-	-	-	1,500	1,500
Other enterprise operations	3,309	-	-	-	3,309
	3,309	-	-	1,500	4,809
Capital outlay	-	202,811	-	-	202,811
Long-term debt:					
Principal	-	-	675,000	-	675,000
Interest and fiscal charges	-	-	222,402	-	222,402
	-	-	897,402	-	897,402
Other expenditures:					
AEA flowthrough	364,542	-	-	-	364,542
Total expenditures	9,940,639	296,767	897,402	262,402	11,397,210
Excess(Deficiency) of revenues over(under) expenditures	(159,298)	981,313	(523,459)	16,095	314,651
Other financing sources(uses):					
Transfer in	-	-	620,793	-	620,793
Transfer out	-	(620,793)	-	(30,000)	(650,793)
Total other financing sources(uses)	-	(620,793)	620,793	(30,000)	(30,000)
Change in fund balances	(159,298)	360,520	97,334	(13,905)	284,651
Fund balances beginning of year	1,240,558	1,032,543	1,323,007	215,334	3,811,442
Fund balances end of year	\$ 1,081,260	1,393,063	1,420,341	201,429	4,096,093

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2014

<b>Change in fund balances - total governmental funds(page 22)</b>	\$	284,651
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Expenditures for capital outlays and depreciation expense for the year is as follows:		
Capital outlay	\$ 214,786	
Depreciation expense	<u>(653,934)</u>	(439,148)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		675,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		699
Income surtax accounts receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		(3,348)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences	(12,926)	
Other postemployment benefits	<u>(65,132)</u>	<u>(78,058)</u>
<b>Change in net position of governmental activities(page 19)</b>	<b>\$</b>	<b><u><u>439,796</u></u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

	School Nutrition	Swimming Pool	Greenhouse	Total
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 127,694	73,265	2,776	203,735
Accounts receivable	27	4,000	-	4,027
Due from other governments	5,452	-	-	5,452
Inventories	8,760	-	-	8,760
Total current assets	141,933	77,265	2,776	221,974
Noncurrent assets:				
Capital assets, net of accumulated depreciation	12,167	-	-	12,167
<b>TOTAL ASSETS</b>	<b>154,100</b>	<b>77,265</b>	<b>2,776</b>	<b>234,141</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	3,175	2,524	75	5,774
Unearned revenue	4,718	-	-	4,718
Total current liabilities	7,893	2,524	75	10,492
Noncurrent liabilities:				
Net OPEB liability	1,480	-	-	1,480
Compensated absences	17,266	-	-	17,266
Total noncurrent liabilities	18,746	-	-	18,746
<b>TOTAL LIABILITIES</b>	<b>26,639</b>	<b>2,524</b>	<b>75</b>	<b>29,238</b>
<b>NET POSITION</b>				
Net investment in capital assets	12,167	-	-	12,167
Unrestricted	115,294	74,741	2,701	192,736
<b>TOTAL NET POSITION</b>	<b>\$ 127,461</b>	<b>74,741</b>	<b>2,701</b>	<b>204,903</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

	School Nutrition	Swimming Pool	Greenhouse	Total
<b>OPERATING REVENUE:</b>				
Local sources:				
Charges for service	\$ 114,118	7,223	1,060	122,401
Contributions and donations	-	12,000	-	12,000
Miscellaneous	281	-	-	281
<b>TOTAL OPERATING REVENUES</b>	<b>114,399</b>	<b>19,223</b>	<b>1,060</b>	<b>134,682</b>
<b>OPERATING EXPENSES:</b>				
Current:				
Instruction:				
Other:				
Supplies	-	-	666	666
Support services:				
Operation and maintenance of plant:				
Services	-	20,466	-	20,466
Non-instructional programs:				
Food service operations:				
Salaries	188,182	-	-	188,182
Benefits	42,031	-	-	42,031
Services	8,788	-	-	8,788
Supplies	279,412	-	-	279,412
Depreciation	2,871	-	-	2,871
Other	315	-	-	315
	<b>521,599</b>	<b>-</b>	<b>-</b>	<b>521,599</b>
Community service operations:				
Salaries	-	13,961	-	13,961
Benefits	-	1,585	-	1,585
Services	-	640	-	640
Supplies	-	3,115	-	3,115
Other	-	3,989	-	3,989
	<b>-</b>	<b>23,290</b>	<b>-</b>	<b>23,290</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>521,599</b>	<b>43,756</b>	<b>666</b>	<b>566,021</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(407,200)</b>	<b>(24,533)</b>	<b>394</b>	<b>(431,339)</b>
<b>NON-OPERATING REVENUES:</b>				
State sources	4,606	-	-	4,606
Federal sources	424,062	-	-	424,062
Interest income	59	-	-	59
<b>TOTAL NON-OPERATING REVENUES</b>	<b>428,727</b>	<b>-</b>	<b>-</b>	<b>428,727</b>
Excess(Deficiency) of revenues over(under) expenditures	21,527	(24,533)	394	(2,612)
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	30,000	-	30,000
Change in net position	21,527	5,467	394	27,388
Net position beginning of year	105,934	69,274	2,307	177,515
Net position end of year	\$ 127,461	74,741	2,701	204,903

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

	School Nutrition	Swimming Pool	Greenhouse	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 115,084	-	-	115,084
Cash received from donations	-	12,000	-	12,000
Cash received from miscellaneous operating activities	281	3,223	1,060	4,564
Cash payments to employees for services	(227,003)	(15,546)	-	(242,549)
Cash payments to suppliers for goods or services	(260,631)	(28,129)	(591)	(289,351)
Net cash provided by(used in) operating activities	(372,269)	(28,452)	469	(400,252)
Cash flows from non-capital financing activities:				
Repayment from General Fund	19,203	-	-	19,203
Transfer from Public Education and Recreation Levy Fund	-	30,000	-	30,000
State grants received	4,606	-	-	4,606
Federal grants received	394,557	-	-	394,557
Net cash provided by non-capital financing activities	418,366	30,000	-	448,366
Cash flows from investing activities:				
Interest on investments	59	-	-	59
Net increase in cash and cash equivalents	46,156	1,548	469	48,173
Cash and cash equivalents beginning of year	81,538	71,717	2,307	155,562
Cash and cash equivalents end of year	\$ 127,694	73,265	2,776	203,735
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (407,200)	(24,533)	394	(431,339)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	27,680	-	-	27,680
Depreciation	2,871	-	-	2,871
Decrease in inventories	2,468	-	-	2,468
Decrease(Increase) in accounts receivable	479	(4,000)	-	(3,521)
Increase(Decrease) in accounts payable	(2,264)	81	75	(2,108)
Increase in unearned revenue	487	-	-	487
Increase in compensated absences payable	2,847	-	-	2,847
Increase in other postemployment benefits	363	-	-	363
Net cash provided by(used in) operating activities	\$ (372,269)	(28,452)	469	(400,252)

## NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2014, the District received Federal commodities valued at \$27,680.

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	\$ 36,861	570
LIABILITIES		
Due to other groups	-	570
NET POSITION		
Restricted for scholarships	\$ 36,861	-

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Contributions	<u>\$ 39,157</u>
Deductions:	
Support services:	
Student:	
Scholarships awarded	<u>24,773</u>
Change in net position	14,384
Net position beginning of year	<u>22,477</u>
Net position end of year	<u><u>\$ 36,861</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

**Note 1. Summary of Significant Accounting Policies**

The Columbus Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Columbus Junction, Columbus City, Conesville, Cotter and Fredonia, Iowa, and the predominate agricultural territory in Louisa and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

**A. Reporting Entity**

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

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

**B. Basis of Presentation**

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

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

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

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

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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 nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

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

The District also reports three nonmajor proprietary funds which include the following:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District. The Enterprise, Pool Fund is used to account for the community services the District provides to patrons of the surrounding cities for usage of the District operated swimming pool. The Enterprise, Greenhouse Fund is used to account for the transactions involved in the buying and selling of plants in the District's greenhouse.

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

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

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

### C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible

within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

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

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

#### D. Assets, Liabilities, Deferred Inflows of Resources and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balance of most District funds are pooled and invested. Investments are stated at fair value.

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 taxes in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recorded 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 1½% 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, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Intangible assets	30,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	10-40 years
Land improvements	10-20 years
Intangible assets	5-15 years
Machinery and equipment	5-15 years

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

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

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist property tax receivable and income surtax receivable not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be primarily paid by the General Fund and Enterprise, School Nutrition Fund.

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

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

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

Unassigned - All amounts not included in preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. District expenditures for the year ended June 30, 2014 did not exceed the amounts budgeted in any of the four functional areas, however, the District exceeded its General Fund unspent authorized budget.

**Note 2. Cash and Pooled Investments**

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2014, the District had no investments.

**Note 3. Due from Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Student Activity	\$ 5,764

The Special Revenue: Student Activity Fund is repaying the General Fund for exclusive vendor contract commissions incorrectly received into the Student Activity Fund.

**Note 4. Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 538,618
Debt Service	Capital Projects: Physical Plant and Equipment Levy	82,175
Enterprise: Pool Fund	Public Education and Recreation Levy	30,000
Total		<u>\$ 650,793</u>

The transfer from Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District's revenue bonded indebtedness.

The transfer from Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for the annual required transfer on the Districts QZAB indebtedness.

The transfer from the Special Revenue, Public Education and Recreation Levy Fund to the Enterprise, Pool Fund was to help defray general operating costs.

**Note 5. Long-Term Debt**

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 1,625,000	-	305,000	1,320,000	315,000
Revenue Bonds	7,115,000	-	370,000	6,745,000	380,000
Qualified Zone Academy Bonds	1,000,000	-	-	1,000,000	-
Compensated Absences	149,893	162,819	149,893	162,819	162,819
Net OPEB liability	202,458	65,132	-	267,590	-
Total	<u>\$ 10,092,351</u>	<u>227,951</u>	<u>824,893</u>	<u>9,495,409</u>	<u>857,819</u>
<b>Business type activities:</b>					
Compensated absences	\$ 14,419	17,266	14,419	17,266	17,266
Net OPEB liability	1,117	363	-	1,480	-
Total	<u>\$ 15,536</u>	<u>17,629</u>	<u>14,419</u>	<u>18,746</u>	<u>17,266</u>

**General Obligation Bonds Payable**

Details of the Districts June 30, 2014 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Bond Issue of May 28, 2009			
	Interest Rates	Principal	Interest	Total
2015	3.00%	\$ 315,000	45,355	360,355
2016	3.25	325,000	35,905	360,905
2017	3.60	335,000	25,343	360,343
2018	3.85	345,000	13,282	358,282
Total		<u>\$ 1,320,000</u>	<u>119,885</u>	<u>1,439,885</u>

Revenue Bonds Payable

Details of the District’s June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of April 4, 2012			Bond Issue August 1, 2012			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2015	2.00%	\$ 315,000	136,778	1.00%	\$ 65,000	25,083	380,000	161,861	541,861
2016	2.00	320,000	130,478	1.00	65,000	24,432	385,000	154,910	539,910
2017	2.00	330,000	124,078	1.70	65,000	23,783	395,000	147,861	542,861
2018	2.00	335,000	117,478	1.70	65,000	22,678	400,000	140,156	540,156
2019	2.00	345,000	110,778	1.70	65,000	21,573	410,000	132,351	542,351
2020-2024	2.00-2.50	1,855,000	442,165	1.70-2.65	350,000	87,368	2,205,000	529,533	2,734,533
2025-2029	2.65-3.00	2,165,000	193,747	2.65-3.10	405,000	38,103	2,570,000	231,850	2,801,850
Total		<u>\$ 5,665,000</u>	<u>1,255,502</u>		<u>\$ 1,080,000</u>	<u>243,020</u>	<u>6,745,000</u>	<u>1,498,522</u>	<u>8,243,522</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$6,200,000 of bonds issued April 2012 and the \$1,140,000 of bonds issued August 2012. The bonds were issued for the purpose of defraying a portion of the cost of the District’s Junior High boiler and various building projects. The bonds are payable solely from the proceeds of the statewide sales, services and use tax received by the District and are payable through 2029. 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 75 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$8,243,522. For the current year, principal of \$370,000 and interest of \$168,660 was paid on the bonds and total statewide sales, services and use tax revenues were \$725,970.

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

- a) \$569,220 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Qualified Zone Academy Bonds(QZAB) Payable

In December of 2004, the District issued \$1,000,000 of QZAB bonds to finance a portion of the costs of the geothermal HVAC project. The District deposits \$82,175 annually into an escrow account, which is held by Banker’s Trust on behalf of the District. Funds in the escrow account will be used to repay the bonds when they mature. The escrow account earns interest at 2%.

**Note 6. Capital Assets**

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 406,285	-	-	406,285
Total capital assets not being depreciated	406,285	-	-	406,285
Capital assets being depreciated:				
Buildings	18,457,437	64,268	-	18,521,705
Land improvements	1,134,073	3,525	-	1,137,598
Machinery and equipment	1,793,975	146,993	51,795	1,889,173
Total capital assets being depreciated	21,385,485	214,786	51,795	21,548,476
Less accumulated depreciation for:				
Buildings	4,862,244	486,173	-	5,348,417
Land improvements	827,388	40,368	-	867,756
Machinery and equipment	1,395,874	127,393	51,795	1,471,472
Total accumulated depreciation	7,085,506	653,934	51,795	7,687,645
Total capital assets being depreciated, net	14,299,979	(439,148)	-	13,860,831
Governmental activities capital assets, net	\$ 14,706,264	(439,148)	-	14,267,116
<b>Business type activities:</b>				
Machinery and equipment	\$ 103,671	-	-	103,671
Less accumulated depreciation	88,633	2,871	-	91,504
Business type activities capital assets, net	\$ 15,038	(2,871)	-	12,167

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 39,709
Other		7,991
Support services:		
Administration		3,071
Operation and maintenance of plant		10,670
Transportation		65,952
		127,393
Unallocated depreciation		526,541
Total governmental activities depreciation expense		\$ 653,934
Business type activities:		
Food services operations		\$ 2,871

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

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Columbus Community School District has 101 active and 8 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 82,400
Interest on net OPEB obligation	5,089
Adjustment to annual required contribution	<u>(14,540)</u>
Annual OPEB cost	72,949
Contributions made	<u>(7,452)</u>
Increase in net OPEB obligation	65,497
Net OPEB obligation beginning of year	<u>203,575</u>
Net OPEB obligation end of year	<u><u>\$ 269,072</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$7,452 to the medical plan.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 is summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 66,402	21.48%	\$ 138,876
2013	74,032	12.61	203,575
2014	72,949	10.22	269,072

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$571,991 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$571,991. The covered payroll (annual payroll of active employees covered by the plan) was \$4,763,246 and the ratio of the UAAL to covered payroll was 12.01%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **Note 8. Pension and Retirement Benefits**

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 provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$536,640, \$551,162 and \$527,397, respectively, equal to the required contributions for each year.

#### **Note 9. Risk Management**

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

#### **Note 10. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$364,542 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**Note 11. Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Programs</u>	<u>Amount</u>
Limited english proficient	\$ 35,132
At-Risk supplemental weighting	682
Gifted and talented	49,389
Dropout and dropout prevention	63,733
Beginning teacher mentoring	6,822
Teacher salary supplement	52,792
Four year old preschool state aid	724
Successful progression for early readers	16,250
Model core curriculum, professional development	12,575
Professional development	29,170
Teacher leadership grants	1,781
Total categorical funding	<u>\$ 269,050</u>

**Note 12. Deficit Unassigned Fund Balances**

At June 30, 2014, the Student Activity Fund had three negative accounts resulting in a deficit unassigned fund balance of \$5,815.

**Note 13. Budget Overexpenditure**

During the year ended June 30, 2014, the District exceeded its General Fund unspent authorized budget.

**Note 14. Reconciliation Governmental Fund Balances to Net Position**

Reconciliation of certain governmental fund balances to net position is as follows:

	<u>Net Investment in Capital Assets</u>	<u>Debt Service</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	1,420,341	812,210
Capital assets, net of accumulated depreciation	14,267,116	-	-
General obligation bond capitalized indebtedness	(1,320,000)	-	-
Revenue bond capitalized indebtedness	(6,745,000)	-	-
Qualified zone academy bonds capitalized indebtedness	(1,000,000)	-	-
Accrued interest payable	-	(3,780)	-
Income surtax receivable	-	-	378,368
Compensated absences	-	-	(162,819)
Net OPEB liability	-	-	(267,590)
Unassigned for student activities	-	-	(5,815)
Net position (Exhibit A)	<u>\$ 5,202,116</u>	<u>1,416,561</u>	<u>754,354</u>

**Note 15. Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 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, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

## **Required Supplementary Information**

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND  
 CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2014

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 5,149,938	134,741	5,284,679	5,819,620	5,819,620	(534,941)
State sources	6,013,800	4,606	6,018,406	5,695,600	5,695,600	322,806
Federal sources	548,123	424,062	972,185	598,800	598,800	373,385
Total revenues	11,711,861	563,409	12,275,270	12,114,020	12,114,020	161,250
Expenditures/Expenses:						
Instruction	7,006,289	666	7,006,955	7,726,181	7,726,181	719,226
Support services	2,921,357	20,466	2,941,823	3,538,658	3,538,658	596,835
Non-instructional programs	4,809	544,889	549,698	579,000	579,000	29,302
Other expenditures	1,464,755	-	1,464,755	3,744,643	3,744,643	2,279,888
Total expenditures/expenses	11,397,210	566,021	11,963,231	15,588,482	15,588,482	3,625,251
Excess(Deficiency) of revenues over(under) expenditures/expenses	314,651	(2,612)	312,039	(3,474,462)	(3,474,462)	3,786,501
Other financing sources(uses), net	(30,000)	30,000	-	165,850	165,850	(165,850)
Excess(Deficiency)of revenues and other financing sources over(under) expenditures/expenses	284,651	27,388	312,039	(3,308,612)	(3,308,612)	3,620,651
Balances beginning of year	3,811,442	177,515	3,988,957	5,371,018	5,371,018	1,382,061
Balances end of year	\$ 4,096,093	204,903	4,300,996	2,062,406	2,062,406	5,002,712

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Government 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 Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

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

During the year ended June 30, 2014, the District exceeded its General Fund unspent authorized budget.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 528,425	\$ 528,425	0.00%	\$ 5,150,073	10.26%
2011	July 1, 2009	-	495,961	495,961	0.00	5,295,043	9.37
2012	July 1, 2009	-	476,650	476,650	0.00	5,211,470	9.15
2013	July 1, 2012	-	582,876	582,876	0.00	4,956,353	11.76
2014	July 1, 2012	-	571,991	571,991	0.00	4,763,246	12.01

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

## **Supplementary Information**

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	Special Revenue			Total
	Management Levy	Student Activity	Public Education and Recreation Levy	
ASSETS				
Cash and pooled investments	\$ 118,011	99,385	360	217,756
Receivables:				
Property tax:				
Delinquent	1,326	-	268	1,594
Succeeding year	250,001	-	29,353	279,354
Accounts	-	980	-	980
TOTAL ASSETS	<u>\$ 369,338</u>	<u>100,365</u>	<u>29,981</u>	<u>499,684</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	5,764	-	5,764
Accounts payable	-	13,137	-	13,137
Total liabilities	<u>-</u>	<u>18,901</u>	<u>-</u>	<u>18,901</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	250,001	-	29,353	279,354
Fund balances:				
Restricted for:				
Management levy purposes	119,337	-	-	119,337
Student activities	-	87,279	-	87,279
Public education and recreation	-	-	628	628
Unassigned	-	(5,815)	-	(5,815)
Total fund balances	<u>119,337</u>	<u>81,464</u>	<u>628</u>	<u>201,429</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 369,338</u>	<u>100,365</u>	<u>29,981</u>	<u>499,684</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2014

	Special Revenue			Total
	Management Levy	Student Activity	Public Education and Recreation Levy	
REVENUES:				
Local sources:				
Local tax	\$ 143,372	-	30,355	173,727
Other	6,108	98,607	-	104,715
State sources	54	-	1	55
<b>TOTAL REVENUES</b>	<b>149,534</b>	<b>98,607</b>	<b>30,356</b>	<b>278,497</b>
EXPENDITURES:				
Current:				
Instruction:				
Regular	42,737	-	-	42,737
Other	-	103,665	-	103,665
Support services:				
Student	2,995	-	-	2,995
Instructional staff	1,100	-	-	1,100
Administration	31,187	3,702	-	34,889
Operation and maintenance of plant	61,707	-	-	61,707
Transportation	13,809	-	-	13,809
Non-instructional programs:				
Food service operations	1,500	-	-	1,500
<b>TOTAL EXPENDITURES</b>	<b>155,035</b>	<b>107,367</b>	<b>-</b>	<b>262,402</b>
Excess(Deficiency) in revenues over(under) expenditures	(5,501)	(8,760)	30,356	16,095
OTHER FINANCING USES:				
Transfer out	-	-	(30,000)	(30,000)
Change in fund balances	(5,501)	(8,760)	356	(13,905)
Fund balances beginning of year	124,838	90,224	272	215,334
Fund balances end of year	<b>\$ 119,337</b>	<b>81,464</b>	<b>628</b>	<b>201,429</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT ACCOUNTS  
 JUNE 30, 2014

	Capital Projects			
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 701,675	85,057	219,128	1,005,860
Receivables:				
Property tax:				
Delinquent	-	-	1,986	1,986
Succeeding year	-	-	219,960	219,960
Due from other governments	405,601	-	-	405,601
<b>TOTAL ASSETS</b>	<b>\$ 1,107,276</b>	<b>85,057</b>	<b>441,074</b>	<b>1,633,407</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 20,384	-	-	20,384
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	219,960	219,960
Fund balances:				
Restricted for:				
School infrastructure	1,086,892	85,057	-	1,171,949
Physical plant and equipment	-	-	221,114	221,114
Total fund balances	1,086,892	85,057	221,114	1,393,063
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,107,276</b>	<b>85,057</b>	<b>441,074</b>	<b>1,633,407</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECT ACCOUNTS  
 YEAR ENDED JUNE 30, 2014

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ -	-	227,887	227,887
Other	430	323,627	85	324,142
State sources	725,970	-	81	726,051
<b>TOTAL REVENUES</b>	<b>726,400</b>	<b>323,627</b>	<b>228,053</b>	<b>1,278,080</b>
EXPENDITURES:				
Current:				
Support services:				
Instructional staff	18,774	-	40,966	59,740
Administration	-	-	23,216	23,216
Transportation	-	-	11,000	11,000
Capital outlay	99,530	81,646	21,635	202,811
<b>TOTAL EXPENDITURES</b>	<b>118,304</b>	<b>81,646</b>	<b>96,817</b>	<b>296,767</b>
Excess of revenues over expenditures	608,096	241,981	131,236	981,313
OTHER FINANCING USES:				
Transfers out	(538,618)	-	(82,175)	(620,793)
Change in fund balances	69,478	241,981	49,061	360,520
Fund balances beginning of year	1,017,414	(156,924)	172,053	1,032,543
Fund balances end of year	<b>\$ 1,086,892</b>	<b>85,057</b>	<b>221,114</b>	<b>1,393,063</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
<u>Athletics:</u>					
General athletics	\$ 52,707	36,737	48,562	1,176	42,058
Football	5,669	2,010	2,391	-	5,288
Wrestling	144	592	592	-	144
Volleyball	2,841	2,552	3,196	-	2,197
Softball	730	495	-	-	1,225
Baseball	3,774	2,158	2,938	-	2,994
Cross country	512	1,277	1,115	-	674
Golf	1,151	160	271	-	1,040
Girls basketball	2,447	3,972	2,814	-	3,605
Boys basketball	192	1,425	1,664	47	-
MS Boys basketball	562	-	-	-	562
Boys track	415	-	312	-	103
Girls track	972	-	916	-	56
Boys soccer	1,501	100	1,775	-	(174)
Girls soccer	3,950	6,821	7,603	-	3,168
	<u>77,567</u>	<u>58,299</u>	<u>74,149</u>	<u>1,223</u>	<u>62,940</u>
<u>Extra curricular:</u>					
Extra curricular programs	2,998	383	2,636	-	745
Vocal	-	1,532	-	-	1,532
Band	17	1,135	-	-	1,152
Cheerleading	685	306	477	-	514
Yearbook	(10,373)	9,780	4,429	-	(5,022)
Student council	2,725	2,013	1,781	-	2,957
Debate	-	4,867	5,486	-	(619)
Drama	1,514	265	1,514	-	265
Close up	2,838	-	-	-	2,838
	<u>404</u>	<u>20,281</u>	<u>16,323</u>	<u>-</u>	<u>4,362</u>
<u>Organizations:</u>					
FCCLA	2,848	4,240	4,446	-	2,642
Spanish Club	105	250	305	-	50
Indian slough project	58	1,005	957	-	106
NHS	138	-	242	104	-
BPA	871	2,992	1,300	-	2,563
Science and math	2,091	-	-	-	2,091
GSA	397	-	-	-	397
	<u>6,508</u>	<u>8,487</u>	<u>7,250</u>	<u>104</u>	<u>7,849</u>
<u>Miscellaneous:</u>					
Interest	968	208	-	(1,176)	-
HS pop	-	4,690	3,777	(151)	762
Class of 2016	-	5,582	2,611	-	2,971
Class of 2015	1,960	1,060	3,257	275	38
Class of 2014	275	-	-	(275)	-
Special olympics	1,042	-	-	-	1,042
CFNBP	1,500	-	-	-	1,500
	<u>5,745</u>	<u>11,540</u>	<u>9,645</u>	<u>(1,327)</u>	<u>6,313</u>
Total	<u>\$ 90,224</u>	<u>98,607</u>	<u>107,367</u>	<u>-</u>	<u>81,464</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUND  
YEAR ENDED JUNE 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>ASSETS</b>				
Cash and pooled investments	\$ 384	186	-	570
<b>LIABILITIES</b>				
Due to other groups	\$ 384	186	-	570

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>										
<b>Local sources:</b>										
Local tax	\$ 4,454,889	5,274,714	5,126,902	5,064,839	4,898,285	4,683,595	4,435,032	4,566,689	4,074,041	3,604,805
Tuition	147,886	110,209	105,894	130,608	129,496	152,729	148,962	154,807	118,847	116,089
Other	547,163	598,162	338,398	268,772	361,685	425,405	454,548	398,975	481,653	393,851
Intermediate sources	-	2,987	9,815	18,251	-	5,858	1,800	-	-	-
State sources	6,013,800	5,495,869	5,835,102	5,888,972	4,783,083	5,711,182	5,649,688	5,275,545	4,982,827	5,071,177
Federal sources	548,123	550,288	746,748	833,838	1,154,070	593,828	510,736	570,722	1,061,740	1,042,930
<b>Total</b>	<b>\$ 11,711,861</b>	<b>12,032,229</b>	<b>12,162,859</b>	<b>12,205,280</b>	<b>11,326,619</b>	<b>11,572,597</b>	<b>11,200,766</b>	<b>10,966,738</b>	<b>10,719,108</b>	<b>10,228,852</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	\$ 3,975,106	4,054,785	4,211,037	4,118,449	4,165,397	4,440,789	4,554,474	4,207,721	3,928,092	4,077,526
Special	1,399,998	1,478,820	1,316,335	1,386,476	1,351,515	1,312,277	1,213,353	1,104,438	1,832,974	1,075,122
Other	1,631,185	1,618,616	1,875,204	1,669,529	1,671,544	1,367,407	1,242,173	1,190,633	585,318	1,037,128
<b>Support services:</b>										
Student	245,912	325,626	322,385	312,265	295,455	268,589	283,840	276,389	325,815	297,838
Instructional staff	441,859	458,188	561,451	553,689	613,208	593,888	462,139	521,660	484,429	488,836
Administration	954,901	977,940	916,184	821,405	828,144	803,911	798,256	738,172	658,865	597,866
Operation and maintenance of plant	929,989	787,560	900,113	910,855	792,188	776,964	788,611	713,261	712,201	716,645
Transportation	348,696	429,669	400,167	463,548	417,924	397,147	406,402	280,879	326,644	353,091
Non-instructional programs	4,809	3,409	2,650	1,727	2,924	2,800	6,796	1,406	-	-
Capital outlay	202,811	6,841,607	521,436	239,671	635,909	423,397	206,438	532,969	1,616,647	1,436,015
<b>Long-term debt:</b>										
Principal	675,000	520,000	580,000	400,000	390,000	355,000	371,734	343,103	309,553	484,403
Interest and other charges	222,402	269,007	78,011	84,500	95,734	150,439	152,800	175,458	187,171	189,510
<b>Other expenditures:</b>										
AEA flow-through	364,542	360,340	364,123	406,756	387,997	358,572	341,676	322,519	303,124	304,877
<b>Total</b>	<b>\$ 11,397,210</b>	<b>18,125,567</b>	<b>12,049,096</b>	<b>11,368,870</b>	<b>11,647,939</b>	<b>11,251,180</b>	<b>10,828,692</b>	<b>10,408,608</b>	<b>11,270,833</b>	<b>11,058,857</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 14	\$ 98,597
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 14	302,432 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 14	918
			<u>401,947</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 14	<u>22,115</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 13	10,830
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G	185,720
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES(CARRYOVER)	84.010	1701-GC	75,538
TITLE I GRANTS - SCHOOLS IN NEED OF ASSISTANCE	84.010	FY 14	15,204
			<u>287,292</u>
MIGRANT EDUCATION - BASIC STATE GRANTS PROGRAM	84.011	FY 14	<u>40,996</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 13	1,885
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 14	66,119
			<u>68,004</u>
ADVANCE PLACEMENT PROGRAM	84.330	FY 14	<u>66</u>
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR-UP)	84.334	FY 14	<u>18,718</u>
RURAL EDUCATION ACHIEVEMENT PROGRAM	84.358	FY 14	<u>14,677</u>
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 14	<u>33,638</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 14	<u>4,240</u>
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS(AIDS EDUCATION)	93.938	FY 14	<u>169</u>
AREA EDUCATION AGENCY: SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 14	<u>42,142</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 14	<u>4,550</u>
TITLE III ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 12	15,974
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 14	1,208
			<u>17,182</u>
TOTAL			<u>\$ 955,736</u>

\* Includes \$27,680 in non-cash awards

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Columbus Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

**To the Board of Education of the Columbus Community School District:**

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Columbus Community School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 10, 2015.

**Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-14 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Columbus Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part 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, 2014 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.

### **Columbus Community School District's Responses to Findings**

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

### **Purpose of this Report**

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 10, 2015  
Newton, Iowa

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
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Telephone (641) 792-1910

**Independent Auditor's Report on Compliance**  
**for Each Major Program and on Internal Control over Compliance**  
**Required by OMB Circular A-133**

**To the Board of Education of Columbus Community School District:**

**Report on Compliance for Each Major Federal Program**

We have audited Columbus Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Columbus Community School District's major federal programs for the year ended June 30, 2014. Columbus Community School District's major federal programs are identified in Part I 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 each of its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Columbus 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 U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and 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 Columbus 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 federal program. However, our audit does not provide a legal determination on Columbus Community School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Columbus Community School District complied, in all material respects, with the types of 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, 2014.

## **Report on Internal Control Over Compliance**

The management of Columbus 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 Columbus Community School District's internal control over compliance with requirements with the type of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our 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 Columbus Community School District's internal control over compliance.

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

A deficiency in the District's internal control over compliance 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 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 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-14 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Columbus Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Columbus Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls 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.



NOLTE, CORNMAN & JOHNSON, P.C.

March 10, 2015  
Newton, Iowa

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Child Nutrition Cluster
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
    - CFDA Number 10.559 - Summer Food Service Program for Children
  - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
  - CFDA Number 84.010 - Title I Grants - Schools in Need of Assistance
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Columbus Community School District did not qualify as a low-risk auditee.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

II-A-14 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 2) Receipts - posting and reconciling.
- 3) Inventories - ordering, receiving, issuing, maintaining inventory listing and access.
- 4) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 5) Financial reporting - preparing, reconciling, approval.
- 6) Wire Transfers - initiating, access to cash accounts and approval.
- 7) Computer systems - performing all general accounting functions and controlling all data input and output.
- 8) School lunch program - journalizing, posting, reconciling, purchase order processing, check preparation, mailing and recording.

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

Response - The District is always looking for ways to improve our internal controls and have made progress segregating certain duties. The District will continue to review its procedures and attempt to obtain maximum internal control possible given our limited number of employees.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

CFDA Number 10.553: School Breakfast Program and  
CFDA Number 10.555: National School Lunch Program  
CFDA Number 10.559: Summer Food Service Program for Children  
Federal Award Year: 2014  
U.S. Department of Agriculture  
Passed through the Iowa Department of Education

CFDA Number 84.010 - Title I Grants to Local Educational Agencies  
CFDA Number 84.010 - Title I Grants - Schools in Need of Assistance  
Federal Award Year: 2013 and 2014  
U.S. Department of Education  
Passed through the Iowa Department of Education

III-A-14 Segregation of Duties - One important aspect of internal accounting control is the segregation (2014-001) of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Receipts - posting and reconciling.
- 2) Inventories - ordering, receiving, issuing, maintaining inventory listing and access.
- 3) Payroll - recording approved pay rates and deductions, recordkeeping, entering contracts into the system and approval, preparation, posting and distribution of payroll.
- 4) Financial reporting - preparing, reconciling and approving.
- 5) Computer systems - performing all general accounting functions and controlling all data input and output.
- 6) School lunch program - collecting, recording, journalizing, posting, reconciling, purchase order processing, check preparation, mailing and recording.

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

Response - The District is always looking for ways to improve our internal controls and have made progress segregating certain duties. The District will continue to review its procedures and attempt to obtain maximum internal control possible given our limited number of employees.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2014

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

IV-A-14 Certified Budget - We noted the District exceeded its General Fund unspent authorized budget for the year ended June 30, 2014 by approximately \$177,253.

Recommendation - The District should contact the Iowa Department of Education and the School Budget Review Committee (SBRC) to resolve the exceeding of the District's General Fund unspent authorized budget.

Response - We are currently working with the SBRC to resolve this issue and anticipate having this resolved for fiscal year 2016.

Conclusion - Response accepted.

IV-B-14 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-14 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-14 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Tom Mendenhall, Custodian Owns Mendenhall, Inc.	Purchased services	\$ 320

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

IV-E-14 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-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-14 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Iowa Department of Education.

IV-H-14 Supplementary Weighting - We noted a variance regarding the supplementary weighting certified to the Iowa Department of Education. We noted the amount certified to the Department of Education was overstated by 0.696.

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

Response - The District's auditors will contact the Iowa Department of Education and the Department of Management on behalf of the District to resolve the variance in certified enrollment.

Conclusion - Response accepted.

IV-I-14 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy was noted.

IV-J-14 Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely and we noted not significant deficiencies in the amounts reported.

IV-K-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-14 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales services, and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, 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 2014 audit:

Beginning balance		\$ 1,017,414
Sales tax revenues	\$ 725,970	
Other local revenues	430	<u>726,400</u>
Expenditures/transfers out:		
School infrastructure construction	99,530	
Equipment	18,774	
Transfers to Debt Service Fund:		
Transfer out	<u>538,618</u>	<u>656,922</u>
Ending balance		<u><u>\$ 1,086,892</u></u>

For the year ended June 30, 2014 the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-14 Financial Condition - During our audit we noted that the District had three negative account balances in the Special Revenue, Student Activity Fund totaling \$5,815.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits. The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts.

Response - The District is using part of the interest earned in the student activity account to eliminate this deficit. Due to the large dollar amount of the total deficit, this could take some time.

Conclusion - Response accepted.

IV-N-14 Non-certified Time Sheets - We noted during our audit that the District does not maintain documentation of hours worked by coaches who are non-certified staff. This creates a situation where calculating wage per hour amounts is not possible.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches. The District should then determine if wages paid comply with minimum wage and overtime requirements.

Response - The District is currently requiring time sheets from all non-certified coaches.

Conclusion - Response accepted.

IV-O-14 Checks Outstanding - We noted during our audit that the District had checks included in the General, Student Activity and School Nutrition Funds bank reconciliations which have been outstanding for over a year.

Recommendation - The District should research the outstanding checks to determine if they should be re-issued. Once checks have been outstanding for two years, the checks should be submitted to the Treasurer of Iowa as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1<sup>st</sup>.

Response - The District will research the checks and take appropriate action.

Conclusion - Response accepted.