

COLUMBUS COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Columbus Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
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	2015
Tanya Purdy	District Secretary/Treasurer	2015
Lynch Dallas	Attorney	2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Columbus Community School District at June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 13 to the financial statements, Columbus Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate share of the Net Pension Liability, the Schedule of District Contributions and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 52 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 eight years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited the financial statements for the year 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 8, 2016, 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 8, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$9,781,341 in fiscal year 2014 to \$9,365,667 in fiscal year 2015, and General Fund expenditures decreased from \$9,940,639 in fiscal year 2014 to \$9,264,973 in fiscal year 2015. General Fund revenues were more than the General Fund expenditures, resulting in an increase in the District's General Fund balance from \$1,081,260 at June 30, 2014 to a balance of \$1,181,954 at June 30, 2015, a 9.31% increase from the prior year.
- The most significant decrease in General Fund revenues occurred in the local source revenues during fiscal year 2015. 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, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor 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.

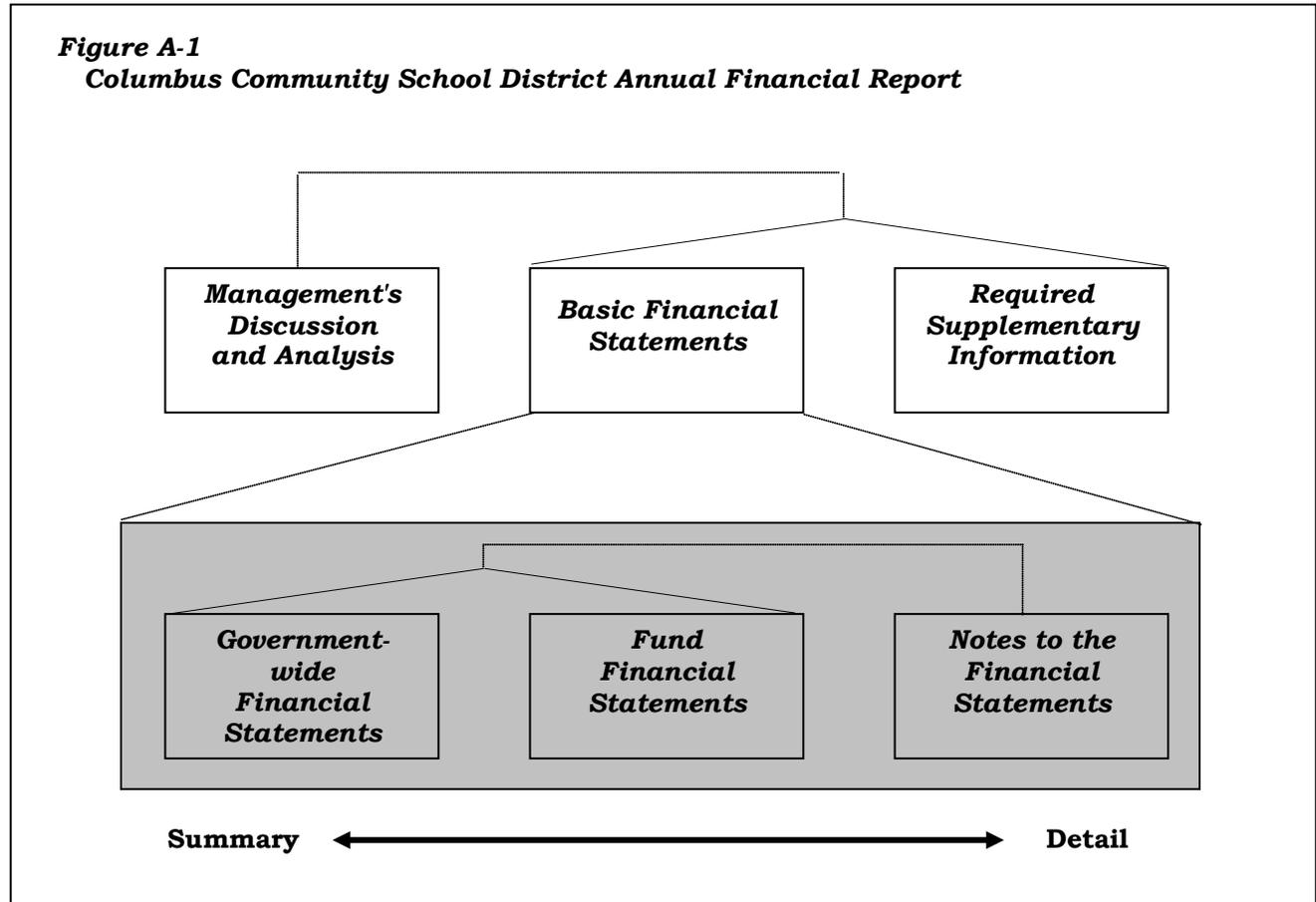


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District’s net position and how it has changed. Net position is one way to measure the District’s financial health or financial position. Over time, increases or decreases in the District’s net 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, 2014 compared to June 30, 2015.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	June 30, 2014		June 30, 2014		June 30, 2014	June 30, 2014	2014-15
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	2014-15
Current and other assets	\$ 9,727,928	9,868,931	276,598	221,974	10,004,526	10,090,905	-0.86%
Capital assets	13,955,872	14,267,116	24,623	12,167	13,980,495	14,279,283	-2.09%
Total assets	23,683,800	24,136,047	301,221	234,141	23,985,021	24,370,188	-1.58%
Deferred outflows of resources	675,949	-	22,200	-	698,149	-	100.00%
Long-term liabilities	12,522,251	9,495,409	130,058	18,746	12,652,309	9,514,155	32.98%
Other liabilities	1,563,061	1,679,892	27,118	10,492	1,590,179	1,690,384	-5.93%
Total liabilities	14,085,312	11,175,301	157,176	29,238	14,242,488	11,204,539	27.11%
Deferred inflows of resources	5,179,372	3,718,358	54,511	-	5,233,883	3,718,358	40.76%
Net position:							
Net investment in capital assets	5,585,872	5,205,116	24,623	12,167	5,610,495	5,217,283	7.54%
Restricted	3,270,979	3,282,918	-	-	3,270,979	3,282,918	-0.36%
Unrestricted	(3,761,786)	754,354	87,111	192,736	(3,674,675)	947,090	-488.00%
Total net position	\$ 5,095,065	9,242,388	111,734	204,903	5,206,799	9,447,291	-44.89%

The District's combined net position decreased by 44.89%, or \$4,240,492, 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 decreased \$11,939 or 0.36%. 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 - decreased \$4,621,765, or 488.00%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$4,873,171 and \$154,863, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	June 30,		June 30,		June 30,	June 30,	
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 256,907	259,469	124,477	122,401	381,384	381,870	-0.13%
Operating grants, contributions and restricted interest	1,046,288	1,128,847	433,217	440,668	1,479,505	1,569,515	-5.73%
Capital grants, contributions and restricted interest	-	250,000	-	-	-	250,000	-100.00%
General revenues:							
Property tax	3,741,895	4,023,861	-	-	3,741,895	4,023,861	-7.01%
Income surtax	546,677	427,680	-	-	546,677	427,680	27.82%
Statewide sales, services and use tax	763,105	725,970	-	-	763,105	725,970	5.12%
Unrestricted state grants	4,834,278	4,753,744	-	-	4,834,278	4,753,744	1.69%
Unrestricted interest earnings	20,047	18,244	69	59	20,116	18,303	9.91%
Other	173,609	120,698	687	281	174,296	120,979	44.07%
Total revenues	11,382,806	11,708,513	558,450	563,409	11,941,256	12,271,922	-2.69%
Program expenses:							
Instruction	6,703,963	7,060,416	63	666	6,704,026	7,061,082	-5.06%
Support services	2,823,903	3,060,706	1,538	20,466	2,825,441	3,081,172	-8.30%
Non-instructional programs	4,486	4,809	524,361	544,889	528,847	549,698	-3.79%
Other expenses	1,095,400	1,112,786	-	-	1,095,400	1,112,786	-1.56%
Total expenses	10,627,752	11,238,717	525,962	566,021	11,153,714	11,804,738	-5.51%
Excess(Deficiency) of revenues over(under) expenditures	755,054	469,796	32,488	(2,612)	787,542	467,184	68.57%
Transfers	(29,206)	(30,000)	29,206	30,000	-	-	0.00%
Change in net position	725,848	439,796	61,694	27,388	787,542	467,184	68.57%
Net position beginning of year, as restated	4,369,217	8,802,592	50,040	177,515	4,419,257	8,980,107	-50.79%
Net position end of year	\$ 5,095,065	9,242,388	111,734	204,903	5,206,799	9,447,291	-44.89%

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 86.85% 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 \$11.94 million, of which approximately \$11.38 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 2.69% decrease in revenues and a 5.51% decrease in expenses. The decrease in revenues is due in part to a decrease in property tax received in fiscal year 2015. The decrease in expenditures was primarily due to an decrease in instructional support expenditures in the current year.

Governmental Activities

Revenues for governmental activities were \$11,382,806 and expenses were \$10,627,752.

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

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 6,703,963	7,060,416	-5.05%	5,768,330	6,062,652	-4.85%
Support services	2,823,903	3,060,706	-7.74%	2,822,228	2,784,696	1.35%
Non-instructional	4,486	4,809	-6.72%	4,486	4,809	-6.72%
Other expenses	1,095,400	1,112,786	-1.56%	729,513	748,244	-2.50%
Totals	\$ 10,627,752	11,238,717	-5.44%	9,324,557	9,600,401	-2.87%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$256,907.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$1,046,288.
- The net cost of governmental activities was financed with \$3,741,895 in property tax, \$546,677 in income surtax, \$763,105 in statewide sales, services and use tax, \$4,834,278 in unrestricted state grants, \$20,047 in interest income and \$173,609 in other general revenues.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$558,450, representing a 0.88% decrease from the prior year, while expenses totaled \$525,962, a 7.08% decrease 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 \$4,179,128, above last year's ending fund balances of \$4,096,093. The primary reason for the increase is the improvement of the Debt Service Fund balance.

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 revenues outpaced expenditures ensuring the \$100,694 increase in fund balance to \$1,181,954 at June 30, 2015.
- The Capital Projects Fund balance decreased from \$1,393,063 at June 30, 2014 to \$1,145,126 at June 30, 2015. This was primarily due to an increase in capital outlay expenditures from the District purchasing equipment during the year.
- The Debt Service Fund balance increased from \$1,420,341 June 30, 2014 to \$1,521,528 at June 30, 2015. 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 a deficit \$27,402 at June 30, 2014 to \$20,879 at June 30, 2015, representing a 176.20% increase.

The Swimming Pool Fund net position increased from \$74,741 at June 30, 2014 to \$88,177 at June 30, 2015, a 17.98% 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 decreased from \$2,701 at June 30, 2014 to \$2,678 at June 30, 2015, representing a 0.85% decrease.

BUDGETARY HIGHLIGHTS

The District's revenues were \$149,243 less than budgeted revenues, a variance of 1.25%. The most significant variance resulted from the District receiving less from state 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$13,980,495 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 2.09% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$693,913.

The original cost of the District's capital assets was \$22,341,200. Governmental funds account for \$22,220,810 with the remainder of \$120,390 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in Machinery and equipment. The District's machinery and equipment totaled \$429,868 at June 30, 2014 as compared to \$654,166 at June 30, 2015. The increase is due to the purchase of equipment for District during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 406,285	406,285	-	-	406,285	406,285	0.00%
Buildings	12,688,708	13,173,288	-	-	12,688,708	13,173,288	-3.68%
Land improvements	231,336	269,842	-	-	231,336	269,842	-14.27%
Machinery and equipment	629,543	417,701	24,623	12,167	654,166	429,868	52.18%
Total	\$ 13,955,872	14,267,116	24,623	12,167	13,980,495	14,279,283	-2.09%

Long-Term Debt

At June 30, 2015, the District had \$12,652,309 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 4 to the financial statements.

- The District had total outstanding general obligation bonds payable from the Debt Service Fund of \$1,005,000 at June 30, 2015.
- The District had total outstanding revenue bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$6,365,000 at June 30, 2015.
- As of June 30, 2015, 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 \$175,735 at June 30, 2015. Of this amount, \$159,727 is payable from the General Fund and \$16,008 is payable from the Enterprise: School Nutrition Fund.
- The District had a total net OPEB liability of \$340,113 at June 30, 2015. Of this amount, \$338,242 is attributable to Governmental Activities while \$1,871 is attributable to Business Type Activities.
- The District had a total net pension liability of \$3,642,158 at June 30, 2015. Of this amount, \$3,529,979 is attributable to Governmental Activities while \$112,179 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,	
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
General obligation bonds	\$ 1,005,000	1,320,000	-	-	1,005,000	1,320,000	-23.86%
Revenue bonds	6,365,000	6,745,000	-	-	6,365,000	6,745,000	-5.63%
Qualified zone academy bonds	1,000,000	1,000,000	-	-	1,000,000	1,000,000	0.00%
Termination Benefits	124,303	-	-	-	124,303	-	100.00%
Compensated absences	159,727	162,819	16,008	17,266	175,735	180,085	-2.42%
Net pension liability	3,529,979	-	112,179	-	3,642,158	-	100.00%
Net OPEB liability	338,242	267,590	1,871	1,480	340,113	269,070	26.40%
Total	\$ 12,522,251	9,495,409	130,058	18,746	12,652,309	9,514,155	32.98%

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 Neil Mills, 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, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 5,332,608	267,144	5,599,752
Receivables:			
Property tax:			
Delinquent	42,055	-	42,055
Succeeding year	3,464,056	-	3,464,056
Income surtax	524,675	-	524,675
Accounts	364,534	-	364,534
Inventories	-	9,454	9,454
Capital assets, net of accumulated depreciation	13,955,872	24,623	13,980,495
TOTAL ASSETS	23,683,800	301,221	23,985,021
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	675,949	22,200	698,149
LIABILITIES			
Accounts payable	641,936	23,361	665,297
Salaries and benefits payable	883,761	-	883,761
Advances from grantors	34,372	-	34,372
Accrued interest payable	2,992	-	2,992
Unearned revenue	-	3,757	3,757
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	325,000	-	325,000
Revenue bonds payable	385,000	-	385,000
QZAB bonds payable	1,000,000	-	1,000,000
Termination benefits payable	31,076	-	31,076
Compensated absences	159,727	16,008	175,735
Portion due after one year:			
General obligation bonds payable	680,000	-	680,000
Revenue bonds payable	5,980,000	-	5,980,000
Termination benefits payable	93,227	-	93,227
Net pension liability	3,529,979	112,179	3,642,158
Net OPEB liability	338,242	1,871	340,113
TOTAL LIABILITIES	14,085,312	157,176	14,242,488
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	1,715,316	54,511	1,769,827
Unavailable property tax revenue	3,464,056	-	3,464,056
TOTAL DEFERRED INFLOWS OF RESOURCES	5,179,372	54,511	5,233,883
NET POSITION:			
Net investment in capital assets	5,585,872	24,623	5,610,495
Restricted for:			
Categorical funding	392,359	-	392,359
Debt service	1,518,536	-	1,518,536
Management levy purposes	129,528	-	129,528
Student activity	84,471	-	84,471
Public education and recreation	959	-	959
School infrastructure	1,119,000	-	1,119,000
Physical plant and equipment	26,126	-	26,126
Unrestricted	(3,761,786)	87,111	(3,674,675)
TOTAL NET POSITION	\$ 5,095,065	111,734	5,206,799

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense)Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 3,755,599	134,438	149,632	(3,471,529)	-	(3,471,529)
Special	1,387,390	34,527	58,590	(1,294,273)	-	(1,294,273)
Other	1,560,974	87,942	470,504	(1,002,528)	-	(1,002,528)
	<u>6,703,963</u>	<u>256,907</u>	<u>678,726</u>	<u>(5,768,330)</u>	<u>-</u>	<u>(5,768,330)</u>
Support services:						
Student	255,410	-	56	(255,354)	-	(255,354)
Instructional staff	379,554	-	-	(379,554)	-	(379,554)
Administration	758,747	-	-	(758,747)	-	(758,747)
Operation and maintenance of plant	978,162	-	-	(978,162)	-	(978,162)
Transportation	452,030	-	1,619	(450,411)	-	(450,411)
	<u>2,823,903</u>	<u>-</u>	<u>1,675</u>	<u>(2,822,228)</u>	<u>-</u>	<u>(2,822,228)</u>
Non-instructional programs:						
Food service operations	1,500	-	-	(1,500)	-	(1,500)
Other enterprise operations	2,986	-	-	(2,986)	-	(2,986)
	<u>4,486</u>	<u>-</u>	<u>-</u>	<u>(4,486)</u>	<u>-</u>	<u>(4,486)</u>
Long-term debt interest	206,427	-	-	(206,427)	-	(206,427)
Other expenditures:						
AEA flowthrough	365,887	-	365,887	-	-	-
Depreciation (unallocated)*	523,086	-	-	(523,086)	-	(523,086)
	<u>888,973</u>	<u>-</u>	<u>365,887</u>	<u>(523,086)</u>	<u>-</u>	<u>(523,086)</u>
Total governmental activities	<u>10,627,752</u>	<u>256,907</u>	<u>1,046,288</u>	<u>(9,324,557)</u>	<u>-</u>	<u>(9,324,557)</u>
Business Type activities:						
Instruction:						
Other	63	-	-	-	(63)	(63)
Support services:						
Operation and maintenance of plant	1,538	-	-	-	(1,538)	(1,538)
Non-instructional programs:						
Food service operations	498,427	116,735	429,217	-	47,525	47,525
Community service operations	25,934	7,742	4,000	-	(14,192)	(14,192)
Total business type activities	<u>525,962</u>	<u>124,477</u>	<u>433,217</u>	<u>-</u>	<u>31,732</u>	<u>31,732</u>
Total	<u>\$ 11,153,714</u>	<u>381,384</u>	<u>1,479,505</u>	<u>(9,324,557)</u>	<u>31,732</u>	<u>(9,292,825)</u>
General Revenues and Transfers:						
General revenues:						
Property tax levied for:						
General purposes				\$ 3,157,981	-	3,157,981
Capital outlay				221,680	-	221,680
Debt service				362,234	-	362,234
Income surtax				546,677	-	546,677
Statewide sales, services and use tax				763,105	-	763,105
Unrestricted state grants				4,834,278	-	4,834,278
Unrestricted investment earnings				20,047	69	20,116
Other				173,609	687	174,296
Transfers				(29,206)	29,206	-
Total general revenues and transfers				<u>10,050,405</u>	<u>29,962</u>	<u>10,080,367</u>
Change in net position				725,848	61,694	787,542
Net position beginning of year, as restated				<u>4,369,217</u>	<u>50,040</u>	<u>4,419,257</u>
Net position end of year				<u>\$ 5,095,065</u>	<u>111,734</u>	<u>5,206,799</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, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 1,997,941	1,013,096	39,084	343,132	3,393,253
Cash with a fiscal agent	-	-	1,939,355	-	1,939,355
Receivables:					
Property tax					
Delinquent	32,431	2,453	4,019	3,152	42,055
Succeeding year	2,611,043	213,554	360,905	278,554	3,464,056
Income surtax	364,705	-	-	-	364,705
Accounts	203,606	159,970	-	958	364,534
TOTAL ASSETS	\$ 5,209,726	1,389,073	2,343,363	625,796	9,567,958
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 133,891	30,393	460,930	16,722	641,936
Salaries and benefits payable	883,761	-	-	-	883,761
Advances from grantors	34,372	-	-	-	34,372
Total liabilities	1,052,024	30,393	460,930	16,722	1,560,069
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,611,043	213,554	360,905	278,554	3,464,056
Income surtax	364,705	-	-	-	364,705
Total deferred inflows of resources	2,975,748	213,554	360,905	278,554	3,828,761
Fund balances:					
Restricted for:					
Categorical funding	392,359	-	-	-	392,359
Debt service	-	-	1,521,528	-	1,521,528
Management levy purposes	-	-	-	253,831	253,831
Student activity	-	-	-	84,471	84,471
Public education and recreation	-	-	-	959	959
School infrastructure	-	1,119,000	-	-	1,119,000
Physical plant and equipment	-	26,126	-	-	26,126
Unassigned:					
General	789,595	-	-	-	789,595
Student activity	-	-	-	(8,741)	(8,741)
Total fund balances	1,181,954	1,145,126	1,521,528	330,520	4,179,128
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,209,726	1,389,073	2,343,363	625,796	9,567,958

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds(page 20)		\$ 4,179,128
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		13,955,872
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.		524,675
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, in not reported as a liability in the governmental funds.		(2,992)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	675,949	
Deferred inflows of resources	<u>(1,715,316)</u>	(1,039,367)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, qualified zone academy bonds payable, compensated absences payable, termination benefit payable, net pension liability 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.		<u>(12,522,251)</u>
Net position of governmental activities(page 18)		<u><u>\$ 5,095,065</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,277,436	221,680	362,234	280,915	4,142,265
Tuition	153,361	-	-	-	153,361
Other	99,744	40,640	17,174	185,084	342,642
State sources	5,347,883	763,105	-	-	6,110,988
Federal sources	487,243	-	-	-	487,243
Total revenues	<u>9,365,667</u>	<u>1,025,425</u>	<u>379,408</u>	<u>465,999</u>	<u>11,236,499</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	3,583,009	-	-	110,467	3,693,476
Special	1,398,518	-	-	-	1,398,518
Other	1,464,297	-	-	101,327	1,565,624
	<u>6,445,824</u>	<u>-</u>	<u>-</u>	<u>211,794</u>	<u>6,657,618</u>
Support services:					
Student	253,340	-	-	3,065	256,405
Instructional staff	297,110	92,221	-	600	389,931
Administration	802,905	24,573	-	32,261	859,739
Operation and maintenance of plant	739,980	20,330	-	45,000	805,310
Transportation	356,941	273,903	-	13,482	644,326
	<u>2,450,276</u>	<u>411,027</u>	<u>-</u>	<u>94,408</u>	<u>2,955,711</u>
Non-instructional programs:					
Food service operations	-	-	-	1,500	1,500
Other enterprise operations	2,986	-	-	-	2,986
	<u>2,986</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>4,486</u>
Capital outlay	<u>-</u>	<u>238,341</u>	<u>-</u>	<u>-</u>	<u>238,341</u>
Long-term debt:					
Principal	-	-	695,000	-	695,000
Interest and fiscal charges	-	-	207,215	-	207,215
	<u>-</u>	<u>-</u>	<u>902,215</u>	<u>-</u>	<u>902,215</u>
Other expenditures:					
AEA flowthrough	365,887	-	-	-	365,887
Total expenditures	<u>9,264,973</u>	<u>649,368</u>	<u>902,215</u>	<u>307,702</u>	<u>11,124,258</u>
Excess(Deficiency) of revenues over(under) expenditures	100,694	376,057	(522,807)	158,297	112,241
Other financing sources(uses):					
Transfer in	-	-	623,994	-	623,994
Transfer out	-	(623,994)	-	(29,206)	(653,200)
Total other financing sources(uses)	<u>-</u>	<u>(623,994)</u>	<u>623,994</u>	<u>(29,206)</u>	<u>(29,206)</u>
Change in fund balances	100,694	(247,937)	101,187	129,091	83,035
Fund balances beginning of year	<u>1,081,260</u>	<u>1,393,063</u>	<u>1,420,341</u>	<u>201,429</u>	<u>4,096,093</u>
Fund balances end of year	<u>\$ 1,181,954</u>	<u>1,145,126</u>	<u>1,521,528</u>	<u>330,520</u>	<u>4,179,128</u>

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, 2015

Change in fund balances - total governmental funds(page 22)	\$	83,035
 <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	\$ 378,406	
Depreciation expense	<u>(689,650)</u>	(311,244)
 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.		
		695,000
 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.		
		788
 Income surtax accounts receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		
		146,307
 The Current year District share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflows of resources in the Statement of Net Position		
		481,799
 Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	(124,303)	
Compensated absences	3,092	
Pension expense	(177,974)	
Other postemployment benefits	<u>(70,652)</u>	<u>(369,837)</u>
 Change in net position of governmental activities(page 19)	 \$	 <u><u>725,848</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	School Nutrition	Swimming Pool	Greenhouse	Total
ASSETS				
Current assets:				
Cash and pooled investments	\$ 173,199	91,267	2,678	267,144
Inventories	9,454	-	-	9,454
Total current assets	<u>182,653</u>	<u>91,267</u>	<u>2,678</u>	<u>276,598</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	24,623	-	-	24,623
TOTAL ASSETS	<u>207,276</u>	<u>91,267</u>	<u>2,678</u>	<u>301,221</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	<u>22,200</u>	-	-	<u>22,200</u>
LIABILITIES				
Current liabilities:				
Accounts payable	20,271	3,090	-	23,361
Unearned revenue	3,757	-	-	3,757
Total current liabilities	<u>24,028</u>	<u>3,090</u>	-	<u>27,118</u>
Noncurrent liabilities:				
Net pension liability	112,179	-	-	112,179
Net OPEB liability	1,871	-	-	1,871
Compensated absences	16,008	-	-	16,008
Total noncurrent liabilities	<u>130,058</u>	-	-	<u>130,058</u>
TOTAL LIABILITIES	<u>154,086</u>	<u>3,090</u>	-	<u>157,176</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred inflows	<u>54,511</u>	-	-	<u>54,511</u>
NET POSITION				
Net investment in capital assets	24,623	-	-	24,623
Unrestricted	(3,744)	88,177	2,678	87,111
TOTAL NET POSITION	<u>\$ 20,879</u>	<u>88,177</u>	<u>2,678</u>	<u>111,734</u>

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, 2015

	School Nutrition	Swimming Pool	Greenhouse	Total
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 116,735	7,702	40	124,477
Contributions and donations	-	4,000	-	4,000
Miscellaneous	687	-	-	687
TOTAL OPERATING REVENUES	117,422	11,702	40	129,164
OPERATING EXPENSES:				
Current:				
Instruction:				
Other:				
Supplies	-	-	63	63
Support services:				
Operation and maintenance of plant:				
Services	-	203	-	203
Supplies	-	1,335	-	1,335
	-	1,538	-	1,538
OPERATING EXPENSES:				
Non-instructional programs:				
Food service operations:				
Salaries	184,260	-	-	184,260
Benefits	32,982	-	-	32,982
Services	6,597	-	-	6,597
Supplies	269,820	-	-	269,820
Depreciation	4,263	-	-	4,263
Other	505	-	-	505
	498,427	-	-	498,427
Community service operations:				
Salaries	-	13,464	-	13,464
Benefits	-	780	-	780
Supplies	-	11,001	-	11,001
Other	-	689	-	689
	-	25,934	-	25,934
TOTAL OPERATING EXPENSES	498,427	27,472	63	525,962
OPERATING LOSS	(381,005)	(15,770)	(23)	(396,798)
NON-OPERATING REVENUES:				
State sources	4,516	-	-	4,516
Federal sources	424,701	-	-	424,701
Interest income	69	-	-	69
TOTAL NON-OPERATING REVENUES	429,286	-	-	429,286
Excess(Deficiency) of revenues over(under) expenditures	48,281	(15,770)	(23)	32,488
OTHER FINANCING SOURCES:				
Transfer in	-	29,206	-	29,206
Change in net position	48,281	13,436	(23)	61,694
Net position beginning of year	(27,402)	74,741	2,701	50,040
Net position end of year	\$ 20,879	88,177	2,678	111,734

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	School Nutrition	Swimming Pool	Greenhouse	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 115,801	-	-	115,801
Cash received from donations	-	4,000	-	4,000
Cash received from miscellaneous operating activities	687	11,702	40	12,429
Cash payments to employees for services	(228,482)	(14,244)	-	(242,726)
Cash payments to suppliers for goods or services	(231,977)	(12,662)	(138)	(244,777)
Net cash provided by(used in) operating activities	(343,971)	(11,204)	(98)	(355,273)
Cash flows from non-capital financing activities:				
Transfer from Public Education and Recreation Levy Fund	-	29,206	-	29,206
State grants received	4,516	-	-	4,516
Federal grants received	401,610	-	-	401,610
Net cash provided by non-capital financing activities	406,126	29,206	-	435,332
Cash flows from capital and related financing activities:				
Purchase of capital assets	(16,719)	-	-	(16,719)
Net cash used in capital and related financing activities	(16,719)	-	-	(16,719)
Cash flows from investing activities:				
Interest on investments	69	-	-	69
Net cash provided by investing activities	69	-	-	69
Net increase (decrease) in cash and cash equivalents	45,505	18,002	(98)	63,409
Cash and cash equivalents beginning of year	127,694	73,265	2,776	203,735
Cash and cash equivalents end of year	\$ 173,199	91,267	2,678	267,144
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating loss	\$ (381,005)	(15,770)	(23)	(396,798)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	28,543	-	-	28,543
Depreciation	4,263	-	-	4,263
Increase in inventories	(694)	-	-	(694)
Decrease in accounts receivable	27	4,000	-	4,027
Increase(Decrease) in accounts payable	17,096	566	(75)	17,587
Decrease in net pension liability	(59,213)	-	-	(59,213)
Increase in deferred outflows of resources	(5,671)	-	-	(5,671)
Increase in deferred inflows of resources	54,511	-	-	54,511
Decrease in unearned revenue	(961)	-	-	(961)
Decrease in compensated absences payable	(1,258)	-	-	(1,258)
Increase in other postemployment benefits	391	-	-	391
Net cash provided by(used in) operating activities	\$ (343,971)	(11,204)	(98)	(355,273)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$28,543.

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private Purpose Trust</u>	<u>Agency</u>
	<u>Scholarship</u>	
ASSETS		
Cash and pooled investments	\$ 40,105	413
LIABILITIES		
Due to other groups	-	413
NET POSITION		
Held in Trust for scholarships	<u>\$ 40,105</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Contributions	<u>\$ 39,709</u>
Deductions:	
Support services:	
Student:	
Scholarships awarded	<u>36,465</u>
Change in net position	3,244
Net position beginning of year	<u>36,861</u>
Net position end of year	<u><u>\$ 40,105</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents - The cash 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents 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

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

Salaries and Benefits Payable - Payroll and related 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.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net

position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means 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 and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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, 2015. 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 Equity - In the governmental fund financial statements, fund balances are classified as follows:

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

Unassigned - All amounts not included in 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, 2015 did not exceed the amounts budgeted in any of the four functional areas.

Note 2. Cash and Pooled Investments

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

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

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 541,819
Debt Service	Capital Projects: Physical Plant and Equipment Levy	82,175
Enterprise: Pool Fund	Public Education and Recreation Levy	29,206
Total		<u>\$ 653,200</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 4. Long-Term Debt

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 1,320,000	-	315,000	1,005,000	325,000
Revenue Bonds	6,745,000	-	380,000	6,365,000	385,000
Qualified Zone Academy Bonds	1,000,000	-	-	1,000,000	1,000,000
Termination Benefits	-	124,303	-	124,303	31,076
Compensated Absences	162,819	159,727	162,819	159,727	159,727
Net pension liability	5,393,282	-	1,863,303	3,529,979	-
Net OPEB liability	267,590	70,652	-	338,242	-
Total	<u>\$ 14,888,691</u>	<u>354,682</u>	<u>2,721,122</u>	<u>12,522,251</u>	<u>1,900,803</u>
Business type activities:					
Compensated absences	\$ 17,266	16,008	17,266	16,008	16,008
Net pension liability	171,392	-	59,213	112,179	-
Net OPEB liability	1,480	391	-	1,871	-
Total	<u>\$ 190,138</u>	<u>16,399</u>	<u>76,479</u>	<u>130,058</u>	<u>16,008</u>

General Obligation Bonds Payable

Details of the Districts June 30, 2015 general obligation bonded indebtedness is as follows:

Year Ending	Bond Issue of May 28, 2009			
	Interest			
June 30,	Rates	Principal	Interest	Total
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>\$ 1,005,000</u>	<u>74,530</u>	<u>1,079,530</u>

Revenue Bonds Payable

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

Year Ending June 30,	Bond Issue of April 4, 2012			Bond Issue August 1, 2012			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
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	2.00	\$ 355,000	103,877	2.15	\$ 65,000	20,468	420,000	124,345	544,345
2021-2025	2.10-2.65	1,905,000	400,125	2.15-2.65	360,000	79,118	2,265,000	479,243	2,744,243
2026-2029	2.75-3.00	1,760,000	131,910	3.10	330,000	25,885	2,090,000	157,795	2,247,795
Total		<u>\$ 5,350,000</u>	<u>1,118,724</u>		<u>\$ 1,015,000</u>	<u>217,937</u>	<u>6,365,000</u>	<u>1,336,661</u>	<u>7,701,661</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 \$7,701,661. For the current year, principal of \$380,000 and interest of \$161,861 was paid on the bonds and total statewide sales, services and use tax revenues were \$763,105.

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%.

Termination Benefits

During fiscal year 2015 the District offered a voluntary early retirement plan. The plan was offered to employees for only one year. Eligible employees must have completed at least fifteen years of service to the District and have reached the age of fifty-five on or before June 30, 2015.

Early retirement benefits equal a cash incentive of 50% their current salary (excluding extra duty, extra-curricular, extended contracts, overtime pay, Phase II and Phase III monies, TSS funds or other similar payments). The retirement incentive will be paid in eight equal installments in July and January over 2015-2016, 2016-2017, 2017-2018 and 2018-2019 calendar years.

The District's Superintendent was guaranteed this early retirement package by the School Board at the end of the 2016 fiscal year. These payments are expected to begin in July of 2016.

At June 30, 2015, the District had early retirement obligations to two participants for a total early retirement liability of \$124,303.

Note 5. Pension Plan

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

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$497,829.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$3,642,158 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.089995 percent, which was an decrease of 0.008286 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$183,631. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,583	\$ -
Changes of assumptions	160,737	-
Net difference between projected and actual earnings on pension plan investments	-	1,389,014
Changes in proportion and differences between District contributions and proportionate share of contributions	-	380,813
District contributions subsequent to the measurement date	497,829	-
Total	\$ 698,149	\$ 1,769,827

\$497,829 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (389,425)
2017	(389,425)
2018	(389,425)
2019	(389,425)
2020	(11,808)
	<u>\$ (1,569,508)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 6,881,756	\$ 3,642,158	\$ 907,602

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$78,920 for legally required employer contributions and \$52,584 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 6. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
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	18,521,705	-	-	18,521,705
Land improvements	1,137,598	-	-	1,137,598
Machinery and equipment	1,889,173	378,406	112,357	2,155,222
Total capital assets being depreciated	21,548,476	378,406	112,357	21,814,525
Less accumulated depreciation for:				
Buildings	5,348,417	484,580	-	5,832,997
Land improvements	867,756	38,506	-	906,262
Machinery and equipment	1,471,472	166,564	112,357	1,525,679
Total accumulated depreciation	7,687,645	689,650	112,357	8,264,938
Total capital assets being depreciated, net	13,860,831	(311,244)	-	13,549,587
Governmental activities capital assets, net	\$ 14,267,116	(311,244)	-	13,955,872
Business type activities:				
Machinery and equipment	\$ 103,671	16,719	-	120,390
Less accumulated depreciation	91,504	4,263	-	95,767
Business type activities capital assets, net	\$ 12,167	12,456	-	24,623

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 25,205
Other	7,107
Support services:	
Instructional staff	15,052
Administration	19,326
Operation and maintenance of plant	10,389
Transportation	89,485
	166,564
Unallocated depreciation	523,086
Total governmental activities depreciation expense	\$ 689,650
Business type activities:	
Food services operations	\$ 4,263

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, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 88,451
Interest on net OPEB obligation	6,729
Adjustment to annual required contribution	<u>(15,263)</u>
Annual OPEB cost	79,917
Contributions made	<u>(8,874)</u>
Increase in net OPEB obligation	71,043
Net OPEB obligation beginning of year	<u>269,070</u>
Net OPEB obligation end of year	<u><u>\$ 340,113</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, 2015.

For the year ended June 30, 2015, the District contributed \$8,874 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, 2015 is summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	74,032	12.61%	203,575
2014	72,949	10.22	269,072
2015	79,917	11.11	340,113

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$552,329 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$552,329. The

covered payroll (annual payroll of active employees covered by the plan) was \$4,405,761 and the ratio of the UAAL to covered payroll was 12.54%. As of June 30, 2015, there were no trust fund assets.

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

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

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

Mortality rates are from the 94 Group Annuity Mortality Table 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. 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 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$365,887 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Categorical Funding

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

Programs	Amount
Limited english proficient	\$ 46,833
At-Risk supplemental weighting	20,436
Gifted and talented	69,893
Dropout and dropout prevention	96,754
Beginning teacher mentoring	7,383
Teacher salary supplement	79,829
Four year old preschool state aid	3,103
Successful progression for early readers	28,866
Professional development	37,481
Teacher leadership grants	1,781
Total categorical funding	<u>\$ 392,359</u>

Note 11. Deficit Unassigned Fund Balances

At June 30, 2015, the Student Activity Fund had five negative accounts resulting in a deficit unassigned fund balance of \$8,741. The District's Enterprise: School Nutrition Fund had a deficit unrestricted net position of \$3,744. The District's governmental activities had a deficit unrestricted of \$3,761,786 at June 30, 2015.

Note 12. Reconciliation Governmental Fund Balances to Net Position

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

	Net Investment in Capital Assets	Debt Service	Management levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	1,521,528	253,831	789,595
Capital assets, net of accumulated depreciation	13,955,872	-	-	-
General obligation bond capitalized indebtedness	(1,005,000)	-	-	-
Revenue bond capitalized indebtedness	(6,365,000)	-	-	-
Qualified zone academy bonds capitalized indebtedness	(1,000,000)	-	-	-
Termination benefits	-	-	(124,303)	-
Accrued interest payable	-	(2,992)	-	-
Income surtax receivable	-	-	-	524,675
Pension related deferred inflows	-	-	-	(1,715,316)
Pension related deferred outflows	-	-	-	675,949
Compensated absences	-	-	-	(159,727)
Net pension liability	-	-	-	(3,529,979)
Net OPEB liability	-	-	-	(338,242)
Unassigned for student activities	-	-	-	(8,741)
Net position (Exhibit A)	<u>\$ 5,585,872</u>	<u>1,518,536</u>	<u>129,528</u>	<u>(3,761,786)</u>

Note 13. Accounting Change/Restatement Note

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 9,242,388	\$ 204,903
Net pension liability at June 30, 2014	(5,393,282)	(171,392)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	520,111	16,529
Net position July 1, 2014, as restated	<u>\$ 4,369,217</u>	<u>\$ 50,040</u>

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, 2015

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 4,638,268	129,233	4,767,501	4,677,987	4,677,987	89,514
State sources	6,110,988	4,516	6,115,504	6,691,205	6,691,205	(575,701)
Federal sources	487,243	424,701	911,944	575,000	575,000	336,944
Total revenues	11,236,499	558,450	11,794,949	11,944,192	11,944,192	(149,243)
Expenditures/Expenses:						
Instruction	6,657,618	63	6,657,681	7,037,000	7,037,000	379,319
Support services	2,955,711	1,538	2,957,249	3,624,000	3,624,000	666,751
Non-instructional programs	4,486	524,361	528,847	653,500	653,500	124,653
Other expenditures	1,506,443	-	1,506,443	1,008,104	1,627,460	121,017
Total expenditures/expenses	11,124,258	525,962	11,650,220	12,322,604	12,941,960	1,291,740
Excess(Deficiency) of revenues over(under) expenditures/expenses	112,241	32,488	144,729	(378,412)	(997,768)	1,142,497
Other financing sources(uses), net	(29,206)	29,206	-	(652,175)	(652,175)	652,175
Excess(Deficiency)of revenues and other financing sources over(under) expenditures/expenses	83,035	61,694	144,729	(1,030,587)	(1,649,943)	1,794,672
Balances beginning of year, as restated	4,096,093	50,040	4,146,133	2,670,933	2,670,933	(1,475,200)
Balances end of year	\$ 4,179,128	111,734	4,290,862	1,640,346	1,020,990	319,472

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

This budgetary comparison is presented as Required Supplementary Information in accordance with 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, the District adopted one budget amendment, increasing budgeted expenditure by \$619,356.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL*
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.089995%
District's proportionate share of the net pension liability	\$ 3,642,158
District's covered-employee payroll	\$ 5,574,792
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	65.33%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 497,829	536,640	551,162	527,397	445,143	429,528	397,132	368,381	292,794	313,804
Contributions in relation to the statutorily required contribution	(497,829)	(536,640)	(551,162)	(527,397)	(445,143)	(429,528)	(397,132)	(368,381)	(292,794)	(313,804)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 5,574,792	6,009,406	6,357,116	6,535,279	6,404,935	6,180,259	6,254,047	6,088,942	5,092,070	5,457,461
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

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

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

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
2015	July 1, 2012	-	552,329	552,329	0.00	4,405,761	12.54

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, 2015

	Special Revenue			
	Management Levy	Student Activity	Public Education and Recreation	Total
			Levy	
ASSETS				
Cash and pooled investments	\$ 251,010	91,494	628	343,132
Receivables:				
Property tax:				
Delinquent	2,821	-	331	3,152
Succeeding year	250,001	-	28,553	278,554
Accounts	-	958	-	958
TOTAL ASSETS	\$ 503,832	92,452	29,512	625,796
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	16,722	-	16,722
Total liabilities	-	16,722	-	16,722
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	250,001	-	28,553	278,554
Fund balances:				
Restricted for:				
Management levy purposes	253,831	-	-	253,831
Student activities	-	84,471	-	84,471
Public education and recreation	-	-	959	959
Unassigned	-	(8,741)	-	(8,741)
Total fund balances	253,831	75,730	959	330,520
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 503,832	92,452	29,512	625,796

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, 2015

	Special Revenue			Total
	Management Levy	Student Activity	Public Education and Recreation Levy	
REVENUES:				
Local sources:				
Local tax	\$ 251,378	-	29,537	280,915
Other	84,169	100,915	-	185,084
TOTAL REVENUES	335,547	100,915	29,537	465,999
EXPENDITURES:				
Current:				
Instruction:				
Regular	110,467	-	-	110,467
Other	-	101,327	-	101,327
Support services:				
Student	1,675	1,390	-	3,065
Instructional staff	600	-	-	600
Administration	28,329	3,932	-	32,261
Operation and maintenance of plant	45,000	-	-	45,000
Transportation	13,482	-	-	13,482
Non-instructional programs:				
Food service operations	1,500	-	-	1,500
TOTAL EXPENDITURES	201,053	106,649	-	307,702
Excess(Deficiency) in revenues over(under) expenditures	134,494	(5,734)	29,537	158,297
OTHER FINANCING USES:				
Transfer out	-	-	(29,206)	(29,206)
Change in fund balances	134,494	(5,734)	331	129,091
Fund balances beginning of year	119,337	81,464	628	201,429
Fund balances end of year	\$ 253,831	75,730	959	330,520

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects			
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 874,639	85,142	53,315	1,013,096
Receivables:				
Property tax:				
Delinquent	-	-	2,453	2,453
Succeeding year	-	-	213,554	213,554
Accounts	159,970	-	-	159,970
TOTAL ASSETS	\$ 1,034,609	85,142	269,322	1,389,073
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 751	-	29,642	30,393
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	213,554	213,554
Fund balances:				
Restricted for:				
School infrastructure	1,033,858	85,142	-	1,119,000
Physical plant and equipment	-	-	26,126	26,126
Total fund balances	1,033,858	85,142	26,126	1,145,126
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,034,609	85,142	269,322	1,389,073

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, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ -	-	221,680	221,680
Other	40,465	85	90	40,640
State sources	763,105	-	-	763,105
TOTAL REVENUES	<u>803,570</u>	<u>85</u>	<u>221,770</u>	<u>1,025,425</u>
EXPENDITURES:				
Current:				
Support services:				
Instructional staff	33,542	-	58,679	92,221
Administration	-	-	24,573	24,573
Operation and maintenance of plant	20,330	-	-	20,330
Transportation	25,362	-	248,541	273,903
Capital outlay	235,551	-	2,790	238,341
TOTAL EXPENDITURES	<u>314,785</u>	<u>-</u>	<u>334,583</u>	<u>649,368</u>
Excess (deficiency) of revenues over (under) expenditures	488,785	85	(112,813)	376,057
OTHER FINANCING USES:				
Transfers out	(541,819)	-	(82,175)	(623,994)
Change in fund balances	(53,034)	85	(194,988)	(247,937)
Fund balances beginning of year	<u>1,086,892</u>	<u>85,057</u>	<u>221,114</u>	<u>1,393,063</u>
Fund balances end of year	<u>\$ 1,033,858</u>	<u>85,142</u>	<u>26,126</u>	<u>1,145,126</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
<u>Athletics:</u>					
General athletics	\$ 42,058	40,455	46,576	5,872	41,809
Football	5,288	3,755	5,564	-	3,479
Wrestling	144	861	861	-	144
Volleyball	2,197	7,065	7,273	-	1,989
Softball	1,225	40	644	-	621
Baseball	2,994	140	897	-	2,237
Cross country	674	125	150	-	649
Golf	1,040	-	-	-	1,040
Girls basketball	3,605	3,444	4,349	-	2,700
Boys basketball	-	-	94	47	(47)
MS Boys basketball	562	-	-	-	562
Boys track	103	-	-	-	103
Girls track	56	1,152	778	772	1,202
Boys soccer	(174)	2,605	1,417	-	1,014
Girls soccer	3,168	4,819	4,284	-	3,703
	<u>62,940</u>	<u>64,461</u>	<u>72,887</u>	<u>6,691</u>	<u>61,205</u>
<u>Extra curricular:</u>					
Extra curricular programs	745	2,406	863	(45)	2,243
Vocal	1,532	-	-	-	1,532
Band	1,152	500	237	-	1,415
Cheerleading	514	-	-	-	514
Yearbook	(5,022)	8,163	11,510	-	(8,369)
Student council	2,957	2,540	(270)	-	5,767
Debate	(619)	7,647	7,116	45	(43)
Drama	265	-	-	-	265
Close up	2,838	-	30	(2,808)	-
	<u>4,362</u>	<u>21,256</u>	<u>19,486</u>	<u>(2,808)</u>	<u>3,324</u>
<u>Organizations:</u>					
FCCLA	2,642	1,047	1,100	-	2,589
Spanish Club	50	350	-	-	400
Indian slough project	106	-	38	-	68
NHS	-	85	293	104	(104)
BPA	2,563	3,930	3,003	-	3,490
Science and math	2,091	-	-	(2,091)	-
GSA	397	-	-	-	397
Wildcat Rocket Club	-	250	-	-	250
	<u>7,849</u>	<u>5,662</u>	<u>4,434</u>	<u>(1,987)</u>	<u>7,090</u>
<u>Miscellaneous:</u>					
Interest	-	218	-	(396)	(178)
HS pop	762	4,961	3,914	-	1,809
Class of 2017	2,971	3,814	2,555	(2,971)	1,259
Class of 2016	38	543	3,319	2,971	233
Special olympics	1,042	-	54	-	988
CFNBP	1,500	-	-	(1,500)	-
	<u>6,313</u>	<u>9,536</u>	<u>9,842</u>	<u>(1,896)</u>	<u>4,111</u>
Total	<u>\$ 81,464</u>	<u>100,915</u>	<u>106,649</u>	<u>-</u>	<u>75,730</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, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 570	236	393	413
LIABILITIES				
Due to other groups	\$ 570	236	393	413

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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 4,142,265	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
Tuition	153,361	147,886	110,209	105,894	130,608	129,496	152,729	148,962	154,807	118,847
Other	342,642	547,163	598,162	338,398	268,772	361,685	425,405	454,548	398,975	481,653
Intermediate sources	-	-	2,987	9,815	18,251	-	5,858	1,800	-	-
State sources	6,110,988	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
Federal sources	487,243	548,123	550,288	746,748	833,838	1,154,070	593,828	510,736	570,722	1,061,740
Total	\$ 11,236,499	11,711,861	12,032,229	12,162,859	12,205,280	11,326,619	11,572,597	11,200,766	10,966,738	10,719,108
Expenditures:										
Instruction:										
Regular	\$ 3,693,476	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
Special	1,398,518	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
Other	1,565,624	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
Support services:										
Student	256,405	245,912	325,626	322,385	312,265	295,455	268,589	283,840	276,389	325,815
Instructional staff	389,931	441,859	458,188	561,451	553,689	613,208	593,888	462,139	521,660	484,429
Administration	859,739	954,901	977,940	916,184	821,405	828,144	803,911	798,256	738,172	658,865
Operation and maintenance of plant	805,310	929,989	787,560	900,113	910,855	792,188	776,964	788,611	713,261	712,201
Transportation	644,326	348,696	429,669	400,167	463,548	417,924	397,147	406,402	280,879	326,644
Non-instructional programs	4,486	4,809	3,409	2,650	1,727	2,924	2,800	6,796	1,406	-
Capital outlay	238,341	202,811	6,841,607	521,436	239,671	635,909	423,397	206,438	532,969	1,616,647
Long-term debt:										
Principal	695,000	675,000	520,000	580,000	400,000	390,000	355,000	371,734	343,103	309,553
Interest and other charges	207,215	222,402	269,007	78,011	84,500	95,734	150,439	152,800	175,458	187,171
Other expenditures:										
AEA flow-through	365,887	364,542	360,340	364,123	406,756	387,997	358,572	341,676	322,519	303,124
Total	\$ 11,124,258	11,397,210	18,125,567	12,049,096	11,368,870	11,647,939	11,251,180	10,828,692	10,408,608	11,270,833

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

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 15	\$ 90,481
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 15	303,337
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 15	5,585
			<u>399,403</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 15	<u>25,298</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G	233,946
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES(CARRYOVER)	84.010	1701-GC	38,914
TITLE I GRANTS - SCHOOLS IN NEED OF ASSISTANCE	84.010	FY 15	15,142
			<u>288,002</u>
MIGRANT EDUCATION - BASIC STATE GRANTS PROGRAM	84.011	FY 14	18,807
MIGRANT EDUCATION - BASIC STATE GRANTS PROGRAM	84.011	FY 15	19,935
			<u>38,742</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 14	2,804
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 15	52,259
			<u>55,063</u>
ADVANCE PLACEMENT PROGRAM	84.330	FY 15	<u>39</u>
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR-UP)	84.334	FY 15	<u>7,214</u>
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 15	<u>31,502</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 15	<u>3,715</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 15	<u>42,215</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 15	<u>6,150</u>
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 15	<u>355</u>
TOTAL			<u>\$ 897,698</u>

* Includes \$28,543 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, 2015, 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 8, 2016.

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 and a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct 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-15 to be a material weakness.

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

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

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 8, 2016
Newton, Iowa

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 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, 2015. 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, 2015.

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.

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-15 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 8, 2016
Newton, Iowa

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiency 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, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

II-A-15 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual 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 will continue to review its procedures and attempt to obtain maximum internal control possible given our limited number of employees.

Conclusion - Response accepted.

II-B-15 Supporting Documentation – During our audit we noted multiple disbursements that were lacking cancelled invoices and other supporting documentation.

Recommendation – Supporting documentation must be maintained for purchases made by the District. The District should implement procedures to ensure that all purchases are supported by cancelled invoices and other supporting documentation.

Response - When an item is requested on a Purchase Order the district strives to obtain an invoice. When an invoice is not available or it is a verbal agreement the superintendent is notified and signs off on the expense.

Conclusion - Response accepted

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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: 2014 and 2015
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-15 Segregation of Duties - One important aspect of internal accounting control is the segregation (2015-001) 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 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, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget –District expenditures for the year ended June 30, 2015 did not exceed the certified amounts in the budget.

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

IV-D-15 Business Transactions - 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	\$ 1,641

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

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

IV-G-15 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The certified data was over stated by 0.22 students.

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

Response – The District’s auditor will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion - Response accepted.

IV-H-15 Supplementary Weighting – No variances in supplementary weighting data certified to the Iowa Department of Education were noted.

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

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

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

Beginning balance		\$ 1,086,892
Sales tax revenues	\$ 763,105	
Other local revenues	<u>40,465</u>	<u>803,570</u>
Expenditures/transfers out:		
School infrastructure construction	235,551	
Equipment	79,234	
Transfers to Debt Service Fund:		
Transfer out	<u>541,819</u>	<u>856,604</u>
Ending balance		<u><u>\$ 1,033,858</u></u>

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

IV-M-15 Financial Condition - The District has the following deficit balances at June 30, 2015:

The District also had 5 deficit accounts in Student Activity fund totaling \$8,741 at June 30, 2015. The District has a deficit unrestricted net position of \$3,774 in the Enterprise: School Nutrition Fund and a deficit unrestricted net position in the District's Governmental Activities of \$3,761,786 at June 30, 2015. The primary reason for these deficit net positions is due to the implementation of GASB Statement No. 68 and No. 71 during the year.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understanding this accounting change/ restatement and how GASB Statement No. 68 and 71 will affect the District's financial moving forward. The District should also monitor the deficit accounts with in the Student Activity and develop alternatives to eliminate the deficits balance.

Response - The District has a deficit due to GASB 68 and 71 being adjusted for prior years. The District will continue to account for GASB 68 and 71 will make adjustment annually and monitor the activity accounts to maintain proper balances.

Conclusion - Response accepted.

IV-N-15 Official Contracts - It was noted during the audit that the Board President was not signing contracts for athletic officials. Chapter 291.1 of the Code of Iowa requires all contracts entered into by the District to be signed by the Board President.

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

Response - The District will have all officials' contracts signed by the Board President, as is customary with all other contracts.

Conclusion - Response accepted.