

COLUMBUS COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2016

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## Columbus Community School District

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2015 Election)		
Sandy Martin	President	2017
Joy Lekwa	Vice President	2017
David Duncan	Board Member	2015
Wayne Finke	Board Member	2017
Eric Totemeier	Board Member	2015
(After September 2015 Election)		
Sandy Martin	President	2017
Joy Lekwa	Vice President	2017
David Duncan	Board Member	2019
Wayne Finke	Board Member	2017
Eric Totemeier	Board Member	2019
<u>School Officials</u>		
Gary Benda	Superintendent	2016
Tanya Purdy	District Secretary/Treasurer (Resigned July 2015)	2016
Neil Mills	District Secretary/Treasurer (Appointed August 2015)	2016
Lynch Dallas	Attorney	2016

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

**Independent Auditor's Report**

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

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Columbus Community School District at June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Other Matters**

### *Required Supplementary Information.*

U.S generally accepted accounting principles require Management’s Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District’s Proportionate share of the Net Pension Liability, the Schedule of District Contributions and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 51 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 nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, including the Schedule of Expenditures of Federal Awards, 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, including the Schedule of Expenditures of Federal Awards, 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 22, 2017 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 22, 2017  
Newton, Iowa

**Columbus Community School District**

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

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

### **2016 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$9,365,667 in fiscal year 2015 to \$9,152,254 in fiscal year 2016, and General Fund expenditures decreased from \$9,264,973 in fiscal year 2015 to \$8,382,203 in fiscal year 2016. General Fund revenues were more than the General Fund expenditures, resulting in an increase in the District's General Fund balance from \$1,181,954 at June 30, 2015 to \$1,952,005 at June 30, 2016, a 65.15% increase from the prior year.
- The most significant decrease in General Fund revenues occurred in the local tax source revenues during fiscal year 2016. 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 custodian for the benefit of those outside of School District.

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

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

Supplementary Information provides detailed information about the nonmajor 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.

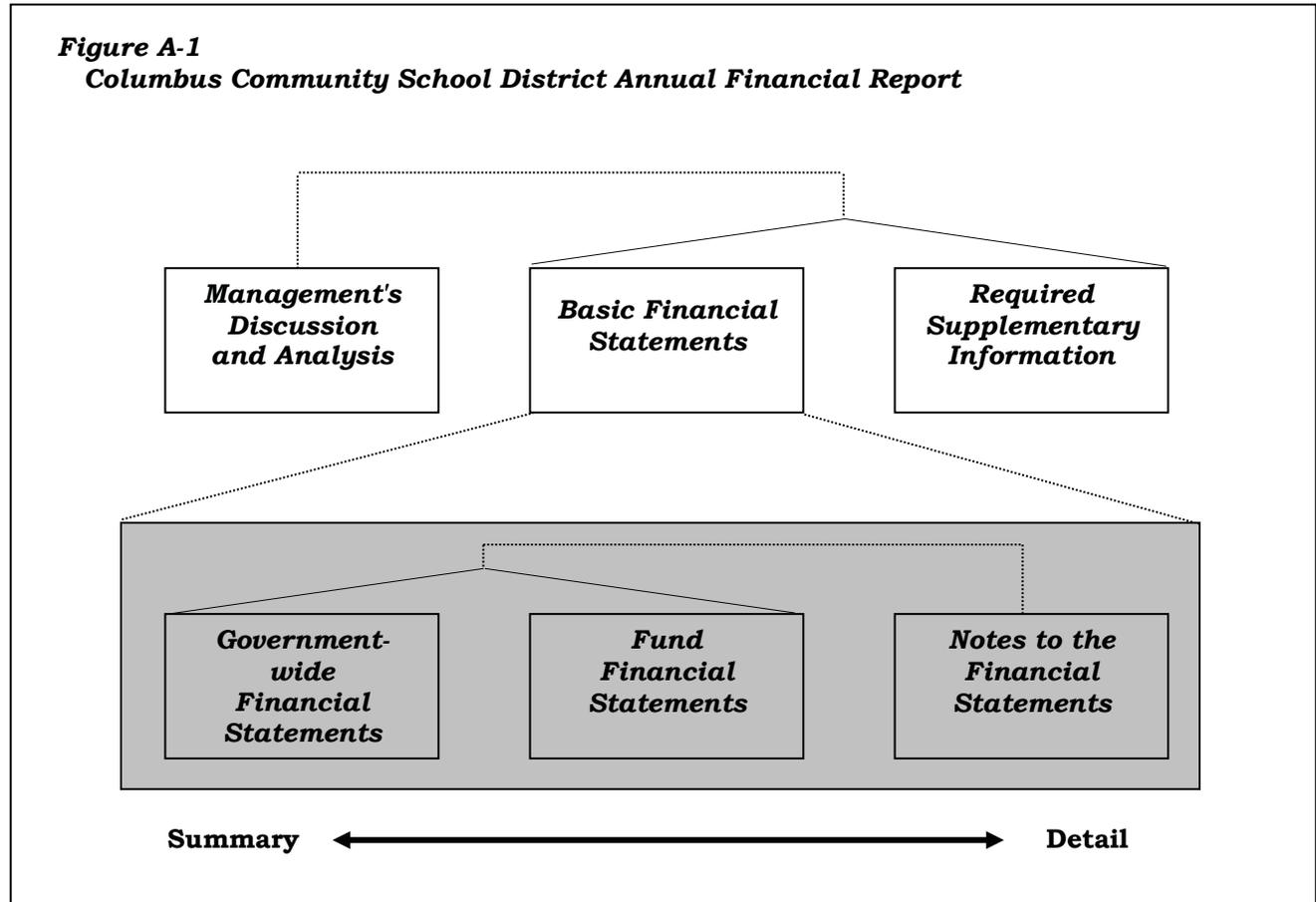


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

**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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

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

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

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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 Swimming 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, 2015 compared to June 30, 2016.

Figure A-3							
Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-16
Current and other assets	\$ 9,822,140	9,727,928	274,619	276,598	10,096,759	10,004,526	0.92%
Capital assets	13,457,453	13,955,872	20,992	24,623	13,478,445	13,980,495	-3.59%
Total assets	23,279,593	23,683,800	295,611	301,221	23,575,204	23,985,021	-1.71%
Deferred outflows of resources	589,232	675,949	23,557	22,200	612,789	698,149	-12.23%
Long-term liabilities	11,117,992	12,522,251	145,826	130,058	11,263,818	12,652,309	-10.97%
Other liabilities	1,514,463	1,563,061	4,696	27,118	1,519,159	1,590,179	-4.47%
Total liabilities	12,632,455	14,085,312	150,522	157,176	12,782,977	14,242,488	-10.25%
Deferred inflows of resources	4,802,971	5,179,372	30,583	54,511	4,833,554	5,233,883	-7.65%
Net position:							
Net investment in capital assets	6,797,453	5,585,872	20,992	24,623	6,818,445	5,610,495	21.53%
Restricted	2,625,244	3,270,979	-	-	2,625,244	3,270,979	-19.74%
Unrestricted	(2,989,298)	(3,761,786)	117,071	87,111	(2,872,227)	(3,674,675)	21.84%
Total net position	\$ 6,433,399	5,095,065	138,063	111,734	6,571,462	5,206,799	26.21%

The District's total net position increased by 26.21%, or \$1,364,663, over the prior year. The largest portion of the District's net position is 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 \$645,735 or 19.74%. The decrease was primarily a result of the decrease in net position restricted for debt service due to the repayment of QZAB bonds during the year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$802,448, or 21.84%. This increase in unrestricted net position was primarily a result of the increase in fund balance of the General Fund.

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

	Figure A-4						
	Changes in Net Position						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
June 30,		June 30,		June 30,		June 30,	
2016		2015		2016		2015	2015-16
Revenues:							
Program revenues:							
Charges for service	\$ 253,767	256,907	122,532	124,477	376,299	381,384	-1.33%
Operating grants, contributions and restricted interest	1,096,574	1,046,288	427,610	433,217	1,524,184	1,479,505	3.02%
General revenues:							
Property tax	3,486,388	3,741,895	-	-	3,486,388	3,741,895	-6.83%
Income surtax	212,967	546,677	-	-	212,967	546,677	-61.04%
Statewide sales, services and use tax	779,104	763,105	-	-	779,104	763,105	2.10%
Unrestricted state grants	4,884,683	4,834,278	-	-	4,884,683	4,834,278	1.04%
Unrestricted interest earnings	15,847	20,047	77	69	15,924	20,116	-20.84%
Other	148,215	173,609	360	687	148,575	174,296	-14.76%
Total revenues	10,877,545	11,382,806	550,579	558,450	11,428,124	11,941,256	-4.30%
Program expenses:							
Instruction	6,069,078	6,703,963	674	63	6,069,752	6,704,026	-9.46%
Support services	2,349,568	2,823,903	3,237	1,538	2,352,805	2,825,441	-16.73%
Non-instructional programs	4,680	4,486	548,950	524,361	553,630	528,847	4.69%
Other expenses	1,087,274	1,095,400	-	-	1,087,274	1,095,400	-0.74%
Total expenses	9,510,600	10,627,752	552,861	525,962	10,063,461	11,153,714	-9.77%
Excess(Deficiency) of revenues over(under) expenditures	1,366,945	755,054	(2,282)	32,488	1,364,663	787,542	73.28%
Transfers	(28,611)	(29,206)	28,611	29,206	-	-	0.00%
Change in net position	1,338,334	725,848	26,329	61,694	1,364,663	787,542	73.28%
Net position beginning of year	5,095,065	4,369,217	111,734	50,040	5,206,799	4,419,257	17.82%
Net position end of year	\$ 6,433,399	5,095,065	138,063	111,734	6,571,462	5,206,799	26.21%

In fiscal year 2016, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 86.08% 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 \$11.43 million, of which approximately \$10.88 million was for governmental activities and approximately \$0.55 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.30% decrease in revenues and a 9.77% decrease in expenses. The decrease in revenues is due in part to a decrease in local taxes received in fiscal year 2016. The decrease in expenditures was primarily due to a decrease in instruction expenditures in the current year.

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## Governmental Activities

Revenues for governmental activities were \$10,877,545 and expenses were \$9,510,600.

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, 2016 compared to those expenses for the year ended June 30, 2015.

	Total Cost of Services			Net Cost of Services		
	2016	2015	Change 2015-16	2016	2015	Change 2015-16
Instruction	\$ 6,069,078	6,703,963	-9.47%	5,141,488	5,768,330	-10.87%
Support services	2,349,568	2,823,903	-16.80%	2,293,995	2,822,228	-18.72%
Non-instructional	4,680	4,486	4.32%	4,680	4,486	4.32%
Other expenses	1,087,274	1,095,400	-0.74%	720,096	729,513	-1.29%
Totals	\$ 9,510,600	10,627,752	-10.51%	8,160,259	9,324,557	-12.49%

For the year ended June 30, 2016:

- The cost financed by users of the District's programs was \$253,767.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$1,096,574.
- The net cost of governmental activities was financed with \$3,486,388 in property tax, \$212,967 in income surtax, \$779,104 in statewide sales, services and use tax, \$4,884,683 in unrestricted state grants, \$15,847 in interest income and \$148,215 in other general revenues.

## Business Type Activities

Revenues for business type activities during the year ended June 30, 2016 were \$550,579, representing a 1.41% decrease from the prior year, while expenses totaled \$552,861, a 5.11% increase over the prior year. The District's business type activities include the School Nutrition Fund, the Greenhouse Fund and the Swimming Pool Fund. Revenues of these activities were largely comprised of charges for service and federal and state reimbursements.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,133,273, below last year's ending fund balances of \$4,179,128. The primary reason for the decrease is the repayment of QZAB bonds from the Debt Service Fund during the year.

## Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Reductions in local tax 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 \$770,051 increase in fund balance to \$1,952,005 at June 30, 2016.

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- The Capital Projects Fund balance decreased from \$1,145,126 at June 30, 2015 to \$1,078,926 at June 30, 2016. This was primarily due to an increase in transfers for debt service during the year.
  - The Debt Service Fund balance decreased from \$1,521,528 at June 30, 2015 to \$702,402 at June 30, 2016. The decrease is due primarily to the repayment of QZAB bonds during the year.

### **Proprietary Fund Highlights**

The School Nutrition Fund net position increased from \$20,879 at June 30, 2015 to \$43,218 at June 30, 2016, representing a 106.99% increase.

The Swimming Pool Fund net position increased from \$88,177 at June 30, 2015 to \$91,200 at June 30, 2016, a 3.43% increase. The increase is due in part to contributions from other governments to help defray pool expenses.

The Greenhouse Fund balance increased from \$2,678 at June 30, 2015 to \$3,645 at June 30, 2016, representing a 36.11% increase.

### **BUDGETARY HIGHLIGHTS**

The District's revenues were \$212,591 less than budgeted revenues, a variance of 1.80%. The most significant variance resulted from the District receiving less from federal sources than originally anticipated.

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.

In spite of the District's budgetary practice, expenditures in the instruction and other expenditures functional areas exceeded the amounts budgeted and the District exceeded the budget in total

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2016, the District had invested \$13,478,445 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net decrease of 3.59% from last year. More detailed information about capital assets is available in Note 7 to the financial statements. Depreciation expense for the year was \$698,303.

The original cost of the District's capital assets was \$22,534,437. Governmental funds account for \$22,414,047 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 the machinery and equipment category. The District's machinery and equipment totaled \$654,166 at June 30, 2015 as compared to \$576,317 at June 30, 2016. The decrease is due to depreciation expense recognized during the year.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-16
Land	\$ 406,285	406,285	-	-	406,285	406,285	0.00%
Buildings	12,246,328	12,688,708	-	-	12,246,328	12,688,708	-3.49%
Land improvements	249,515	231,336	-	-	249,515	231,336	7.86%
Machinery and equipment	555,325	629,543	20,992	24,623	576,317	654,166	-11.90%
Total	\$ 13,457,453	13,955,872	20,992	24,623	13,478,445	13,980,495	-3.59%

### Long-Term Debt

At June 30, 2016, the District had \$11,263,818 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 \$680,000 at June 30, 2016.
- The District had total outstanding revenue bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$5,980,000 at June 30, 2016.
- The District had termination benefits payable of \$93,227 at June 30, 2016 payable from the Management Levy Fund.
- The District had compensated absences payable of \$135,979 at June 30, 2016. Of this amount, \$123,361 is payable from the General Fund and \$12,618 is payable from the Enterprise: School Nutrition Fund.
- The District had a total net pension liability of \$4,014,511 at June 30, 2016. Of this amount, \$3,890,342 is attributable to governmental activities while \$124,169 is attributable to business type activities.
- The District had a total net OPEB liability of \$360,101 at June 30, 2016. Of this amount, \$351,062 is attributable to governmental activities while \$9,039 is attributable to business type activities.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-16
General obligation bonds	\$ 680,000	1,005,000	-	-	680,000	1,005,000	-32.34%
Revenue bonds	5,980,000	6,365,000	-	-	5,980,000	6,365,000	-6.05%
Qualified zone academy bonds	-	1,000,000	-	-	-	1,000,000	-100.00%
Termination benefits	93,227	124,303	-	-	93,227	124,303	-25.00%
Compensated absences	123,361	159,727	12,618	16,008	135,979	175,735	-22.62%
Net pension liability	3,890,342	3,529,979	124,169	112,179	4,014,511	3,642,158	10.22%
Net OPEB liability	351,062	338,242	9,039	1,871	360,101	340,113	5.88%
Total	\$ 11,117,992	12,522,251	145,826	130,058	11,263,818	12,652,309	-10.97%

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

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

- The district continues to suffer from property tax valuation decline, declining enrollment and limited state funding. The district offered an early retirement package in addition to reduction of force for the 2016-2017 school year to reduce district operational cost. 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 Secretary/Treasurer, Columbus Community School District, 1208 Colton St., Columbus Junction, Iowa, 52738.

## **Basic Financial Statements**

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 5,267,035	259,063	5,526,098
Receivables:			
Property tax:			
Delinquent	34,932	-	34,932
Succeeding year	3,806,837	-	3,806,837
Income surtax	369,679	-	369,679
Due from other governments	343,657	4,537	348,194
Inventories	-	11,019	11,019
Capital assets, net of accumulated depreciation	13,457,453	20,992	13,478,445
<b>TOTAL ASSETS</b>	<b>23,279,593</b>	<b>295,611</b>	<b>23,575,204</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	589,232	23,557	612,789
<b>LIABILITIES</b>			
Accounts payable	842,830	723	843,553
Salaries and benefits payable	612,062	-	612,062
Advances from grantors	57,459	-	57,459
Accrued interest payable	2,112	-	2,112
Unearned revenue	-	3,973	3,973
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	335,000	-	335,000
Revenue bonds payable	395,000	-	395,000
Termination benefits payable	31,076	-	31,076
Compensated absences	123,361	12,618	135,979
Portion due after one year:			
General obligation bonds payable	345,000	-	345,000
Revenue bonds payable	5,585,000	-	5,585,000
Termination benefits payable	62,151	-	62,151
Net pension liability	3,890,342	124,169	4,014,511
Net OPEB liability	351,062	9,039	360,101
<b>TOTAL LIABILITIES</b>	<b>12,632,455</b>	<b>150,522</b>	<b>12,782,977</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows	996,134	30,583	1,026,717
Unavailable property tax revenue	3,806,837	-	3,806,837
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,802,971</b>	<b>30,583</b>	<b>4,833,554</b>
<b>NET POSITION:</b>			
Net investment in capital assets	6,797,453	20,992	6,818,445
Restricted for:			
Categorical funding	539,315	-	539,315
Debt service	700,290	-	700,290
Management levy purposes	243,459	-	243,459
Student activity	62,006	-	62,006
Public education and recreation	1,248	-	1,248
School infrastructure	1,020,451	-	1,020,451
Physical plant and equipment	58,475	-	58,475
Unrestricted	(2,989,298)	117,071	(2,872,227)
<b>TOTAL NET POSITION</b>	<b>\$ 6,433,399</b>	<b>138,063</b>	<b>6,571,462</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

	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	
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 3,119,692	59,318	88,420	(2,971,954)	-	(2,971,954)
Special	1,294,467	14,501	82,667	(1,197,299)	-	(1,197,299)
Other	1,654,919	124,375	558,309	(972,235)	-	(972,235)
	<u>6,069,078</u>	<u>198,194</u>	<u>729,396</u>	<u>(5,141,488)</u>	<u>-</u>	<u>(5,141,488)</u>
Support services:						
Student	235,268	10,472	-	(224,796)	-	(224,796)
Instructional staff	386,835	45,101	-	(341,734)	-	(341,734)
Administration	719,629	-	-	(719,629)	-	(719,629)
Operation and maintenance of plant	639,683	-	-	(639,683)	-	(639,683)
Transportation	368,153	-	-	(368,153)	-	(368,153)
	<u>2,349,568</u>	<u>55,573</u>	<u>-</u>	<u>(2,293,995)</u>	<u>-</u>	<u>(2,293,995)</u>
Non-instructional programs:						
Food service operations	1,117	-	-	(1,117)	-	(1,117)
Other enterprise operations	3,563	-	-	(3,563)	-	(3,563)
	<u>4,680</u>	<u>-</u>	<u>-</u>	<u>(4,680)</u>	<u>-</u>	<u>(4,680)</u>
Long-term debt interest	192,935	-	-	(192,935)	-	(192,935)
Other expenditures:						
AEA flowthrough	367,178	-	367,178	-	-	-
Depreciation (unallocated)*	527,161	-	-	(527,161)	-	(527,161)
	<u>894,339</u>	<u>-</u>	<u>367,178</u>	<u>(527,161)</u>	<u>-</u>	<u>(527,161)</u>
Total governmental activities	<u>9,510,600</u>	<u>253,767</u>	<u>1,096,574</u>	<u>(8,160,259)</u>	<u>-</u>	<u>(8,160,259)</u>
Business Type activities:						
Instruction:						
Other	674	1,641	-	-	967	967
Support services:						
Operation and maintenance of plant	3,237	-	-	-	(3,237)	(3,237)
Non-instructional programs:						
Food service operations	515,251	117,543	419,610	-	21,902	21,902
Community service operations	33,699	3,348	8,000	-	(22,351)	(22,351)
Total business type activities	<u>552,861</u>	<u>122,532</u>	<u>427,610</u>	<u>-</u>	<u>(2,719)</u>	<u>(2,719)</u>
Total	<u>\$ 10,063,461</u>	<u>376,299</u>	<u>1,524,184</u>	<u>(8,160,259)</u>	<u>(2,719)</u>	<u>(8,162,978)</u>
<b>General Revenues and Transfers:</b>						
General revenues:						
Property tax levied for:						
General purposes				\$ 2,908,253	-	2,908,253
Capital outlay				214,920	-	214,920
Debt service				363,215	-	363,215
Income surtax				212,967	-	212,967
Statewide sales, services and use tax				779,104	-	779,104
Unrestricted state grants				4,884,683	-	4,884,683
Unrestricted investment earnings				15,847	77	15,924
Other				148,215	360	148,575
Transfers				(28,611)	28,611	-
Total general revenues and transfers				<u>9,498,593</u>	<u>29,048</u>	<u>9,527,641</u>
Change in net position				1,338,334	26,329	1,364,663
Net position beginning of year				5,095,065	111,734	5,206,799
Net position end of year				<u>\$ 6,433,399</u>	<u>138,063</u>	<u>6,571,462</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, 2016

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 2,705,722	994,355	1,161,247	405,711	5,267,035
Receivables:					
Property tax					
Delinquent	26,372	2,136	3,610	2,814	34,932
Succeeding year	2,931,485	211,630	360,343	303,379	3,806,837
Income surtax	369,679	-	-	-	369,679
Due from other governments	215,756	127,901	-	-	343,657
<b>TOTAL ASSETS</b>	<b>\$ 6,249,014</b>	<b>1,336,022</b>	<b>1,525,200</b>	<b>711,904</b>	<b>9,822,140</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 326,324	45,466	462,455	8,585	842,830
Salaries and benefits payable	612,062	-	-	-	612,062
Advances from grantors	57,459	-	-	-	57,459
<b>Total liabilities</b>	<b>995,845</b>	<b>45,466</b>	<b>462,455</b>	<b>8,585</b>	<b>1,512,351</b>
<b>Deferred inflows of resources:</b>					
<b>Unavailable revenues:</b>					
Succeeding year property tax	2,931,485	211,630	360,343	303,379	3,806,837
Income surtax	369,679	-	-	-	369,679
<b>Total deferred inflows of resources</b>	<b>3,301,164</b>	<b>211,630</b>	<b>360,343</b>	<b>303,379</b>	<b>4,176,516</b>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Categorical funding	539,315	-	-	-	539,315
Debt service	-	-	702,402	-	702,402
Management levy purposes	-	-	-	336,686	336,686
Student activity	-	-	-	62,006	62,006
Public education and recreation	-	-	-	1,248	1,248
School infrastructure	-	1,020,451	-	-	1,020,451
Physical plant and equipment	-	58,475	-	-	58,475
Unassigned	1,412,690	-	-	-	1,412,690
<b>Total fund balances</b>	<b>1,952,005</b>	<b>1,078,926</b>	<b>702,402</b>	<b>399,940</b>	<b>4,133,273</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,249,014</b>	<b>1,336,022</b>	<b>1,525,200</b>	<b>711,904</b>	<b>9,822,140</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016

<b>Total fund balances of governmental funds(page 20)</b>		\$ 4,133,273
<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.		13,457,453
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.		369,679
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.		(2,112)
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	589,232	
Deferred inflows of resources	<u>(996,134)</u>	(406,902)
Long-term liabilities, including general obligation bonds payable, revenue 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>(11,117,992)</u>
<b>Net position of governmental activities(page 18)</b>		<u><u>\$ 6,433,399</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, 2016

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 2,995,862	214,920	363,215	280,354	3,854,351
Tuition	59,063	-	-	-	59,063
Other	174,488	377	12,701	224,809	412,375
State sources	5,507,840	780,304	2,027	1,580	6,291,751
Federal sources	415,001	-	-	-	415,001
Total revenues	<u>9,152,254</u>	<u>995,601</u>	<u>377,943</u>	<u>506,743</u>	<u>11,032,541</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	3,053,207	-	-	165,831	3,219,038
Special	1,316,683	-	-	-	1,316,683
Other	1,530,702	-	-	122,569	1,653,271
	<u>5,900,592</u>	<u>-</u>	<u>-</u>	<u>288,400</u>	<u>6,188,992</u>
Support services:					
Student	219,377	-	-	1,258	220,635
Instructional staff	305,354	120,800	-	453	426,607
Administration	685,635	24,978	-	31,832	742,445
Operation and maintenance of plant	640,130	-	-	69,252	709,382
Transportation	260,374	42,149	-	16,400	318,923
	<u>2,110,870</u>	<u>187,927</u>	<u>-</u>	<u>119,195</u>	<u>2,417,992</u>
Non-instructional programs:					
Food service operations	-	-	-	1,117	1,117
Other enterprise operations	3,563	-	-	-	3,563
	<u>3,563</u>	<u>-</u>	<u>-</u>	<u>1,117</u>	<u>4,680</u>
Capital outlay	-	167,128	-	-	167,128
Long-term debt:					
Principal	-	-	1,710,000	-	1,710,000
Interest and fiscal charges	-	-	193,815	-	193,815
	<u>-</u>	<u>-</u>	<u>1,903,815</u>	<u>-</u>	<u>1,903,815</u>
Other expenditures:					
AEA flowthrough	367,178	-	-	-	367,178
Total expenditures	<u>8,382,203</u>	<u>355,055</u>	<u>1,903,815</u>	<u>408,712</u>	<u>11,049,785</u>
Excess(Deficiency) of revenues over(under) expenditures	770,051	640,546	(1,525,872)	98,031	(17,244)
Other financing sources(uses):					
Transfer in	-	-	706,746	-	706,746
Transfer out	-	(706,746)	-	(28,611)	(735,357)
Total other financing sources(uses)	<u>-</u>	<u>(706,746)</u>	<u>706,746</u>	<u>(28,611)</u>	<u>(28,611)</u>
Change in fund balances	770,051	(66,200)	(819,126)	69,420	(45,855)
Fund balances beginning 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>
Fund balances end of year	<u>\$ 1,952,005</u>	<u>1,078,926</u>	<u>702,402</u>	<u>399,940</u>	<u>4,133,273</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, 2016

<b>Change in fund balances - total governmental funds(page 22)</b>		\$ (45,855)
<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 and loss on disposal for the year is as follows:		
Capital outlay	\$ 198,062	
Depreciation expense	(694,672)	
Loss on asset disposal	<u>(1,809)</u>	(498,419)
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.		1,710,000
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.		880
Income surtax accounts receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		(154,996)
The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position		423,279
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	31,076	
Compensated absences	36,366	
Pension expense	(151,177)	
Other postemployment benefits	<u>(12,820)</u>	<u>(96,555)</u>
<b>Change in net position of governmental activities(page 19)</b>		<u><u>\$ 1,338,334</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	School Nutrition	Swimming Pool	Greenhouse	Total
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 164,306	91,112	3,645	259,063
Due from other governments	4,537	-	-	4,537
Inventories	11,019	-	-	11,019
Total current assets	<u>179,862</u>	<u>91,112</u>	<u>3,645</u>	<u>274,619</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	20,992	-	-	20,992
<b>TOTAL ASSETS</b>	<u>200,854</u>	<u>91,112</u>	<u>3,645</u>	<u>295,611</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferred outflows	<u>23,469</u>	<u>88</u>	<u>-</u>	<u>23,557</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	723	-	-	723
Unearned revenue	3,973	-	-	3,973
Total current liabilities	<u>4,696</u>	<u>-</u>	<u>-</u>	<u>4,696</u>
Noncurrent liabilities:				
Net pension liability	124,169	-	-	124,169
Net OPEB liability	9,039	-	-	9,039
Compensated absences	12,618	-	-	12,618
Total noncurrent liabilities	<u>145,826</u>	<u>-</u>	<u>-</u>	<u>145,826</u>
<b>TOTAL LIABILITIES</b>	<u>150,522</u>	<u>-</u>	<u>-</u>	<u>150,522</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferred inflows	<u>30,583</u>	<u>-</u>	<u>-</u>	<u>30,583</u>
<b>NET POSITION</b>				
Net investment in capital assets	20,992	-	-	20,992
Unrestricted	22,226	91,200	3,645	117,071
<b>TOTAL NET POSITON</b>	<u>\$ 43,218</u>	<u>91,200</u>	<u>3,645</u>	<u>138,063</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, 2016

	School Nutrition	Swimming Pool	Greenhouse	Total
<b>OPERATING REVENUES:</b>				
Local sources:				
Charges for service	\$ 117,543	3,348	1,641	122,532
Contributions and donations	-	8,000	-	8,000
Miscellaneous	360	-	-	360
<b>TOTAL OPERATING REVENUES</b>	<b>117,903</b>	<b>11,348</b>	<b>1,641</b>	<b>130,892</b>
<b>OPERATING EXPENSES:</b>				
Current:				
Instruction:				
Other:				
Supplies	-	-	674	674
Support services:				
Operation and maintenance of plant:				
Supplies	-	3,237	-	3,237
Non-instructional programs:				
Food service operations:				
Salaries	198,942	-	-	198,942
Benefits	42,905	-	-	42,905
Services	7,320	-	-	7,320
Supplies	261,624	-	-	261,624
Depreciation	3,631	-	-	3,631
Other	829	-	-	829
	<b>515,251</b>	<b>-</b>	<b>-</b>	<b>515,251</b>
Community service operations:				
Salaries	-	12,526	-	12,526
Benefits	-	959	-	959
Supplies	-	12,563	-	12,563
Other	-	7,651	-	7,651
	<b>-</b>	<b>33,699</b>	<b>-</b>	<b>33,699</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>515,251</b>	<b>36,936</b>	<b>674</b>	<b>552,861</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(397,348)</b>	<b>(25,588)</b>	<b>967</b>	<b>(421,969)</b>
<b>NON-OPERATING REVENUES:</b>				
State sources	4,299	-	-	4,299
Federal sources	415,311	-	-	415,311
Interest income	77	-	-	77
<b>TOTAL NON-OPERATING REVENUES</b>	<b>419,687</b>	<b>-</b>	<b>-</b>	<b>419,687</b>
Excess(Deficiency) of revenues over(under) expenditures	22,339	(25,588)	967	(2,282)
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	-	28,611	-	28,611
Change in net position	22,339	3,023	967	26,329
Net position beginning of year	20,879	88,177	2,678	111,734
Net position end of year	<b>\$ 43,218</b>	<b>91,200</b>	<b>3,645</b>	<b>138,063</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	School Nutrition	Swimming Pool	Greenhouse	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 117,759	-	-	117,759
Cash received from donations	-	8,000	-	8,000
Cash received from miscellaneous operating activities	360	3,348	1,641	5,349
Cash payments to employees for services	(251,276)	(13,573)	-	(264,849)
Cash payments to suppliers for goods or services	(259,507)	(26,541)	(674)	(286,722)
Net cash provided by(used in) operating activities	(392,664)	(28,766)	967	(420,463)
Cash flows from non-capital financing activities:				
Transfer from Public Education and Recreation Levy Fund	-	28,611	-	28,611
State grants received	4,299	-	-	4,299
Federal grants received	379,395	-	-	379,395
Net cash provided by non-capital financing activities	383,694	28,611	-	412,305
Cash flows from investing activities:				
Interest on investments	77	-	-	77
Net increase(decrease) in cash and pooled investments	(8,893)	(155)	967	(8,081)
Cash and pooled investments beginning of year	173,199	91,267	2,678	267,144
Cash and pooled investments end of year	\$ 164,306	91,112	3,645	259,063
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (397,348)	(25,588)	967	(421,969)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	31,379	-	-	31,379
Depreciation	3,631	-	-	3,631
Increase in inventories	(1,565)	-	-	(1,565)
Decrease in accounts payable	(19,548)	(3,090)	-	(22,638)
Increase in net pension liability	11,990	-	-	11,990
Increase in deferred outflows of resources	(1,269)	(88)	-	(1,357)
Decrease in deferred inflows of resources	(23,928)	-	-	(23,928)
Increase in unearned revenue	216	-	-	216
Decrease in compensated absences payable	(3,390)	-	-	(3,390)
Increase in other postemployment benefits	7,168	-	-	7,168
Net cash provided by(used in) operating activities	\$ (392,664)	(28,766)	967	(420,463)

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

During the year ended June 30, 2016, the District received Federal commodities valued at \$31,379.

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	\$ 64,099	532
LIABILITIES		
Due to other groups	-	532
NET POSITION		
Held in trust for scholarships	\$ 64,099	-

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2016

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	<u>\$        46,529</u>
Deductions:	
Support services:	
Student:	
Scholarships awarded	<u>22,535</u>
Change in net position	23,994
Net position beginning of year	<u>40,105</u>
Net position end of year	<u><u>\$        64,099</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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

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 Projects 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, Swimming 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 or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be 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, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2015.

Due from Other Governments - Due from other governments represents 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 year(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 District after the measurement date but before the end of the District'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 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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future year(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 year or soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of 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 and the Enterprise School Nutrition Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016.

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. During the year ended June 30, 2016, expenditures exceeded the amounts budgeted in the instruction and other expenditures functional areas and the District exceeded the budget in total.

#### **Note 2. Cash and Pooled Investments**

The District's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2016, the District had no investments.

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

**Note 3. Interfund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 539,870
Debt Service	Capital Projects: Physical Plant and Equipment Levy	81,726
Debt Service	Capital Projects: Construction	85,150
Enterprise: Swimming Pool	Public Education and Recreation Levy	28,611
Total		<u>\$ 735,357</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 Capital Projects: Construction Fund to the Debt Service Fund was to close out the fund after construction was complete.

The transfer from the Special Revenue, Public Education and Recreation Levy Fund to the Enterprise, Swimming 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, 2016 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 1,005,000	-	325,000	680,000	335,000
Revenue bonds	6,365,000	-	385,000	5,980,000	395,000
Qualified zone academy bonds	1,000,000	-	1,000,000	-	-
Termination benefits	124,303	-	31,076	93,227	31,076
Compensated absences	159,727	123,361	159,727	123,361	123,361
Net pension liability	3,529,979	360,363	-	3,890,342	-
Net OPEB liability	338,242	12,820	-	351,062	-
Total	<u>\$ 12,522,251</u>	<u>496,544</u>	<u>1,900,803</u>	<u>11,117,992</u>	<u>884,437</u>

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Business type activities:</b>					
Compensated absences	\$ 16,008	12,618	16,008	12,618	12,618
Net pension liability	112,179	11,990	-	124,169	-
Net OPEB liability	1,871	7,168	-	9,039	-
<b>Total</b>	<b>\$ 130,058</b>	<b>31,776</b>	<b>16,008</b>	<b>145,826</b>	<b>12,618</b>

#### General Obligation Bonds Payable

Details of the Districts June 30, 2016 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Bond Issue of May 28, 2009			
	Interest Rates	Principal	Interest	Total
2017	3.60%	\$ 335,000	25,343	360,343
2018	3.85	345,000	13,282	358,282
<b>Total</b>		<b>\$ 680,000</b>	<b>38,625</b>	<b>718,625</b>

#### Revenue Bonds Payable

Details of the District's June 30, 2016 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
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	2.10	360,000	96,777	2.15	70,000	19,070	430,000	115,847	545,847
2022-2026	2.30-2.75	1,965,000	354,453	2.15-3.10	370,000	70,278	2,335,000	424,731	2,759,731
2027-2029	2.85-3.00	1,340,000	80,805	3.10	250,000	15,655	1,590,000	96,460	1,686,460
<b>Total</b>		<b>\$ 5,030,000</b>	<b>988,246</b>		<b>\$ 950,000</b>	<b>193,505</b>	<b>5,980,000</b>	<b>1,181,751</b>	<b>7,161,751</b>

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 70 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$7,161,751. For the current year, principal of \$385,000 and interest of \$154,910 was paid on the bonds and total statewide sales, services and use tax revenues were \$779,104.

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.

#### 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.

At June 30, 2016, the District had early retirement obligations to four participants for a total early retirement liability of \$93,227. Actual benefits paid for the year ended June 30, 2016 were \$31,076.

#### **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](http://www.ipers.org).

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated

differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% 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% for each month that the member receives benefits before age 65.

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

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

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

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll, for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2016 were \$441,605.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the District reported a liability of \$4,014,511 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the District's collective proportion was 0.081257%, which was a decrease of 0.010580% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$156,208. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,654	-
Changes of assumptions	110,530	-
Net difference between projected and actual earnings on IPERS' investments	-	334,113
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	692,604
District contributions subsequent to the measurement date	441,605	-
Total	<u>\$ 612,789</u>	<u>1,026,717</u>

\$441,605 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2017	\$ (294,632)
2018	(294,632)
2019	(294,632)
2020	50,780
2021	(22,417)
Total	<u>\$ (855,533)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of

investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 7,028,686	4,014,511	1,470,330

**IPERS' Fiduciary Net Position** - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Payables to IPERS** - At June 30, 2016, the District reported payables to the defined benefit pension plan of \$28,421 for legally required District contributions and \$18,937 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

#### **Note 6. 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 \$367,178 for the year ended June 30, 2016 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## **Note 7. Capital Assets**

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 406,285	-	-	406,285
Total capital assets not being depreciated	406,285	-	-	406,285
Capital assets being depreciated:				
Buildings	18,521,705	43,292	-	18,564,997
Land improvements	1,137,598	59,668	-	1,197,266
Machinery and equipment	2,155,222	95,102	4,825	2,245,499
Total capital assets being depreciated	21,814,525	198,062	4,825	22,007,762
Less accumulated depreciation for:				
Buildings	5,832,997	485,672	-	6,318,669
Land improvements	906,262	41,489	-	947,751
Machinery and equipment	1,525,679	167,511	3,016	1,690,174
Total accumulated depreciation	8,264,938	694,672	3,016	8,956,594
Total capital assets being depreciated, net	13,549,587	(496,610)	1,809	13,051,168
Governmental activities capital assets, net	\$ 13,955,872	(496,610)	1,809	13,457,453
<b>Business type activities:</b>				
Machinery and equipment	\$ 120,390	-	-	120,390
Less accumulated depreciation	95,767	3,631	-	99,398
Business type activities capital assets, net	\$ 24,623	(3,631)	-	20,992

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 34,959
Other	488
Support services:	
Student	5,663
Instructional staff	9,666
Administration	19,325
Operation and maintenance of plant	10,389
Transportation	87,021
	167,511
Unallocated depreciation	527,161
Total governmental activities depreciation expense	\$ 694,672

## **Note 8. 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 82 active and 5 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 55,581
Interest on net OPEB obligation	8,503
Adjustment to annual required contribution	<u>(28,958)</u>
Annual OPEB cost	35,126
Contributions made	<u>(15,138)</u>
Increase in net OPEB obligation	19,988
Net OPEB obligation beginning of year	<u>340,113</u>
Net OPEB obligation end of year	<u><u>\$ 360,101</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, 2016.

For the year ended June 30, 2016, the District contributed \$15,138 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, 2016 is summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 72,949	10.22%	\$ 269,072
2015	79,917	11.11	340,113
2016	35,126	43.10	360,101

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$395,138 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$395,138. The covered payroll (annual payroll of active employees covered by the plan) was \$4,600,425 and the ratio of the UAAL to covered payroll was 8.59%. As of June 30, 2016, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the

Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2015 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the RP 2000 Annuity Mortality Table Projected to 2015, 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 9. Risk Management**

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

**Note 10. Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2016 is comprised of the following programs:

Programs	Amount
Limited english proficient	\$ 111,464
At-risk programs	39,778
Gifted and talented programs	90,523
Returning dropout and dropout prevention programs	71,925
Four year old preschool state aid	4,325
Beginning teacher mentoring and induction programs	5,887
Teacher salary supplement	77,941
Iowa early intervention block grant	59,518
Successful progression for early readers	44,879
Professional development for model core curriculum	2
Professional development	27,716
Child development	5,357
Total categorical funding	<u>\$ 539,315</u>

**Note 11. 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)	\$ -	702,402	336,686	1,412,690
Capital assets, net of accumulated depreciation	13,457,453	-	-	-
General obligation bond capitalized indebtedness	(680,000)	-	-	-
Revenue bond capitalized indebtedness	(5,980,000)	-	-	-
Termination benefits payable	-	-	(93,227)	-
Accrued interest payable	-	(2,112)	-	-
Income surtax receivable	-	-	-	369,679
Pension related deferred inflows	-	-	-	(996,134)
Pension related deferred outflows	-	-	-	589,232
Compensated absences	-	-	-	(123,361)
Net pension liability	-	-	-	(3,890,342)
Net OPEB liability	-	-	-	(351,062)
Net position (Exhibit A)	<u>\$ 6,797,453</u>	<u>700,290</u>	<u>243,459</u>	<u>(2,989,298)</u>

**Note 12. Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2016, expenditures in the instruction and other expenditures functional areas exceeded the amounts budgeted. The District also exceeded its budget in total.

**Columbus Community School District**

**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, 2016

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 4,325,789	130,969	4,456,758	4,422,807	4,422,807	33,951
State sources	6,291,751	4,299	6,296,050	6,417,904	6,417,904	(121,854)
Federal sources	415,001	415,311	830,312	955,000	955,000	(124,688)
Total revenues	<u>11,032,541</u>	<u>550,579</u>	<u>11,583,120</u>	<u>11,795,711</u>	<u>11,795,711</u>	<u>(212,591)</u>
Expenditures/Expenses:						
Instruction	6,188,992	674	6,189,666	6,188,912	6,188,912	(754)
Support services	2,417,992	3,237	2,421,229	2,497,238	2,497,238	76,009
Non-instructional programs	4,680	548,950	553,630	820,500	820,500	266,870
Other expenditures	2,438,121	-	2,438,121	1,436,231	1,436,231	(1,001,890)
Total expenditures/expenses	<u>11,049,785</u>	<u>552,861</u>	<u>11,602,646</u>	<u>10,942,881</u>	<u>10,942,881</u>	<u>(659,765)</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(17,244)	(2,282)	(19,526)	852,830	852,830	(872,356)
Other financing sources(uses), net	(28,611)	28,611	-	800	800	(800)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(45,855)	26,329	(19,526)	853,630	853,630	(873,156)
Balances beginning of year	<u>4,179,128</u>	<u>111,734</u>	<u>4,290,862</u>	<u>4,348,396</u>	<u>4,348,396</u>	<u>57,534</u>
Balances end of year	<u>\$ 4,133,273</u>	<u>138,063</u>	<u>4,271,336</u>	<u>5,202,026</u>	<u>5,202,026</u>	<u>(815,622)</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

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

During the year ended June 30, 2016, expenditures in the instruction and other expenditures functions exceeded the amounts budgeted and the District exceeded its budget in total.

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

	2016	2015
District's proportion of the net pension liability	0.081257%	0.091837%
District's proportionate share of the net pension liability	\$ 4,014,511	3,642,158
District's covered-employee payroll	\$ 5,574,792	6,009,406
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.01%	60.61%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 441,605	497,829	536,640	551,162	527,397	445,143	429,528	397,132	368,381	292,794
Contributions in relation to the statutorily required contribution	\$ (441,605)	(497,829)	(536,640)	(551,162)	(527,397)	(445,143)	(429,528)	(397,132)	(368,381)	(292,794)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 4,945,190	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
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2016

*Changes of benefit terms:*

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

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

*Changes of assumptions:*

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

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

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

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

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

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
2016	July 1, 2015	-	395,138	395,138	0.00	4,600,425	8.59

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**Columbus Community School District**

## **Supplementary Information**

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	Special Revenue			Total
	Management Levy	Student Activity	Public Education and Recreation Levy	
<b>ASSETS</b>				
Cash and pooled investments	\$ 334,161	70,591	959	405,711
Receivables:				
Property tax:				
Delinquent	2,525	-	289	2,814
Succeeding year	275,000	-	28,379	303,379
<b>TOTAL ASSETS</b>	<b>\$ 611,686</b>	<b>70,591</b>	<b>29,627</b>	<b>711,904</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	8,585	-	8,585
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	275,000	-	28,379	303,379
Fund balances:				
Restricted for:				
Management levy purposes	336,686	-	-	336,686
Student activities	-	62,006	-	62,006
Public education and recreation	-	-	1,248	1,248
Total fund balances	336,686	62,006	1,248	399,940
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 611,686</b>	<b>70,591</b>	<b>29,627</b>	<b>711,904</b>

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, 2016

	Special Revenue			Total
	Management Levy	Student Activity	Public Education and Recreation Levy	
REVENUES:				
Local sources:				
Local tax	\$ 251,616	-	28,738	280,354
Other	112,460	112,349	-	224,809
State sources	1,418	-	162	1,580
<b>TOTAL REVENUES</b>	<b>365,494</b>	<b>112,349</b>	<b>28,900</b>	<b>506,743</b>
EXPENDITURES:				
Current:				
Instruction:				
Regular	165,831	-	-	165,831
Other	-	122,569	-	122,569
Support services:				
Student	1,258	-	-	1,258
Instructional staff	453	-	-	453
Administration	28,328	3,504	-	31,832
Operation and maintenance of plant	69,252	-	-	69,252
Transportation	16,400	-	-	16,400
Non-instructional programs:				
Food service operations	1,117	-	-	1,117
<b>TOTAL EXPENDITURES</b>	<b>282,639</b>	<b>126,073</b>	<b>-</b>	<b>408,712</b>
Excess(Deficiency) in revenues over(under) expenditures	82,855	(13,724)	28,900	98,031
OTHER FINANCING USES:				
Transfer out	-	-	(28,611)	(28,611)
Change in fund balances	82,855	(13,724)	289	69,420
Fund balances beginning of year	253,831	75,730	959	330,520
Fund balances end of year	<b>\$ 336,686</b>	<b>62,006</b>	<b>1,248</b>	<b>399,940</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUND ACCOUNTS  
 JUNE 30, 2016

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 938,016	56,339	994,355
Receivables:			
Property tax:			
Delinquent	-	2,136	2,136
Succeeding year	-	211,630	211,630
Due from other governments	127,901	-	127,901
<b>TOTAL ASSETS</b>	<b>\$ 1,065,917</b>	<b>270,105</b>	<b>1,336,022</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 45,466	-	45,466
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	211,630	211,630
Fund balances:			
Restricted for:			
School infrastructure	1,020,451	-	1,020,451
Physical plant and equipment	-	58,475	58,475
Total fund balances	1,020,451	58,475	1,078,926
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,065,917</b>	<b>270,105</b>	<b>1,336,022</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ -	-	214,920	214,920
Other	349	14	14	377
State sources	779,104	-	1,200	780,304
<b>TOTAL REVENUES</b>	<b>779,453</b>	<b>14</b>	<b>216,134</b>	<b>995,601</b>
EXPENDITURES:				
Current:				
Support services:				
Instructional staff	98,356	-	22,444	120,800
Administration	-	-	24,978	24,978
Transportation	-	-	42,149	42,149
Capital outlay	154,634	6	12,488	167,128
<b>TOTAL EXPENDITURES</b>	<b>252,990</b>	<b>6</b>	<b>102,059</b>	<b>355,055</b>
Excess of revenues over expenditures	526,463	8	114,075	640,546
OTHER FINANCING USES:				
Transfers out	(539,870)	(85,150)	(81,726)	(706,746)
Change in fund balances	(13,407)	(85,142)	32,349	(66,200)
Fund balances beginning of year	1,033,858	85,142	26,126	1,145,126
Fund balances end of year	<b>\$ 1,020,451</b>	<b>-</b>	<b>58,475</b>	<b>1,078,926</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2016

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Interest	\$ (178)	436	-	2,243	2,501
Drama	265	-	184	-	81
FCCLA	2,589	7,786	24	(9,302)	1,049
Indian slough project	68	-	-	-	68
Debate	(43)	3,810	2,614	-	1,153
Vocal	1,532	-	-	-	1,532
Band	1,415	-	-	-	1,415
Cheerleading	514	-	83	-	431
Yearbook	(8,369)	2,905	-	5,852	388
General athletics	41,809	67,940	101,929	6,790	14,610
Boys track	103	-	-	311	414
Girls track	1,202	-	807	-	395
Cross country	649	-	-	514	1,163
Golf	1,040	210	-	44	1,294
Color guard	-	250	-	-	250
MS Boys basketball	562	258	-	-	820
Football	3,479	2,189	-	(709)	4,959
Boys soccer	1,014	3,780	1,098	-	3,696
Baseball	2,237	-	-	735	2,972
Wrestling	144	-	-	-	144
Girls basketball	2,700	120	-	(455)	2,365
Volleyball	1,989	1,383	-	(3,029)	343
Girls soccer	3,703	8,031	7,342	-	4,392
Softball	621	960	495	(902)	184
GSA	397	-	-	-	397
Spanish Club	400	250	55	-	595
BPA	3,490	469	757	-	3,202
Student council	5,767	955	2,214	-	4,508
Junior class	1,259	1,914	3,239	233	167
Sophomore class	-	3,493	1,920	-	1,573
HS pop	1,809	5,210	3,312	-	3,707
Wildcat Rocket Club	250	-	-	-	250
Special olympics	988	-	-	-	988
Boys basketball	(47)	-	-	47	-
Extra curricular programs	2,243	-	-	(2,243)	-
NHS	(104)	-	-	104	-
Class of 2016	233	-	-	(233)	-
<b>Total</b>	<b>\$ 75,730</b>	<b>112,349</b>	<b>126,073</b>	<b>-</b>	<b>62,006</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUND  
YEAR ENDED JUNE 30, 2016

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>ASSETS</b>				
Cash and pooled investments	\$ 413	122	3	532
<b>LIABILITIES</b>				
Due to other groups	\$ 413	122	3	532

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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
<b>Local sources:</b>										
Local tax	\$ 3,854,351	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
Tuition	59,063	153,361	147,886	110,209	105,894	130,608	129,496	152,729	148,962	154,807
Other	412,375	342,642	547,163	598,162	338,398	268,772	361,685	425,405	454,548	398,975
Intermediate sources	-	-	-	2,987	9,815	18,251	-	5,858	1,800	-
State sources	6,291,751	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
Federal sources	415,001	487,243	548,123	550,288	746,748	833,838	1,154,070	593,828	510,736	570,722
<b>Total</b>	<b>\$ 11,032,541</b>	<b>11,236,499</b>	<b>11,711,861</b>	<b>12,032,229</b>	<b>12,162,859</b>	<b>12,205,280</b>	<b>11,326,619</b>	<b>11,572,597</b>	<b>11,200,766</b>	<b>10,966,738</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	\$ 3,219,038	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
Special	1,316,683	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
Other	1,653,271	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
<b>Support services:</b>										
Student	220,635	256,405	245,912	325,626	322,385	312,265	295,455	268,589	283,840	276,389
Instructional staff	426,607	389,931	441,859	458,188	561,451	553,689	613,208	593,888	462,139	521,660
Administration	742,445	859,739	954,901	977,940	916,184	821,405	828,144	803,911	798,256	738,172
Operation and maintenance of plant	709,382	805,310	929,989	787,560	900,113	910,855	792,188	776,964	788,611	713,261
Transportation	318,923	644,326	348,696	429,669	400,167	463,548	417,924	397,147	406,402	280,879
Non-instructional programs	4,680	4,486	4,809	3,409	2,650	1,727	2,924	2,800	6,796	1,406
Capital outlay	167,128	238,341	202,811	6,841,607	521,436	239,671	635,909	423,397	206,438	532,969
<b>Long-term debt:</b>										
Principal	1,710,000	695,000	675,000	520,000	580,000	400,000	390,000	355,000	371,734	343,103
Interest and other charges	193,815	207,215	222,402	269,007	78,011	84,500	95,734	150,439	152,800	175,458
<b>Other expenditures:</b>										
AEA flow-through	367,178	365,887	364,542	360,340	364,123	406,756	387,997	358,572	341,676	322,519
<b>Total</b>	<b>\$ 11,049,785</b>	<b>11,124,258</b>	<b>11,397,210</b>	<b>18,125,567</b>	<b>12,049,096</b>	<b>11,368,870</b>	<b>11,647,939</b>	<b>11,251,180</b>	<b>10,828,692</b>	<b>10,408,608</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 16	\$ 81,481
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 16	295,352 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 16	12,525
			<u>389,358</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 16	<u>25,953</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 15	32,831
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 16	263,784
			<u>296,615</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 15	<u>9</u>
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	84.334	FY 16	<u>2,020</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 16	<u>30,202</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 16	<u>2,956</u>
MISSISSIPPI BEND AREA EDUCATION AGENCY: SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 16	<u>41,443</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 16	<u>8,582</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF EDUCATION:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS(AIDS EDUCATION)	93.938	FY 16	<u>223</u>
TOTAL			<u>\$ 797,361</u>

\* Includes \$31,379 in non-cash awards

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Columbus Community School District under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only selected portion of the operations of Columbus Community School District, it is not intended to and does not represent the financial position, changes in financial position or cash flows of Columbus Community School District.

**Summary of Significant Accounting Policies** - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Columbus Community School District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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 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, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 22, 2017.

**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 significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-16 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Coast as items II-B-16 through II-D-16 to be significant deficiencies.

## **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, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **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 22, 2017  
Newton, Iowa

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3040  
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**Independent Auditor's Report on Compliance**  
**for Each Major Program and on Internal Control over Compliance**  
**Required by the Uniform Guidance**

**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) 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to 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 the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

## **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Columbus Community School District's internal control over compliance. Accordingly, we do not express 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 a certain deficiency 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-16 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
NOLTE, CORNMAN & JOHNSON, P.C.

March 22, 2017  
Newton, Iowa

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies 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 the Uniform Guidance, Section 200.515.
- (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
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (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, 2016

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

II-A-16 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.
- 9) Journal Entries - writing, approving and posting.

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 continues to suffer from property tax valuation decline, declining enrollment and limited state funding. The district offered an early retirement package in addition to reduction of force for the 2016-2017 school year to reduce district operational cost. The district will continue to be forced to shift funding to property taxes and income surtaxes.

Conclusion - Response accepted.

II-B-16 Reliable Financial Statements - Iowa School Districts are required to record the financial records on a GAAP Basis of Accounting. The financial records are normally converted at year end, after a year of cash based records. The recognition of receivables, payables, inventory, long-term debt recognition and depreciation of capital assets are all pieces which the accounting personnel is expected to be completing. The individuals performing the accounting function needs to be well trained in all areas to be effective in completing the Certified Annual Report. The Iowa Association of School Business Officials provides training to its members as does the Department

of Education and Software Unlimited Inc. This training helps in providing instruction as well as promotes networking of other accounting personnel.

Necessary adjustments for proper recognition of amounts of receivables and payables were not being completed accurately by the District and were adjusted by the auditors for the Certified Annual Report filed with the Iowa Department of Education. Adjustments were also needed to the cash balances of District funds associated with the revenue bonded indebtedness of the District.

Recommendation - The maintenance of reliable accounting records has and continues to be important in every District. The necessity of the numerous adjustments for the financial statements may indicate that additional training is necessary for the accounting personnel. The District should consider sending their accounting staff to end-of-year training in an effort to provide more reliable financial statements.

Response - The district switched from DataTeam to Software Unlimited in April 2016 and was not aware of the ability to accrue invoices back to the end of the fiscal year. We will work with our software company to schedule end year of the training to ensure that invoices are accurately posted to the correct fiscal year.

Conclusion - Response accepted.

- II-C-16 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 - The district has told all staff that an invoice or supporting documentation needs to be provided before payment will be issued. In the case that an invoice is not available such as; verbal agreement, an email or letter will be required to document the payment.

Conclusion - Response accepted.

- II-D-16 Grant Coding - We noted during our audit numerous journal entries were required to reclassify revenues and expenses relate to various state and federal grants were required at year end to properly account for the grants. The reclassifying of expenses gives the appearance that these grants may not be monitored throughout the year and the District is finding already existing purchases that might qualify for the grant.

Recommendation - The District should determine who and what costs are appropriate prior to payment and operation of the grant. The individual in charge of the grants should be communicating with the accounting department and consistently monitoring financial reports to ensure that the grant is spent for appropriate items as well as in the correct time period.

Response - The business manager was not aware that state foundation aid needed to disbursed out to various grants other than state foundation aid. Mid-year the business manager became aware of the need to separate multiple grants being paid from foundation aid warrants and chose to consistently record all payments to foundation aid as started and allocated to each grant at the end of fiscal year per DE. This has been resolved for the upcoming year.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

**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: 2016  
U.S. Department of Agriculture  
Passed through the Iowa Department of Education

III-A-16 Segregation of Duties - As previously identified in the fiscal year 2015 audit report as item (2016-001) III-A-15, 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) 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 and Corrective Action Planned - The district will continue to review its procedures and attempt to obtain maximum internal control possible given our limited number of employees. We will work to develop a plan that will separate duties at the building as well as the district level.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2016

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

IV-A-16 Certified Budget - District expenditures for the year ended June 30, 2016 exceeded the budgeted amounts in the instruction and other expenditures functional areas and the District exceeded the budget in total.

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

Response - The district was not aware that we needed to amend the budget. We will continue to monitor the budget and review in April & May to see if a budget amendment is necessary.

Conclusion - Response accepted.

IV-B-16 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-16 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-16 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rob Edwards, Maintenance Lawn mower rentals	Purchased services	\$ 798

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

IV-F-16 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. We did note instances of the Board going into closed session without citing the exemption under the Code of Iowa Chapter 21.5 that allows the closed session.

Recommendation - The District should review its procedures to ensure the closed sessions of the Board of Directors are properly handled under the Code of Iowa.

Response - The board secretary was not aware of the need to list the code that allowed for a closed session on the board agenda/minutes. This has been resolved for the upcoming year.

Conclusion - Response accepted.

IV-G-16 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-16 Supplementary Weighting - No variances in supplementary weighting data certified to the Iowa Department of Education were noted.

IV-I-16 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-16 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-16 Categorical Funding - During our audit we noted instances of AP exams and ACT testing were coded to the Gifted and Talented categorical funding which appear unallowable based upon guidance from the Iowa Department of Education. We also noted that the District had benefits coded to the Iowa Early Intervention Block Grant without salaries coded to the grant. In the absences of salaries, it is unclear how the benefits were calculated and would appear to be unallowable.

The following adjustments to carryover balances were made during the audit:

	<u>Unaudited</u>	<u>Adjustments</u>	<u>Audited</u>
Gifted and Talented	\$ 89,980.88	542.00	90,522.88
Iowa Early Intervention Block Grant	54,840.42	4,677.58	59,518.00

Recommendation - The District should review its procedures to ensure that only allowable expenses are coded to the various grants.

Response - The district has notified both the TAG teacher & HS counselor that TAG funding dollars cannot be used for AP fees or ACT exams at all. The benefits coded to Iowa Early Intervention Block Grant was a CAR adjustment made in error; this should have been a reclassification of salary and benefits proportionately.

Conclusion - Response accepted.

IV-L-16 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, 2016, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,033,858
Sales tax revenues	\$ 779,104	
Other local revenues	349	779,453
	<hr/>	<hr/>
Expenditures/transfers out:		
School infrastructure construction	105,134	
Equipment	71,253	
Other	76,603	
Transfers to other funds:		
Debt service	539,870	792,860
	<hr/>	<hr/>
Ending balance		<u>\$ 1,020,451</u>

For the year ended June 30, 2016 the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-16 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 the 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 - All official contracts will be signed by the board president instead of the athletic director.

Conclusion - Response accepted.

IV-N-16 Student Activity Fund - We noted during our audit that the District has five accounts in the Student Activity Fund that have not had any activity in the past two years.

Recommendation - The District should review these accounts to determine if the groups are still active or if the accounts should be closed and the remaining monies reallocated per the discretion of the Board of Directors.

Response - The district has closed out two accounts that were inactive following our March 2017 board meeting. The additional three accounts for groups or entities that have reformed.

Conclusion - Response accepted.

IV-O-16 Transfers - During our audit we noted that the District transferred money from the Capital Projects: Construction Fund to the Debt Service Fund to close the fund after construction projects were complete. Per discussion with District personnel the intention of the board was to use the remaining funds which were received from a revenue bond issuance as partial payment of the sinking requirements on the bonds. It was noted that the official board minutes called for the remaining funds to be transferred to the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Recommendation - The District should review this matter with the Board of Directors and determine what the official intent for the remaining monies was and determine the appropriate procedures.

Response - The board secretary knew the payments from that construction loan came from SAVE and inaccurately stated in notes that the transfer would be from Capital Projects to SAVE instead of Capital Projects to Debt Service. So while the transfer was accurately made the board secretary inadvertently referenced the wrong fund in the board minutes.

Conclusion - Response accepted.