COLUMBUS COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2004

COLUMBUS COMMUNITY SCHOOL DISTRICT
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COLUMBUS COMMUNITY SCHOOL DISTRICT
Officials
June 30, 2004

Name	Title	Term Expires
	Board of Education	
	(Before September 2003 Election)	
Mike Braun	Board President	2003
Marsha Gerot	Board Member	2003
Ed Smith	Board Member	2004
Dan Peters	Board Member	2005
Georgia Kost	Board Member	2005
	(After September 2003 Election)	
Mike Braun	Board President	2006
Ed Smith	Board Member	2004
Dan Peters	Board Member	2005
Georgia Kost	Board Member	2005
Marsha Gerot	Board Member	2006
	School Officials	
Rich Bridenstine	Superintendent	2004
Judy Speth	Business Manager	2004
Gruhn Law Firm	Attorney	2004

KAY L. CHAPMAN, CPA PC
119 Sycamore Street, Suite 100
Muscatine, Iowa 52761
563-264-1385

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Columbus Community School District
Columbus Junction, Iowa

I have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Columbus Community School District, Columbus, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Columbus Community School District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 10 to the financial statements, during the year ended June 30, 2004, Columbus Community School District adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosure; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, I have also issued my reports dated November 10, 2004 on my consideration of Columbus Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 43 through 44 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Columbus Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
November 10, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Columbus Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Because the District is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

2004 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from $8,366,795 in fiscal 2003 to $8,439,956 in fiscal 2004, and General Fund expenditures increased from $7,869,336 in fiscal 2003 to $8,088,237 in fiscal 2004. The District's General Fund balance increased from $(30,941) in fiscal 2003 to $300,926 in fiscal 2004, a 107% increase.

- The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue in fiscal 2004. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and grant expenditures.

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 Assets 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 District government.

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.

Other Supplementary Information provides detailed information about the nonmajor Governmental 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-1
Columbus Community School District Annual Financial Report

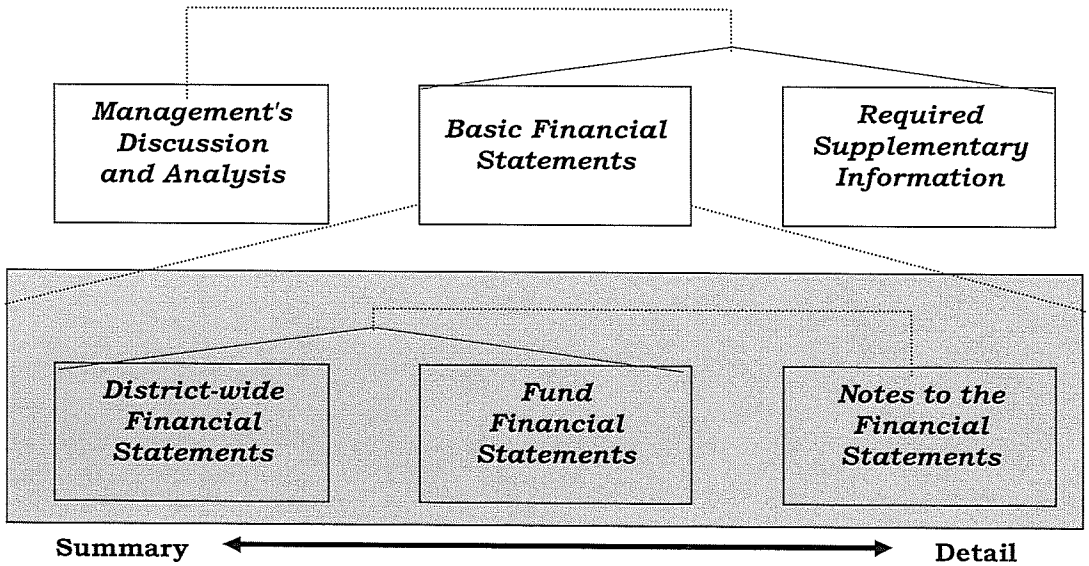

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during 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 Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, student store, apartment rental and 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 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 four Enterprise Funds, the School Nutrition Fund, Wildcat Shop Fund, Rental Fund and Pool Fund.

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

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

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

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2004 compared to June 30, 2003.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2004	2003	2004	2003	2004	2003	2003-2004
Current and other assets	$ 4,813,043	$ 4,935,185	$ 79,785	$ 116,061	$ 4,892,828	$ 5,051,246	-3.14%
Capital assets	7,525,799	7,814,897	27,995	25,798	7,553,794	7,840,695	-3.66%
Total assets	12,338,842	12,750,082	107,780	141,859	12,446,622	12,891,941	-3.45%
Long-term obligations	4,347,778	4,469,116	-	-	4,347,778	4,469,116	-2.72%
Other liabilities	4,252,894	4,777,024	4,516	6,286	4,257,410	4,783,310	-10.99%
Total liabilities	8,600,672	9,246,140	4,516	6,286	8,605,188	9,252,426	-7.00%
Net assets							
Invested in capital assets, net of related debt	3,337,971	3,371,123	27,995	25,798	3,365,966	3,396,921	-0.91%
Restricted	236,367	182,144	-	-	236,367	182,144	29.77%
Unrestricted	163,832	(49,325)	75,269	109,775	239,101	60,450	295.54%
Total net assets	$ 3,738,170	$ 3,503,942	$ 103,264	$ 135,573	$ 3,841,434	$ 3,639,515	5.55%

The District's combined net assets increased by approximately .5.5%, or $201,919, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased $54,223, or approximately 30% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased $178,651, or approximately 295%.

Figure A-4 shows the change in net assets for the year ended June 30, 2004.

Figure A-4
Change in Net Assets

	Governmental Activities	Business-type Activities	Total School District
Revenues			
Program revenues			
Charges for service and sales	$ 527,337	$ 198,033	$ 725,370
Operating grants, contributions and restricted interest	1,779,488	295,416	2,074,904
General revenues			
Property tax	3,361,687	-	3,361,687
Unrestricted state grants	3,881,111	-	3,881,111
Unrestricted investment earnings	20,106	343	20,449
Other	19,058	-	19,058
Total revenues	9,588,787	493,792	10,082,579
Program expenses			
Governmental activities			
Instruction	6,244,227	-	6,244,227
Support services	2,129,934	-	2,129,934
Non-instructional programs	174,882	531,520	706,402
Other expenses	800,097	-	800,097
Total expenses	9,349,140	531,520	9,880,660
Other revenues and expenses			
Interfund operating transfers	(5,419)	5,419	-
Change in net assets	$ 234,228	$ (32,309)	$ 201,919

Property tax and unrestricted state grants account for 72% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 85% of the total expenses.

Governmental Activities

Revenues for governmental activities were $9,588,787 and expenses were $9,349,140. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	$ 6,244,227	$ 4,238,108
Support services	2,129,934	2,126,129
Non-instructional programs	174,882	174,882
Other expenses	800,097	503,196
Total expenses	$ 9,349,140	$ 7,042,315

- The cost financed by users of the District's programs was $527,337.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,779,488.
- The net cost of governmental activities was financed with $3,361,687in property and other taxes and $3,881,111 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were $493,792 and expenses were $434,990. The District's business type activities include the School Nutrition Fund, Wildcat Shop Fund, Rental Fund and Pool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2004, the District meal prices remained the same as the previous fiscal year. The Wildcat fund is still used for expenditures but is no longer an active enterprise activity. The district increased admission prices to the pool but still have a negative balance in the pool fund due to on going maintenance and personnel costs.

INDIVIDUAL FUND ANALYSIS

As previously noted, 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 a combined fund balance of $585,244, well above last year's ending fund balances of $187,236. However, the primary reason for the increase in combined fund balances in fiscal 2004 is due to trimming expenditures and working toward higher efficiency.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues. The increase in revenues was more than offset the District's decrease in General Fund expenditures.

- The General Fund balance increased from $(30,941) to $300,926, due in part to the negotiated salary and benefits settlement, and careful watching of expenditures.

Proprietary Fund Highlights

Enterprise Fund net assets decreased from $135,573 at June 30, 2003 to $103,264 at June 30, 2004, representing a decrease of approximately 24%. For fiscal 2004, the District ceased to have a Wildcat Shop bringing in revenue and increased prices for admission to the swimming pool. Increase in expenditures was caused by a new sidewalk path to the pool, plus on going maintenance and personnel cost.

BUDGETARY HIGHLIGHTS

Over the course of the year, Columbus Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with state and federal grants awarded to the district.

The District's receipts were $910,096 more than budgeted receipts, a variance of 10%. The most significant variance resulted from the District receiving less in state aid than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures to correspond with the expected revenue for the general fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction, non-instructional programs and other expenditures functional areas due to the timing of expenditures paid at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the District had invested $7,553,794, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 4% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was $366,125.

The original cost of the District's capital assets was $11,388,122. Governmental funds account for $11,309,476, with the remainder of $78,646 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2004	2003	2004	2003	2004	2003	2003-2004
Land	$ 406,285	$ 406,285	$ -	$ -	$ 406,285	$ 406,285	0.00%
Buildings and improvements	6,185,577	6,381,795	-	-	6,185,577	6,381,795	-3.07%
Improvements, other than buildings	516,004	559,227	-	-	516,004	559,227	-7.73%
Furniture and equipment	417,933	467,590	27,995	25,798	445,928	493,388	-9.62%
Totals	$7,525,799	$7,814,897	$27,995	$25,798	$7,553,794	$7,840,695	-3.66%

Long-Term Debt

At June 30, 2004, the District had $4,347,778 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 3% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

This debt is reflected in general obligation bonds for the construction of the Roundy Elementary building, the vocational agriculture building and three new buses. Copiers and early retirement are also reflected in this indebtedness.

Figure A-7

Outstanding Long-term Obligations

	Total School District		Total Change
	2004	2003	2003-2004
Bank loans	$ 337,261	$ 433,774	-22.25%
General obligation bonds	3,820,000	4,010,000	-4.74%
Capital leases	30,567	-	0.00%
Early retirement	159,950	25,342	531.17%
Total	$ 4,347,778	$ 4,469,116	-2.72%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District has experienced a significant decrease in student population.
- The district has entered into a long term debt obligation for a QZAB (Qualified Zone Academy Bond) during fiscal 2005. This ten year repayment will occur out of the PPEL fund. The purpose of this loan is to retro fit the high school with geo-thermal heating and cooling.
- The district has entered into long term indebtedness using SILO dollars. This is a ten year loan and will be used for the purpose of retro fitting the high school with geo-thermal heating and cooling.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tanya Purdy, District Board Secretary/Business Manager, Columbus Community School District, Columbus Junction, Iowa 52738.

Basic Financial Statements

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit A

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents			
ISCAP	$ 1,088,600	$ -	$ 1,088,600
Other	445,923	73,266	519,189
Receivables			
Property tax			
Delinquent	37,834	-	37,834
Succeeding year	3,071,395	-	3,071,395
Accounts receivable	1,421	90	1,511
Accrued interest - ISCAP	2,898	-	2,898
Due from other governments	164,972	-	164,972
Inventories	-	6,429	6,429
Capital assets, net of accumulated depreciation	7,525,799	27,995	7,553,794
Total assets	12,338,842	107,780	12,446,622
LIABILITIES			
Accounts payable	59,791	4,516	64,307
Accrued interest payable	25,095	-	25,095
ISCAP warrants payable	1,082,000	-	1,082,000
ISCAP accrued interest payable	4,393	-	4,393
ISCAP unamortized premium	10,220	-	10,220
Deferred revenue - succeeding year property tax	3,071,395	-	3,071,395
Long-term liabilities			
Portion due within one year			
Bonds payable	200,000	-	200,000
Notes payable	162,007	-	162,007
Capital leases payable	17,498	-	17,498
Early retirement	47,759	-	47,759
Portion due after one year			
Bonds payable	3,620,000	-	3,620,000
Notes payable	175,254	-	175,254
Capital leases payable	13,069	-	13,069
Early retirement	112,191	-	112,191
Total liabilities	8,600,672	4,516	8,605,188

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit A

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business-type Activities	Total
NET ASSETS			
Invested in capital assets, net of related debt	$ 3,337,971	$ 27,995	$ 3,365,966
Restricted for			
Public educational and recreational levy	293	-	293
Physical plant and equipment levy	64,576	-	64,576
Other special revenue purposes	30,919	-	30,919
Debt service	2,381	-	2,381
Capital projects	138,198	-	138,198
Unrestricted	163,832	75,269	239,101
Total net assets	$ 3,738,170	$ 103,264	$ 3,841,434

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2004

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities							
Instruction							
Regular instruction	$ 3,879,875	$ 278,435	$ 1,101,997	$ -	$ (2,499,443)	$ -	$ (2,499,443)
Special instruction	1,744,199	24,426	375,703	-	(1,344,070)	-	(1,344,070)
Other instruction	620,153	220,671	4,887	-	(394,595)	-	(394,595)
	6,244,227	523,532	1,482,587	-	(4,238,108)	-	(4,238,108)
Support services							
Student services	90,198	-	-	-	(90,198)	-	(90,198)
Instructional staff services	402,674	-	-	-	(402,674)	-	(402,674)
Administration services	623,860	-	-	-	(623,860)	-	(623,860)
Operation and maintenance of plant services	689,193	2,067	-	-	(687,126)	-	(687,126)
Transportation services	312,534	1,738	-	-	(310,796)	-	(310,796)
Central support services	11,475	-	-	-	(11,475)	-	(11,475)
	2,129,934	3,805	-	-	(2,126,129)	-	(2,126,129)
Non-instructional programs	174,882	-	-	-	(174,882)	-	(174,882)
Other expenditures							
Facilities acquisition	45,838	-	-	-	(45,838)	-	(45,838)
Long-term debt interest	195,421	-	-	-	(195,421)	-	(195,421)
AEA flowthrough	296,901	-	296,901	-	-	-	-
Depreciation (unallocated) *	261,937	-	-	-	(261,937)	-	(261,937)
	800,097	-	296,901	-	(503,196)	-	(503,196)
Total governmental activities	9,349,140	527,337	1,779,488	-	(7,042,315)	-	(7,042,315)

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2004

Exhibit B

Functions/Programs (continued)	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Business-type activities							
Non-instructional programs							
Nutrition services	$ 486,187	$ 170,414	$ 295,416	$ -	$ -	$ (20,357)	$ (20,357)
School store	514	50	-	-	-	(464)	(464)
Rental	6,160	-	-	-	-	(6,160)	(6,160)
Pool	38,659	27,569	-	-	-	(11,090)	(11,090)
Total business-type activities	531,520	198,033	295,416	-	-	(38,071)	(38,071)
Total	$ 9,880,660	$ 725,370	$ 2,074,904	$ -	(7,042,315)	(38,071)	(7,080,386)
General Revenues							
Property tax levied for							
General purposes					2,702,955	-	2,702,955
Capital outlay					291,364	-	291,364
Debt service					367,368	-	367,368
Unrestricted state grants					3,881,111	-	3,881,111
Unrestricted investment earnings					20,106	343	20,449
Other					19,058	-	19,058
Transfers					(5,419)	5,419	-
Total general revenues					7,276,543	5,762	7,282,305
Change in net assets					234,228	(32,309)	201,919
Net assets, beginning of year, as restated					3,503,942	135,573	3,639,515
Net assets, end of year					$ 3,738,170	$ 103,264	$ 3,841,434

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

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2004

	General	Nonmajor Governmental Funds	Total
ASSETS			
Cash and pooled investments			
ISCAP	$ 1,088,600	$ -	$ 1,088,600
Other	165,263	280,660	445,923
Receivables			
Property tax			
Delinquent	28,446	9,388	37,834
Succeeding year	2,310,685	760,710	3,071,395
Accounts receivable	1,206	215	1,421
Accrued interest - ISCAP	2,898	-	2,898
Due from other governments	158,514	6,458	164,972
Total assets	$ 3,755,612	$ 1,057,431	$ 4,813,043
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 47,388	$ 12,403	$ 59,791
ISCAP warrants payable	1,082,000	-	1,082,000
ISCAP accrued interest payable	4,393	-	4,393
ISCAP unamortized premium	10,220	-	10,220
Deferred revenue			
Succeeding year property tax	2,310,685	760,710	3,071,395
Total liabilities	3,454,686	773,113	4,227,799
Fund balances			
Reserved for			
Phase III	648	-	648
Talented and gifted program	27,830	-	27,830
Unreserved, undesignated			
Special revenue funds	-	118,644	118,644
Other governmental	272,448	165,674	438,122
Total fund balances	300,926	284,318	585,244
Total liabilities and fund balances	$ 3,755,612	$ 1,057,431	$ 4,813,043

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2004

Total fund balances of governmental funds	$ 585,244
Amounts reported for governmental activites in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, and, therefore, are not reported as assets in the governmental funds.	7,525,799
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(25,095)
Long-term liabilities, including early retirement, bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(4,347,778)
Net assets of governmental activities	$ 3,738,170

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	General	Nonmajor Governmental Funds	Total
Revenues			
Local sources			
Local tax	$ 2,500,455	$ 846,008	$ 3,346,463
Tuition	149,357	-	149,357
Other	128,069	289,075	417,144
State sources	4,725,070	13,749	4,738,819
Federal sources	937,005	-	937,005
Total revenues	8,439,956	1,148,832	9,588,788
Expenditures			
Current			
Instruction			
Regular instruction	3,591,485	132,790	3,724,275
Special instruction	1,744,199	-	1,744,199
Other instruction	389,569	230,584	620,153
	5,725,253	363,374	6,088,627
Support services			
Student services	86,604	3,594	90,198
Instructional staff services	399,080	3,594	402,674
Administration services	564,525	44,913	609,438
Operation and maintenance of plant services	607,479	78,306	685,785
Transportation services	233,513	90,682	324,195
Central support services	-	11,475	11,475
	1,891,201	232,564	2,123,765
Non-instructional programs	174,882	-	174,882
Other expenditures			
Facilities acquisition	-	45,838	45,838
Long-term debt			
Principal	-	362,255	362,255
Interest and fiscal charges	-	199,401	199,401
AEA flowthrough	296,901	-	296,901
	296,901	607,494	904,395
Total expenditures	8,088,237	1,203,432	9,291,669

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	General	Nonmajor Governmental Funds	Total
Excess (deficiency) of revenues over (under) expenditures	$ 351,719	$ (54,600)	$ 297,119
Other financing sources (uses)			
Proceeds of long-term debt	-	106,308	106,308
Interfund operating transfers	(19,852)	14,433	(5,419)
Total other financing sources (uses)	(19,852)	120,741	100,889
Net change in fund balances	331,867	66,141	398,008
Fund balance, beginning of year	(30,941)	218,177	187,236
Fund balance, end of year	$ 300,926	$ 284,318	$ 585,244

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances-Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2004

Net change in fund balances - total governmental funds		$ 398,008
Amounts reported for governmental activites in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:		
Capital outlays	$ 70,538	
Depreciation expense	(359,636)	(289,098)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		362,254
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.		
Early retirement		(134,608)
Proceeds of long-term debt provide current financial resources to governmental funds but increase long-term liabilities in the Statement of Net Assets.		(106,308)
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.		3,980
Change in net assets of governmental activities		$ 234,228

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit G

Statement of Net Assets
Proprietary Funds
June 30, 2004

	School Nutrition	Nonmajor Enterprise	Total
ASSETS			
Cash and pooled investments	$ 89,711	$ -	$ 89,711
Accounts receivable	-	90	90
Inventories	6,429	-	6,429
Capital assets, net of accumulated depreciation	27,995	-	27,995
Total assets	124,135	90	124,225
LIABILITIES			
Accounts payable	408	4,108	4,516
Warrants issued in excess of bank balance	-	16,445	16,445
Total liabilities	408	20,553	20,961
NET ASSETS			
Invested in capital assets, net of related debt	27,995	-	27,995
Unrestricted	95,732	(20,463)	75,269
Total net assets	$ 123,727	$ (20,463)	$ 103,264

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit H

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

	School Nutrition	Nonmajor Enterprise	Total
Operating revenue			
Local sources			
Charges for service	$ 170,414	$ 27,619	$ 198,033
Operating expenses			
Non-instructional programs			
Salaries	214,928	13,186	228,114
Benefits	42,976	1,228	44,204
Purchased services	2,178	21,478	23,656
Supplies	219,192	9,441	228,633
Miscellaneous	424	-	424
Depreciation	6,489	-	6,489
Total operating expenses	486,187	45,333	531,520
Operating loss	(315,773)	(17,714)	(333,487)
Non-operating revenue			
Interest income	343	-	343
Interfund operating transfers in	-	5,419	5,419
State sources	6,661	-	6,661
Federal sources	288,755	-	288,755
Total non-operating revenue	295,759	5,419	301,178
Change in net assets	(20,014)	(12,295)	(32,309)
Net assets, beginning of year	143,741	(8,168)	135,573
Net assets, end of year	$ 123,727	$ (20,463)	$ 103,264

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit I

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	School Nutrition	Nonmajor Enterprise	Total
Cash flows from operating activities			
Cash received from sale of lunches and breakfasts	$ 170,414	$ -	$ 170,414
Cash received from sale of other services	-	27,629	27,629
Cash payments to employees for services	(257,904)	(14,414)	(272,318)
Cash payments to suppliers for goods and services	(188,193)	(33,097)	(221,290)
Net cash used in operating activities	(275,683)	(19,882)	(295,565)
Cash flows from non-capital financing activities			
State grants received	6,661	-	6,661
Federal grants received	260,410	-	260,410
Net cash provided by non-capital financing activities	267,071	-	267,071
Cash flows from capital and related financing activities			
Acquisition of capital assets	(8,686)	-	(8,686)
Cash flows from investing activities			
Interfund operating transfers in	-	5,419	5,419
Interest on investments	343	-	343
Net cash provided by investing activities	343	5,419	5,762
Net decrease in cash and cash equivalents	(16,955)	(14,463)	(31,418)
Cash and cash equivalents, beginning of year	106,666	(1,982)	104,684
Cash and cash equivalents, end of year	$ 89,711	$ (16,445)	$ 73,266

Reconciliation of operating loss to net cash used in operating activities

Operating loss	$ (315,773)	$ (17,714)	$ (333,487)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation	6,489	-	6,489
Commodities used	28,345	-	28,345
Decrease in accounts receivable	-	10	10
Decrease in inventories	4,848	-	4,848
Increase (decrease) in accounts payable	408	(2,178)	(1,770)
Net cash used in operating activities	$ (275,683)	$ (19,882)	$ (295,565)

Non-cash investing, capital and financing activities

During the year ended June 30, 2004, the District received $28,345 of federal commodities.

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit J

Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2004

	Private Purpose Trust Scholarships
Assets	
Cash and pooled investments	$ 2,934
Liabilities	-
Net assets	
Reserved for scholarships	$ 2,934

See notes to financial statements and Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Exhibit K

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2004

	Private Purpose Trust Scholarships
Additions	
Local sources	
Gifts and contributions	$ 7,500
Deductions	
Support services	
Scholarships	17,954
Change in net assets	(10,454)
Net assets, beginning of year	13,388
Net assets, end of year	$ 2,934

See notes to financial statements and Independent Auditor's Report.

Note 1. Summary of Significant Accounting Policies

The Columbus Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Columbus Junction, Columbus City, Conesville, Cotter and Fredonia, Iowa, and the 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 Governmental 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 Columbus Community School District has no component units, which meet the Governmental Accounting Standards Board criteria.

The District does not participate in any jointly governed organizations for which the District is financially accountable or that the nature and significance of the relationship with the District are such that exclusion would cause the District's financial statements to be misleading.

B. Basis of Presentation

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

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have 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 restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

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

The District reports the following major proprietary fund:

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

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund consists of the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, early retirement and claims and judgments 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 the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2003.

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

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. 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
Improvements other than buildings	$2,500
Furniture and equipment:	
School Nutrition Fund equipment	$ 500
Other furniture and equipment	$2,500

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

Asset Class	Useful Life
Buildings	10-40 years
Improvements other than buildings	10-20 years
Furniture and equipment	5-15 years

Early Retirement - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2004. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

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 Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, expenditures exceeded the amounts budgeted in the Instruction, Non-instructional Programs and Other Expenditures functions. However, the District did not exceed its General Fund unspent authorized budget.

Note 2. Cash and Pooled Investments

The District's deposits at June 30, 2004, 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. The District had no investments at June 30, 2004.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
Debt Service	General	$ 19,852
	Physical Plant and Equipment Levy	176,141
		195,993
Enterprise, Pool	Public Education and Recreation Levy	5,419
Total		$ 201,412

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

Note 4. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2004, is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2003-04B	1/30/04	1/28/05	$ 532,602	$ 2,898	$ 529,000	$ 4,393	$ 2,550
2004-05A	6/30/04	6/30/05	555,998	-	553,000	-	7,670
			$ 1,088,600	$ 2,898	$ 1,082,000	$ 4,393	$10,220

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In additions, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General fund for the year ended June 30, 2004 is as follows:

Series	Balance, Beginning of Year	Advances Received	Advances Repaid	Balance, End of Year
2003-04A	$ -	$ 500,000	$ 500,000	$ -

The warrants bear an interest rate and the proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2003-04A	2.000%	2.6030%
2003-04B	2.000%	1.3920%
2004-05A	3.000%	2.4600%

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2004 was as follows:

Governmental activities	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Capital assets not being depreciated:				
Land	$ 406,285	$ -	$ -	$ 406,285
Capital assets being depreciated:				
Buildings and improvements	8,676,656	-	-	8,676,656
Improvements other than buildings	920,141	-	-	920,141
Furniture and equipment	1,273,287	70,538	(37,431)	1,306,394
Total capital assets being depreciated	10,870,084	70,538	(37,431)	10,903,191
Less accumulated depreciation for:				
Buildings and improvements	2,294,861	196,218	-	2,491,079
Improvements other than buildings	360,914	43,223	-	404,137
Furniture and equipment	805,697	120,195	(37,431)	888,461
Total accumulated depreciation	3,461,472	359,636	(37,431)	3,783,677
Total capital assets being depreciated, net	7,408,612	(289,098)	-	7,119,514
Governmental activities capital assets, net	$ 7,814,897	$(289,098)	$ -	$ 7,525,799
Business-type activities				
Furniture and equipment	$ 71,455	$ 7,191	$ -	$ 78,646
Less accumulated depreciation	44,162	6,489	-	50,651
Business-type activities capital assets, net	$ 27,293	$ 702	$ -	$ 27,995

Depreciation expense was charged to the following functions:

Governmental activities	
Instruction	
Regular	$ 20,992
Support services	
Administration	14,422
Operation and maintenance of plant	3,408
Transportation	58,877
Unallocated	261,937
Total governmental activities depreciation expense	$ 359,636
Business-type activities	
Food services	$ 6,489

Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2004 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	$ 4,010,000	$ -	$(190,000)	$ 3,820,000	$ 200,000
Bank loans	433,774	58,903	(155,416)	337,261	162,007
Capital leases	-	47,405	(16,838)	30,567	17,498
Early retirement	25,342	159,950	(25,342)	159,950	47,759
Totals	$ 4,469,116	$ 266,258	$(387,596)	$ 4,347,778	$ 427,264

Bank Loans Payable

The District has entered into loan agreements with Community Bank of Columbus Junction on August 26, 2002 and October 23, 2003. The August 26, 2002 loan was for $113,416 for the purchase of a bus at 4.0 percent. The October 23, 2003 loan was for $58,903 at 3.75 percent to purchase a bus. The District also entered into two loan agreements dated September 20, 2000 with Columbus Junction State Bank. One of the loans dated September 20, 2000 were for $422,171 for construction of a VoAg building at 5.0 percent and the other was for $85,500 for the purchase of technology equipment at 5.0 percent. At June 30, 2004, the bus loan from October 11, 2000 was fully repaid and the other loans had balances of $165,331, $58,903, $77,600 and $35,427, respectively. The loans are scheduled to be repaid as follows:

Year Ending	Loan of September 20, 2000			Loan of October 23, 2003		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2005	$ 86,932	$ 6,984	$ 93,916	$ 18,937	$ 2,209	$ 21,146
2006	78,399	1,731	80,130	19,647	1,499	21,146
2007	-	-	-	20,319	827	21,146
Totals	$165,331	$ 8,715	$ 174,046	$ 58,903	$ 4,535	$ 63,438

Year Ending	Loan of August 26, 2002			Loan of September 20, 2000		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2005	$ 38,057	$ 3,104	$ 41,161	$ 18,081	$ 1,771	$ 19,852
2006	39,543	1,618	41,161	17,346	290	17,636
2007	-	-	-	-	-	-
Totals	$ 77,600	$ 4,722	$ 82,322	$ 35,427	$ 2,061	$ 37,488

Year Ending June 30,	Totals Principal	Interest	Total
2005	$162,007	$ 14,068	$ 176,075
2006	154,935	5,138	160,073
2007	20,319	827	21,146
Totals	$337,261	$ 20,033	$ 357,294

Bonds Payable

Details of the District's June 30, 2004 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2005	$ 200,000	$ 167,612	$ 367,612
2006	210,000	159,313	369,313
2007	220,000	150,597	370,597
2008	230,000	141,468	371,468
2009	240,000	131,922	371,922
2010	250,000	121,963	371,963
2011	260,000	111,462	371,462
2012	275,000	100,413	375,413
2013	285,000	88,725	373,725
2014	300,000	76,327	376,327
2015	315,000	62,827	377,827
2016	330,000	48,495	378,495
2017	345,000	33,315	378,315
2018	360,000	17,100	377,100
Totals	$ 3,820,000	$ 1,411,539	$ 5,231,539

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least fifty-nine years of age and employees must have completed fifteen years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2004, totaled $25,342.

Capital Leases

The District has entered into a contractual agreements to lease copiers and musical instruments. These agreements represent lease-purchase agreements and, in substance, are capital leases as ownership of the property transfers to the District at the end of the lease terms. A schedule of future minimum lease payments and the present value of net minimum lease payments as of June 30, 2004 is as follows:

Year Ending June 30,	Payments
2005	$ 20,656
2006	9,180
2007	3,137
2008	3,137
2009	3,137
	39,247
Less amount representing interest	(8,680)
Present value of net minimum lease payments	$ 30,567

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were $298,404, $292,550 and $303,161, respectively, equal to the required contributions for each year.

Note 8. Risk Management

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled $296,901 for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Accounting Change and Restatements

Governmental Accounting Standards Board (GASB) Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements separate the District's programs between governmental and business type activities. The beginning net assets for governmental activities has been restated to include capital assets, long-term liabilities and the changes in assets and liabilities at July 1, 2003 caused by the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

	Fund		
	General	Total Nonmajor Governmental	Total
Net assets June 30, 2003, as previously reported	$ (30,941)	$ 218,177	$ 187,236
GASB Interpretation 6 adjustments	-	-	-
Net assets July 1, 2003, as restated for governmental funds	$ (30,941)	218,177	187,236

GASB 34 adjustments:		
Capital assets, net of accumulated depreciation of $3,461,472		7,814,897
Long-term liabilities:		
General obligation bonds	$ 4,010,000	
Loans	433,774	
Capital leases	-	
Early retirement	25,342	(4,469,115)
Accrued interest payable		(29,076)
Net assets July 1, 2003, as restated		$ 3,503,942

Note 11. Subsequent Event – Local Option Sales and Services Tax

Louisa County voters authorized the Local Option Sales and Services Tax beginning July 1, 2004. This tax is an additional sales tax of 1% on all taxable sales in Louisa County and will continue for 10 years. The revenue from this tax will be distributed to all school districts with students residing in Louisa County on a per student basis. Columbus Community School District anticipates receiving $94,882 from this tax annually beginning with the fiscal year ending June 30, 2005.

Required Supplementary Information

COLUMBUS COMMUNITY SCHOOL DISTRICT
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual
All Governmental Funds and Proprietary Funds
Required Supplementary Information
For the Year Ended June 30, 2004

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues						
Local sources	$ 3,912,964	$ 198,376	$ 4,111,340	$ 3,966,357	$ 3,966,357	$ 144,983
State sources	4,738,819	6,661	4,745,480	4,593,643	4,593,643	151,837
Federal sources	937,005	288,755	1,225,760	612,484	612,484	613,276
Total revenues	9,588,788	493,792	10,082,580	9,172,484	9,172,484	910,096
Expenditures						
Instruction	6,088,627	-	6,088,627	5,523,607	6,077,608	(11,019)
Support services	2,123,765	-	2,123,765	2,034,190	2,314,190	190,425
Non-instructional programs	174,882	531,520	706,402	552,559	634,309	(72,093)
Other expenditures	904,395	-	904,395	875,857	875,857	(28,538)
Total expenditures	9,291,669	531,520	9,823,189	8,986,213	9,901,964	78,775
Excess (deficiency) of revenues over (under) expenditures	297,119	(37,728)	259,391	186,271	(729,480)	988,871
Other financing sources, net	100,889	5,419	106,308	172,273	172,273	(65,965)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	398,008	(32,309)	365,699	358,544	(557,207)	922,906
Balance, beginning of year	187,236	135,573	322,809	267,137	267,137	55,672
Balance, end of year	$ 585,244	$ 103,264	$ 688,508	$ 625,681	$ (290,070)	$ 978,578

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2004

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 a basis consistent with U.S. generally accepted accounting principles.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by $915,751.

During the year ended June 30, 2004, District expenditures exceeded the amounts budgeted in the Instruction, Non-instructional Programs and Other Expenditures functions. However, the General Fund expenditures did not exceed the unspent authorized budget.

Other Supplementary Information

COLUMBUS COMMUNITY SCHOOL DISTRICT

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Special Revenue						
	Management	Student Activity	Physical Plant and Equipment Levy	Public Education and Recreation Levy	Capital Projects	Debt Service	Total
ASSETS							
Cash and pooled investments	$ 20,405	$ 35,579	$ 62,408	$ -	$ 139,266	$ 23,002	$ 280,660
Receivables							
Property tax							
Delinquent	2,453	-	2,168	293	-	4,474	9,388
Succeeding year	197,000	-	172,810	23,287	-	367,613	760,710
Accounts receivable	-	215	-	-	-	-	215
Due from other governments	-	-	-	-	6,458	-	6,458
Total assets	$ 219,858	$ 35,794	$ 237,386	$ 23,580	$ 145,724	$ 395,089	$ 1,057,431
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts payable	$ 2	$ 4,875	$ -	$ -	$ 7,526	$ -	$ 12,403
Deferred revenue							
Succeeding year property tax	197,000	-	172,810	23,287	-	367,613	760,710
Total liabilities	197,002	4,875	172,810	23,287	7,526	367,613	773,113
Fund equity							
Unreserved fund balances	22,856	30,919	64,576	293	138,198	27,476	284,318
Total liabilities and fund equity	$ 219,858	$ 35,794	$ 237,386	$ 23,580	$ 145,724	$ 395,089	$ 1,057,431

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Special Revenue						
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Public Education and Recreation Levy	Capital Projects	Debt Service	Total
Revenues							
Local sources							
Local taxes	$ 197,433	$ -	$ 175,182	$ 23,565	$ 89,012	$ 360,816	$ 846,008
Other	49,690	221,031	891	5	16,959	499	289,075
State sources	3,592	-	3,176	429	-	6,552	13,749
Total revenues	250,715	221,031	179,249	23,999	105,971	367,867	1,148,832
Expenditures							
Current							
Instruction							
Regular program instruction	132,790	-	-	-	-	-	132,790
Other instruction	-	218,655	11,929	-	-	-	230,584
Support services							
Student services	3,594	-	-	-	-	-	3,594
Instructional staff services	3,594	-	-	-	-	-	3,594
Administration services	9,437	-	35,476	-	-	-	44,913
Operation and maintenance of plant services	53,782	-	6,237	18,287	-	-	78,306
Transportation services	20,144	-	70,538	-	-	-	90,682
Central support services	11,475	-	-	-	-	-	11,475

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Special Revenue						
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Public Education and Recreation Levy	Capital Projects	Debt Service	Total
Expenditures (continued)							
Other expenditures							
Facilities acquisition and construction	$ -	$ -	$ -	$ -	$ 45,838	$ -	$ 45,838
Long-term debt: Principal	-	-	-	-	-	362,255	362,255
Interest and fiscal charges	-	-	-	-	-	199,401	199,401
Total expenditures	234,816	218,655	124,180	18,287	45,838	561,656	1,203,432
Excess (deficiency) of revenues over (under) expenditures	15,899	2,376	55,069	5,712	60,133	(193,789)	(54,600)
Other financing sources (uses)							
Proceeds of capital leases	-	-	106,308	-	-	-	106,308
Operating transfers in (out)	-	-	(176,141)	(5,419)	-	195,993	14,433
Total other financing sources (uses)	-	-	(69,833)	(5,419)	-	195,993	120,741
Excess (deficiency) of revenue and other financing sources over (under) expenditures	15,899	2,376	(14,764)	293	60,133	2,204	66,141
Fund balances, beginning of year	6,957	28,543	79,340	-	78,065	25,272	218,177
Fund balances, end of year	$ 22,856	$ 30,919	$ 64,576	$ 293	$ 138,198	$ 27,476	$ 284,318

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Schedule 3

Combining Statement of Fund Net Assets
Nonmajor Proprietary Funds
June 30, 2004

	Enterprise			
	Wildcat Shop	Rental	Pool	Total
ASSETS				
Cash and pooled investments	$ 8,343	$ 2,826	$ -	$ 11,169
Accounts receivable	-	-	90	90
Total assets	8,343	2,826	90	11,259
LIABILITIES				
Warrants issued in excess of bank balance	-	-	27,614	27,614
Accounts payable	-	-	4,108	4,108
Total liabilities	-	-	31,722	31,722
NET ASSETS				
Unrestricted	8,343	2,826	(31,632)	(20,463)
Total net assets	$ 8,343	$ 2,826	$ (31,632)	$ (20,463)

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Schedule 4

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2004

	Enterprise			
	Wildcat Shop	Rental	Pool	Total
Operating revenue				
Local sources				
Charges for service	$ 50	$ -	$ 27,569	$ 27,619
Operating expenses				
Non-instructional programs				
Salaries	-	-	13,186	13,186
Benefits	-	-	1,228	1,228
Purchased services	-	6,160	15,318	21,478
Supplies	514	-	8,927	9,441
Total operating expenses	514	6,160	38,659	45,333
Operating loss	(464)	(6,160)	(11,090)	(17,714)
Non-operating revenue				
Interfund operating transfers in	-	-	5,419	5,419
Change in net assets	(464)	(6,160)	(5,671)	(12,295)
Net assets, beginning of year	8,807	8,986	(25,961)	(8,168)
Net assets, end of year	$ 8,343	$ 2,826	$ (31,632)	$ (20,463)

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Schedule 5

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2004

	Enterprise			
	Wildcat Shop	Rental	Pool	Total
Cash flows from operating activities				
Cash received from sale of services	$ 50	$ -	$ 27,579	$ 27,629
Cash payments to employees for services	-	-	(14,414)	(14,414)
Cash payments to suppliers for goods and services	(514)	(6,160)	(26,423)	(33,097)
Net cash used by operating activities	(464)	(6,160)	(13,258)	(19,882)
Cash flows from non-capital financing activities	-	-	-	-
Cash flows from capital and related financing activities	-	-	-	-
Cash flows from investing activities				
Interfund operating transfer in	-	-	5,419	5,419
Net decrease in cash and cash equivalents	(464)	(6,160)	(7,839)	(14,463)
Cash and cash equivalents, beginning of year	8,807	8,986	(19,775)	(1,982)
Cash and cash equivalents, end of year	$ 8,343	$ 2,826	$ (27,614)	$ (16,445)
Reconciliation of operating loss to net cash used in operating activities				
Operating loss	$ (464)	$ (6,160)	$ (11,090)	$ (17,714)
Adjustments to reconcile operating loss to net cash used in operating activities				
Decrease in accounts receivable	-	-	10	10
Decrease in accounts payable	-	-	(2,178)	(2,178)
Net cash used in operating activities	$ (464)	$ (6,160)	$ (13,258)	$ (19,882)

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Schedule 6

Schedule of Changes in Special Revenue Funds, Student Activity Accounts
For the Year Ended June 30, 2004

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Interest	$ 563	$ 360	$ -	$ (923)	$ -
Concessions - pop	6,307	9,975	11,749	(4,782)	(249)
Recycle pop cans	814	85	-	-	899
Elementary pop	4,396	8,785	5,896	(1,917)	5,368
Fitness pop	-	1,679	1,900	221	-
Crazy Carmel Corn	2,403	1,263	2,413	-	1,253
Revolving	2,533	6,829	9,467	235	130
Elementary playground	7,156	1,883	878	-	8,161
MS fundraisers	9,439	26,179	35,193	-	425
6th grade mural	317	-	-	(317)	-
Display frames	1,131	1,060	-	(2,191)	-
Athletics	(19,725)	71,256	68,764	4,539	(12,694)
Speech and drama	-	1,603	1,401	-	202
Annual	(9,454)	4,980	3,734	4,687	(3,521)
Band activity	470	3,460	3,512	-	418
Vocal activity	750	11,020	10,552	-	1,218
Science and math	548	-	-	-	548
Cheerleaders	2,355	7,275	11,502	674	(1,198)
Dance team	993	4,019	4,391	-	621
FHA	2,160	10,344	10,492	-	2,012
FFA	-	10,361	10,432	-	(71)
Indian Slough project	6,305	22,650	10,265	-	18,690
NHS	673	498	1,957	786	-
BPA	769	-	-	-	769
Student council	1,616	1,235	1,323	-	1,528
Class of					
2006	-	2,184	638	-	1,546
2005	2,193	335	2,201	-	327
2003	834	-	-	(834)	-
2004	706	1,155	757	-	1,104
United fund	685	300	770	-	215
Book fair	55	7,040	6,815	-	280
Needy families	228	-	-	-	228
D.A.R.E. program	178	-	-	(178)	-
Close Up	-	2,348	-	-	2,348
Summer art	250	-	-	-	250
Activity club	895	870	1,653	-	112
Totals	$ 28,543	$ 221,031	$ 218,655	$ -	$ 30,919

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Schedule 7

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Four Years

	Modified Accrual Basis			
	2004	2003	2002	2001
Revenues				
Local sources				
Local tax	$ 3,346,463	$ 3,277,051	$ 2,968,958	$ 2,990,526
Tuition	149,357	148,631	124,462	90,968
Other	417,144	481,473	443,848	450,927
State sources	4,738,819	4,879,966	4,782,810	4,447,287
Federal sources	937,005	846,166	656,872	537,934
Total revenues	$ 9,588,788	$ 9,633,287	$ 8,976,950	$ 8,517,642
Expenditures				
Instruction				
Regular instruction	3,724,275	3,761,410	3,855,956	3,528,483
Special instruction	1,744,199	1,564,312	1,544,343	1,553,835
Other instruction	620,153	622,792	683,780	619,241
Support services				
Student services	90,198	143,266	123,834	184,294
Instructional staff services	402,674	356,831	162,132	150,420
Administration services	609,438	679,131	641,240	527,302
Operation and maintenance of plant services	685,785	733,809	561,250	871,068
Transportation services	324,195	216,706	228,622	221,291
Central support services	11,475	-	-	-
Non-instructional programs	174,882	204,054	256,678	183,043
Other expenditures				
Facilities acquisition	45,838	160,845	192,209	1,473,675
Long-term debt				
Principal	362,255	317,473	323,375	230,848
Interest and other charges	199,401	206,194	215,654	203,004
AEA flowthrough	296,901	310,382	312,227	302,632
Total expenditures	$ 9,291,669	$ 9,277,205	$ 9,101,300	$ 10,049,136

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT

Schedule 8

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect			
U.S. Department of Agriculture			
Iowa Department of Education			
Food distribution program (non-cash)	10.500	FY04	$ 21,860
National School Breakfast Program	10.553	FY04	50,657
National School Lunch Program	10.555	FY04	209,753
Growing in the Garden	10.561	FY04	19,874
Total Department of Agriculture			302,144
U.S. Department of Education			
Iowa Department of Education			
Title I Grants to Local Educational Agencies - Migrant	84.011	FY04	36,000
Title I Grants to Local Educational Agencies	84.010	FY04	212,266
Innovative Education Program Strategies (Title V Program)	84.298	FY04	9,385
Safe and Drug-free Schools and Communities	84.186	FY04	8,423
State assessment grants - Title VIA	84.369	FY04	6,150
Improving Teacher Quality State Grants - Title IIA	84.367	FY04	39,636
Reading First	84.357	FY04	133,231
Comprehensive School Reform Demonstration grant	84.332	FY04	110,945
21st Century Learning grant	84.287A	FY04	167,270
Comprehensive School Reform Demonstration grant - Title III	84.365	FY04	15,000
Total Iowa Department of Education			738,306
Area Education Agency			
Comprehensive School Reform Demonstration grant - Title III	84.365	FY04	27,043
Special Education-Grants to States-Success 4	84.027	FY04	4,466
Special Education - Part B funding	84.027	FY04	46,588
Vocational Education - Basic Grants to States	84.048	FY04	99
Total Area Education Agency			78,196
Total Department of Education			816,502
Total federal awards			$1,118,646

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

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Part I. Summary of the Independent Auditor's Results

1. An unqualified opinion was issued on the financial statements.

2. Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.

3. The audit did not disclose any noncompliance which is material to the financial statements.

4. A reportable condition in internal control over major programs was disclosed by the audit of the financial statements, including a material weakness.

5. An unqualified opinion was issued on compliance with requirements applicable to each major program.

6. The audit disclosed an audit finding, which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

7. Major programs were as follows:

   - CFDA Number 84.010 Title I Grants to Local Educational Agencies
   - CFDA Number 84.287A 21st Century Learning
   - CFDA Number 84.357 Reading First
   - CFDA Number 84.332 Comprehensive School Reform

8. The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

9. Columbus Community School District did not qualify as a low-risk auditee.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Part II. Findings Related to the General Purpose Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted

REPORTABLE CONDITIONS

04-II-A Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts and disbursements, bank deposits and bank account reconciliations were all handled by the same person.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Part III. Findings and Questioned Costs for Federal Awards

REPORTABLE CONDITIONS

- CFDA Number 84.010 Title I Grants to Local Educational Agencies
- CFDA Number 84.287A 21st Century Learning
- CFDA Number 84.357 Reading First
- CFDA Number 84.332 Comprehensive School Reform

04-III-A Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts and disbursements, bank deposits and bank account reconciliations were all handled by the same person.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned - We have reviewed procedures and plan to make the necessary changes, as we deem necessary, to improve internal control.

Conclusion - Response accepted.

KAY L. CHAPMAN, CPA PC
119 Sycamore Street, Suite 100
Muscatine, Iowa 52761
563-264-1385

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Education
Columbus Community School District
Columbus Junction, Iowa

I have audited the financial statements of the Columbus Community School District as of and for the year ended June 30, 2004, and have issued my report thereon dated November 10, 2004. I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Columbus Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance that are described below.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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. Prior year statutory comments have been resolved except for items 1 and 2. Current year statutory comments are detailed as follows:

1. Official Depositories - A resolution naming official depositories has been approved by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004. However, the maximum deposit amounts were not included in the Board minutes.

   Recommendation - Chapter 12C of the Code of Iowa requires that the Board minutes list the name of each depository approved and specify the maximum amount which will be kept on deposit in each depository. The District should ensure that the required information is included in the Board minutes.

Response - We will include the required information in the Board minutes in the future.

Conclusion - Response accepted.

2. Certified Budget - Expenditures for the year ended June 30, 2004, exceeded the amounts budgeted in the Instruction, Non-instructional Programs and Other Expenditures functional areas, as amended.

   Recommendation - The budget was amended; however, not sufficiently to cover spending requirements. The budget should have been amended in sufficient amounts so that disbursements were not allowed to exceed the budget.

   Response - We will amend our budget sufficiently, in the future.

   Conclusion - Response accepted.

3. Questionable Disbursements - I noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

4. 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.

5. Business Transactions – No business transactions between the District and District officials or employees were noted.

6. 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.

7. Board Minutes - I noted no transactions requiring Board approval, which had not been approved by the Board.

8. Certified Enrollment - I noted no variances in the basic enrollment data certified to the Department of Education.

9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

10. Certified Annual Reports - The Certified Annual Report was filed with the Department of Education timely and I noted no significant deficiencies in the amounts reported.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Columbus Community School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect Columbus Community School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe the lack of segregation of duties is a material weakness. Prior year reportable conditions have not been resolved.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Columbus Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
November 10, 2004

KAY L. CHAPMAN, CPA PC
119 Sycamore Street, Suite 100
Muscatine, Iowa 52761
563-264-1385

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

To the Board of Education
Columbus Community School District
Columbus Junction, Iowa

Compliance

I have audited the compliance of Columbus Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Columbus Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Columbus Community School District's management. My responsibility is to express an opinion on Columbus Community School District's compliance based on my audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Columbus Community School District's compliance with those requirements.

In my opinion Columbus Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Columbus Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Columbus Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect Columbus Community School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe item III-A-04 is a material weakness.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Columbus Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
November 10, 2004

COLUMBUS COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2004

This audit was performed by

Kay Chapman, CPA