

COLUMBUS COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2005

COLUMBUS COMMUNITY SCHOOL DISTRICT
Table of Contents
June 30, 2005

	<u>Page</u>	
OFFICIALS	1	
INDEPENDENT AUDITOR'S REPORT	2-3	
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	4-13	
BASIC FINANCIAL STATEMENTS		<u>Exhibit</u>
Government-wide Financial Statements		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Governmental Fund Financial Statements		
Balance Sheet	C	19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	20
Statement of Revenues, Expenditures and Changes in Fund Balances	E	21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements		
Statement of Net Assets	G	24
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
NOTES TO FINANCIAL STATEMENTS		29-41
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds		43
Notes to Required Supplementary Information - Budgetary Reporting		44

COLUMBUS COMMUNITY SCHOOL DISTRICT
Table of Contents
June 30, 2005

	<u>Schedule</u>	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION		
Nonmajor Governmental Funds		
Combining Balance Sheet	1	46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	47-48
Nonmajor Proprietary Funds		
Statement of Fund Net Assets	3	49
Statement of Revenues, Expenses and Changes in Fund Net Assets	4	50
Statement of Cash Flows	5	51
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	6	52
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	7	53
Schedule of Expenditures of Federal Awards	8	54
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS		55-56
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE		57-58
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		59-62
AUDIT STAFF		63

COLUMBUS COMMUNITY SCHOOL DISTRICT
 Officials
 June 30, 2005

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2004 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
(After September 2004 Election)		
Mike Braun	Board President	2006
Dan Peters	Board Member	2005
Georgia Kost	Board Member	2005
Marsha Gerot	Board Member	2006
Ed Smith	Board Member	2007
School Officials		
Rich Bridenstine	Superintendent	2005
Tanya Purdy	Business Manager	2005
Gruhn Law Firm	Attorney	2005

KAY L. CHAPMAN, CPA PC

210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report

To the Board of Education
Columbus Community School District

I have audited the accompanying financial statements of the governmental activities, business type activities, 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, 2005, which collectively comprise the District's basic financial statements 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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, the business type activities, each major fund, and the aggregate remaining fund information of Columbus Community School District as of June 30, 2005, 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.

In accordance with Government Auditing Standards, I have also issued my report dated October 21, 2005 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 grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing 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 required supplementary information. 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, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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
October 21, 2005

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, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,439,956 in fiscal 2004 to \$8,789,053 in fiscal 2005, and General Fund expenditures increased from \$8,088,237 in fiscal 2004 to \$8,502,932 in fiscal 2005. The District's General Fund balance increased from \$300,926 in fiscal 2004 to \$459,353 in fiscal 2005, a 53% increase.
- The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue in fiscal 2005. 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.

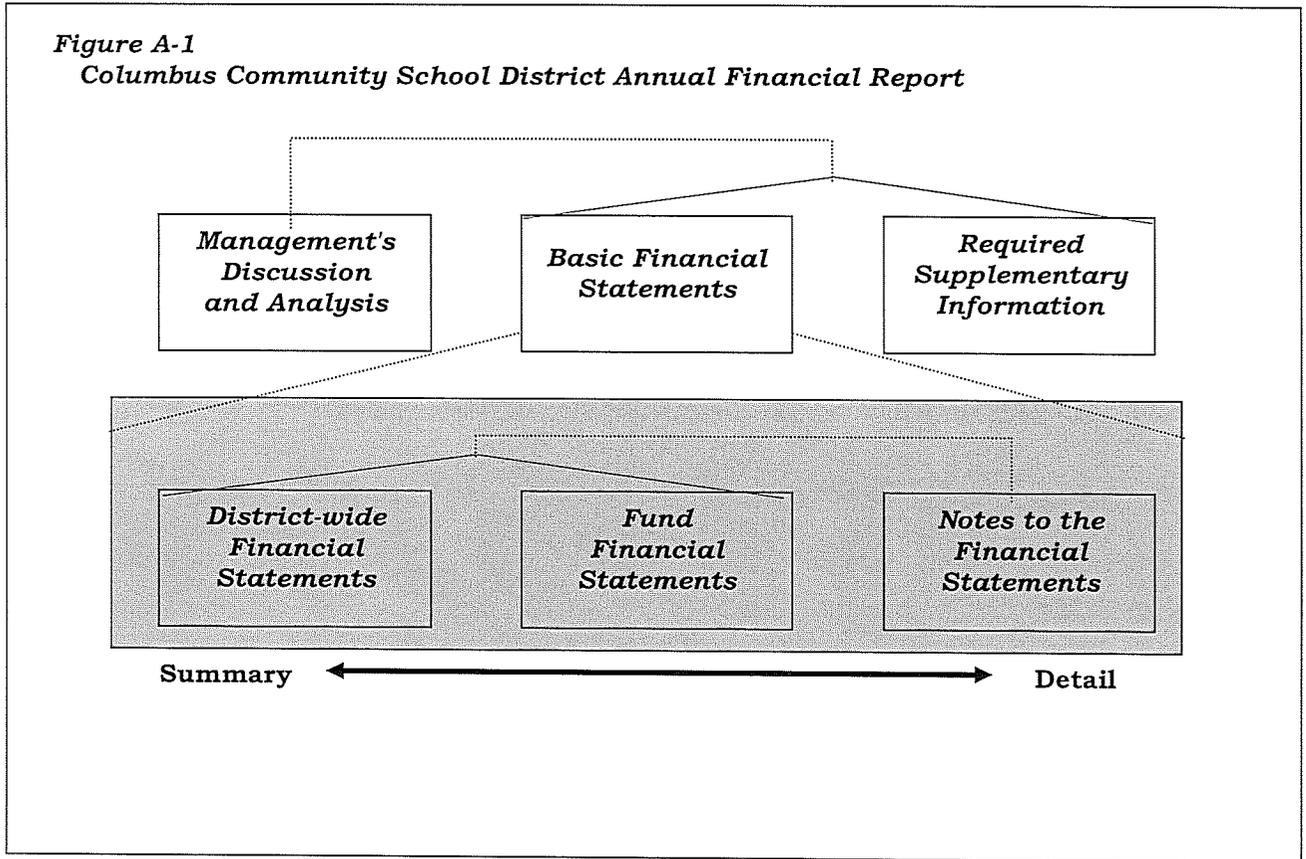


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • 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, 2005 compared to June 30, 2004.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total Change 2004-2005
	2005	2004	2005	2004	2005	2004	
Current and other assets	\$ 5,709,951	\$ 4,813,043	\$ 60,935	\$ 79,785	\$ 5,770,886	\$ 4,892,828	17.95%
Capital assets	<u>8,670,745</u>	<u>7,525,799</u>	<u>22,336</u>	<u>27,995</u>	<u>8,693,081</u>	<u>7,553,794</u>	15.08%
Total assets	<u>14,380,696</u>	<u>12,338,842</u>	<u>83,271</u>	<u>107,780</u>	<u>14,463,967</u>	<u>12,446,622</u>	16.21%
Long-term obligations	5,679,235	4,347,778	-	-	5,679,235	4,347,778	30.62%
Other liabilities	<u>4,150,934</u>	<u>4,252,894</u>	<u>3,438</u>	<u>4,516</u>	<u>4,154,372</u>	<u>4,257,410</u>	-2.42%
Total liabilities	<u>9,830,169</u>	<u>8,600,672</u>	<u>3,438</u>	<u>4,516</u>	<u>9,833,607</u>	<u>8,605,188</u>	14.28%
Net assets							
Invested in capital assets, net of related debt	3,103,701	3,337,971	22,336	27,995	3,126,037	3,365,966	-7.13%
Restricted	1,063,811	236,367	-	-	1,063,811	236,367	350.07%
Unrestricted	<u>383,015</u>	<u>163,832</u>	<u>57,497</u>	<u>75,269</u>	<u>440,512</u>	<u>239,101</u>	84.24%
Total net assets	<u>\$ 4,550,527</u>	<u>\$ 3,738,170</u>	<u>\$ 79,833</u>	<u>\$ 103,264</u>	<u>\$ 4,630,360</u>	<u>\$ 3,841,434</u>	20.54%

The District's combined net assets increased by approximately 21%, or \$788,926, 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 \$827,444, or approximately 350% over the prior year. The increase was primarily the result of the construction project in progress in the Capital Projects Fund.

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 \$201,411, or approximately 84%.

Figure A-4 shows the change in net assets for the years ended June 30, 2005 and 2004.

Figure A-4
Change in Net Assets

	Governmental Activities		Business Type Activities		Total District	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues						
Charges for service and sales	\$ 491,826	\$ 527,337	\$ 182,098	\$ 198,033	\$ 673,924	\$ 725,370
Operating grants, contributions and restricted interest	1,653,699	1,779,488	308,543	295,416	1,962,242	2,074,904
Capital grants, contributions and restricted interest	209,453	-	-	-	209,453	-
General revenues						
Property and other taxes	3,607,881	3,361,687	-	-	3,607,881	3,361,687
Unrestricted state grants	4,223,320	3,881,111	-	-	4,223,320	3,881,111
Contributions and donations	16,862	-	-	-	16,862	-
Unrestricted investment earnings	21,000	20,106	353	343	21,353	20,449
Other	4,811	19,058	-	-	4,811	19,058
Loss on disposal of capital assets	(35,362)	-	-	-	(35,362)	-
Transfers	(23,225)	-	23,225	-	-	-
Total revenues	<u>10,170,265</u>	<u>9,588,787</u>	<u>514,219</u>	<u>493,792</u>	<u>10,684,484</u>	<u>10,082,579</u>
Program expenses						
Governmental activities						
Instruction	6,121,908	6,244,227	-	-	6,121,908	6,244,227
Support services	2,418,879	2,129,934	-	-	2,418,879	2,129,934
Non-instructional programs	-	174,882	537,650	531,520	537,650	706,402
Other expenses	932,122	800,097	-	-	932,122	800,097
Total expenses	<u>9,472,909</u>	<u>9,349,140</u>	<u>537,650</u>	<u>531,520</u>	<u>10,010,559</u>	<u>9,880,660</u>
Change in net assets	<u>\$ 697,356</u>	<u>\$ 239,647</u>	<u>\$ (23,431)</u>	<u>\$ (37,728)</u>	<u>\$ 673,925</u>	<u>\$ 201,919</u>

Property tax and unrestricted state grants account for 73% 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 \$10,170,265 and expenses were \$9,472,909. 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

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 6,121,908	\$ 4,368,320
Support services	2,418,879	2,357,872
Non-instructional programs	-	(10,419)
Other expenses	<u>932,122</u>	<u>402,158</u>
Total expenses	<u>\$ 9,472,909</u>	<u>\$ 7,117,931</u>

- The cost financed by users of the District's programs was \$491,826.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,863,152.
- The net cost of governmental activities was financed with \$3,607,881 in property and other taxes and \$4,223,320 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$514,219 and expenses were \$537,650. 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, 2005, 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 \$1,582,014, well above last year's ending fund balances of \$585,244. However, the primary reason for the increase in combined fund balances in fiscal 2005 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 \$300,926 to \$459,353, due in part to the negotiated salary and benefits settlement, and careful watching of expenditures.

Proprietary Fund Highlights

Enterprise Fund net assets decreased from \$103,264 at June 30, 2004 to \$79,833 at June 30, 2005, representing a decrease of approximately 23%. For fiscal 2005, 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. The annual contribution from the United Fund was not received this year due to other commitments.

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 \$823,961 less than budgeted receipts, a variance of 7%. The most significant variance resulted from the District receiving less in state aid than originally anticipated.

Total expenditures were \$129,276 more 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 support services and other expenditures functional areas due to the timing of expenditures paid at year-end without sufficient time to amend the certified budget. However General Fund expenditures did not exceed the District's authorized spending limit.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had invested \$8,693,081, 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 \$359,125.

The original cost the District's capital assets was \$12,702,719. Governmental funds account for \$12,624,073, with the remainder of \$78,646 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total Change
	Activities		Activities		School District		
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
Land	\$ 406,285	\$ 406,285	\$ -	\$ -	\$ 406,285	\$ 406,285	0.00%
Construction in progress	1,261,332	-	-	-	1,261,332	-	0.00%
Buildings and improvements	6,005,296	6,185,577	-	-	6,005,296	6,185,577	-2.91%
Improvements, other than buildings	487,755	516,004	-	-	487,755	516,004	-5.47%
Furniture and equipment	<u>510,077</u>	<u>417,933</u>	<u>22,336</u>	<u>27,995</u>	<u>532,413</u>	<u>445,928</u>	19.39%
Totals	<u>\$8,670,745</u>	<u>\$7,525,799</u>	<u>\$22,336</u>	<u>\$27,995</u>	<u>\$8,693,081</u>	<u>\$7,553,794</u>	15.08%

Long-Term Debt

At June 30, 2005, the District had \$5,679,235 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 30% 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		Total
	<u>School District</u>		<u>Change</u>
	<u>2005</u>	<u>2004</u>	<u>2004-2005</u>
General obligation bonds	\$ 3,620,000	\$ 3,820,000	-5.24%
Revenue bonds	850,000	-	0.00%
QZAB loan	1,000,000	-	0.00%
Bank loans	78,399	337,261	-76.75%
Capital leases	18,645	30,567	-39.00%
Early retirement	<u>112,191</u>	<u>159,950</u>	-29.86%
Total	<u>\$ 5,679,235</u>	<u>\$ 4,347,778</u>	30.62%

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
Statement of Net Assets
June 30, 2005

Exhibit A

ASSETS	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and cash equivalents			
ISCAP	\$ 503,320	\$ -	\$ 503,320
Other	1,746,050	53,661	1,799,711
Receivables			
Property tax			
Delinquent	42,818	-	42,818
Succeeding year	3,050,525	-	3,050,525
Accounts receivable	2,549	879	3,428
Accrued interest			
ISCAP	108	-	108
Other	2,609	-	2,609
Due from other governments	361,972	-	361,972
Inventories	-	6,395	6,395
Capital assets, net of accumulated depreciation	8,670,745	22,336	8,693,081
Total assets	<u>14,380,696</u>	<u>83,271</u>	<u>14,463,967</u>
 LIABILITIES			
Accounts payable	558,710	3,438	562,148
Salaries and benefits payable	4,450	-	4,450
Accrued interest payable	22,997	-	22,997
ISCAP warrants payable	501,000	-	501,000
ISCAP accrued interest payable	96	-	96
ISCAP unamortized premium	6,728	-	6,728
Deferred revenue			
Succeeding year property tax	3,050,525	-	3,050,525
Other	6,428	-	6,428
Long-term liabilities			
Portion due within one year			
Bonds payable	210,000	-	210,000
Notes payable	78,399	-	78,399
Capital leases payable	10,970	-	10,970
Early retirement	37,397	-	37,397

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2005

Exhibit A

LIABILITIES (continued)	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Long-term liabilities (continued)			
Portion due after one year			
Bonds payable	\$ 3,410,000	\$ -	\$ 3,410,000
QZAB bonds payable	1,000,000	-	1,000,000
Revenue bonds payable	850,000	-	850,000
Capital leases payable	7,675	-	7,675
Early retirement	74,794	-	74,794
Total liabilities	<u>9,830,169</u>	<u>3,438</u>	<u>9,833,607</u>
 NET ASSETS			
Invested in capital assets, net of related debt	3,103,701	22,336	3,126,037
Restricted for			
Public educational and recreational levy	327	-	327
Physical plant and equipment levy	22,024	-	22,024
Other special revenue purposes	32,623	-	32,623
Debt service	4,591	-	4,591
Capital projects	1,004,246	-	1,004,246
Unrestricted	383,015	57,497	440,512
Total net assets	<u>\$ 4,550,527</u>	<u>\$ 79,833</u>	<u>\$ 4,630,360</u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2005

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs</u>							
Governmental activities							
Instruction							
Regular instruction	\$ 4,009,658	\$ 319,758	\$ 854,286	\$ -	\$ (2,835,614)	\$ -	\$ (2,835,614)
Special instruction	1,075,122	50,900	368,165	-	(656,057)	-	(656,057)
Other instruction	1,037,128	49,742	110,737	-	(876,649)	-	(876,649)
	<u>6,121,908</u>	<u>420,400</u>	<u>1,333,188</u>	<u>-</u>	<u>(4,368,320)</u>	<u>-</u>	<u>(4,368,320)</u>
Support services							
Student services	272,538	-	-	-	(272,538)	-	(272,538)
Instructional staff services	471,583	-	-	-	(471,583)	-	(471,583)
Administration services	594,660	-	-	-	(594,660)	-	(594,660)
Operation and maintenance of plant services	721,015	60,625	-	-	(660,390)	-	(660,390)
Transportation services	359,083	382	-	-	(358,701)	-	(358,701)
Central support services	-	-	-	-	-	-	-
	<u>2,418,879</u>	<u>61,007</u>	<u>-</u>	<u>-</u>	<u>(2,357,872)</u>	<u>-</u>	<u>(2,357,872)</u>
Non-instructional programs							
	-	10,419	-	-	10,419	-	10,419
Other expenditures							
Facilities acquisition	150,764	-	-	209,453	58,689	-	58,689
Long-term debt interest	201,031	-	15,634	-	(185,397)	-	(185,397)
AEA flowthrough	304,877	-	304,877	-	-	-	-
Depreciation (unallocated) *	275,450	-	-	-	(275,450)	-	(275,450)
	<u>932,122</u>	<u>-</u>	<u>320,511</u>	<u>209,453</u>	<u>(402,158)</u>	<u>-</u>	<u>(402,158)</u>
Total governmental activities	<u>9,472,909</u>	<u>491,826</u>	<u>1,653,699</u>	<u>209,453</u>	<u>(7,117,931)</u>	<u>-</u>	<u>(7,117,931)</u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2005

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
<u>Functions/Programs (continued)</u>	<u>Expenses</u>	<u>Charges</u>	<u>Operating Grants,</u>	<u>Capital Grants,</u>	<u>Governmental</u>
Business type activities	<u>for Services</u>	<u>and Restricted</u>	<u>Contributions</u>	<u>and Restricted</u>	<u>Activities</u>
Non-instructional programs	\$	\$	\$	\$	\$
Nutrition services	502,739	60,206	308,543	-	(33,990)
School store	947	-	-	-	(947)
Rental	2,826	-	-	-	(2,826)
Pool	31,138	21,892	-	-	(9,246)
Total business type activities	537,650	82,098	308,543	-	(47,009)
Total	10,010,559	673,924	1,962,242	209,453	(7,117,931)

General Revenues

Property tax levied for					
General purposes					2,857,593
Capital outlay					172,597
Debt service					367,158
Local option sales and service tax					210,533
Unrestricted state grants					4,223,320
Contributions and donations					16,862
Unrestricted investment earnings				353	21,353
Other				4,811	4,811
Loss on disposal of assets				(35,362)	(35,362)
Transfers				(23,225)	23,225
Total general revenues	7,815,287	23,578	7,838,865	-	-
Change in net assets	697,356	(23,431)	673,925	-	673,925
Net assets, beginning of year, as adjusted	3,853,171	103,264	3,956,435	-	3,956,435
Net assets, end of year	4,550,527	79,833	4,630,360	-	4,630,360

* 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
Balance Sheet
Governmental Funds
June 30, 2005

Exhibit C

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and pooled investments				
ISCAP	\$ 503,320	\$ -	\$ -	\$ 503,320
Other	419,540	1,209,196	117,314	1,746,050
Receivables				
Property tax				
Delinquent	32,161	-	10,657	42,818
Succeeding year	2,289,565	-	760,960	3,050,525
Accounts receivable	120	-	2,429	2,549
Accrued interest				
ISCAP	108	-	-	108
Other	-	1,530	1,079	2,609
Due from other governments	114,902	247,070	-	361,972
Total assets	<u>\$ 3,359,716</u>	<u>\$ 1,457,796</u>	<u>\$ 892,439</u>	<u>\$ 5,709,951</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 92,096	\$ 453,550	\$ 13,064	\$ 558,710
Salaries and benefits payable	4,450	-	-	4,450
ISCAP warrants payable	501,000	-	-	501,000
ISCAP accrued interest payable	96	-	-	96
ISCAP unamortized premium	6,728	-	-	6,728
Deferred revenue				
Succeeding year property tax	2,289,565	-	760,960	3,050,525
Other	6,428	-	-	6,428
Total liabilities	<u>2,900,363</u>	<u>453,550</u>	<u>774,024</u>	<u>4,127,937</u>
Fund balances				
Reserved for				
Debt service	-	-	27,588	27,588
Unreserved, undesignated				
Special revenue funds	-	-	90,827	90,827
Other governmental	459,353	1,004,246	-	1,463,599
Total fund balances	<u>459,353</u>	<u>1,004,246</u>	<u>118,415</u>	<u>1,582,014</u>
Total liabilities and fund balances	<u>\$ 3,359,716</u>	<u>\$ 1,457,796</u>	<u>\$ 892,439</u>	<u>\$ 5,709,951</u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2005

Exhibit D

Total fund balances of governmental funds	\$ 1,582,014
Amounts reported for governmental activities 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.	8,670,745
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.	(22,997)
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.	<u>(5,679,235)</u>
Net assets of governmental activities	<u>\$ 4,550,527</u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Local sources				
Local tax	\$ 2,636,042	\$ 210,532	\$ 758,231	\$ 3,604,805
Tuition	112,750	3,339	-	116,089
Other	137,146	-	256,705	393,851
State sources	5,069,638	-	1,539	5,071,177
Federal sources	833,477	209,453	-	1,042,930
Total revenues	<u>8,789,053</u>	<u>423,324</u>	<u>1,016,475</u>	<u>10,228,852</u>
Expenditures				
Current				
Instruction				
Regular instruction	3,934,928	-	142,598	4,077,526
Special instruction	1,075,122	-	-	1,075,122
Other instruction	849,497	-	187,631	1,037,128
	<u>5,859,547</u>	<u>-</u>	<u>330,229</u>	<u>6,189,776</u>
Support services				
Student services	293,928	-	3,910	297,838
Instructional staff services	484,926	-	3,910	488,836
Administration services	582,935	-	14,931	597,866
Operation and maintenance of plant services	663,913	-	52,732	716,645
Transportation services	312,806	-	40,285	353,091
	<u>2,338,508</u>	<u>-</u>	<u>115,768</u>	<u>2,454,276</u>
Other expenditures				
Facilities acquisition	-	1,357,276	78,739	1,436,015
Long-term debt				
Principal	-	-	484,403	484,403
Interest and fiscal charges	-	-	189,510	189,510
AEA flowthrough	304,877	-	-	304,877
	<u>304,877</u>	<u>1,357,276</u>	<u>752,652</u>	<u>2,414,805</u>
Total expenditures	<u>8,502,932</u>	<u>1,357,276</u>	<u>1,198,649</u>	<u>11,058,857</u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 286,121	\$ (933,952)	\$(182,174)	\$ (830,005)
Other financing sources (uses)				
Proceeds of long-term debt	-	850,000	1,000,000	1,850,000
Interfund operating transfers	<u>(127,694)</u>	<u>950,000</u>	<u>(845,531)</u>	<u>(23,225)</u>
Total other financing sources (uses)	<u>(127,694)</u>	<u>1,800,000</u>	<u>154,469</u>	<u>1,826,775</u>
Net change in fund balances	158,427	866,048	(27,705)	996,770
Fund balance, beginning of year	<u>300,926</u>	<u>138,198</u>	<u>146,120</u>	<u>585,244</u>
Fund balance, end of year	<u>\$ 459,353</u>	<u>\$ 1,004,246</u>	<u>\$ 118,415</u>	<u>\$ 1,582,014</u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
 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, 2005

Exhibit F

Net change in fund balances - total governmental funds \$ 996,770

Amounts reported for governmental activities 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	\$ 1,418,773	
Loss on disposal of capital assets	(35,362)	
Depreciation expense	<u>(353,466)</u>	1,029,945

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Asset. Current year issues exceeded repayments, as follows:

Issued	(1,850,000)	
Repaid	<u>470,784</u>	(1,379,216)

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		47,759
------------------	--	--------

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.

2,098

Change in net assets of governmental activities \$ 697,356

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2005

Exhibit G

	<u>Nonmajor Enterprise</u>
ASSETS	
Cash and pooled investments	\$ 70,449
Accounts receivable	879
Inventories	6,395
Capital assets, net of accumulated depreciation	<u>22,336</u>
Total assets	<u>100,059</u>
 LIABILITIES	
Accounts payable	3,438
Warrants issued in excess of bank balance	<u>16,788</u>
Total liabilities	<u>20,226</u>
 NET ASSETS	
Invested in capital assets, net of related debt	22,336
Unrestricted	<u>57,497</u>
Total net assets	<u><u>\$ 79,833</u></u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

Exhibit H

	<u>Nonmajor Enterprise</u>
Operating revenue	
Local sources	
Charges for service	<u>\$ 182,098</u>
Operating expenses	
Non-instructional programs	
Salaries	226,477
Benefits	45,334
Purchased services	15,931
Supplies	223,877
Equipment repairs	7,659
Miscellaneous	12,094
Depreciation	<u>6,278</u>
Total operating expenses	<u>537,650</u>
Operating loss	<u>(355,552)</u>
Non-operating revenue	
Interest income	353
Interfund operating transfers in	23,225
State sources	6,493
Federal sources	<u>302,050</u>
Total non-operating revenue	<u>332,121</u>
Change in net assets	(23,431)
Net assets, beginning of year	<u>103,264</u>
Net assets, end of year	<u>\$ 79,833</u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

Exhibit I

	<u>Nonmajor Enterprise</u>
Cash flows from operating activities	
Cash received from sale of meals	\$ 160,206
Cash received from sale of other services	21,103
Cash payments to employees for services	(271,811)
Cash payments to suppliers for goods and services	<u>(239,561)</u>
Net cash used in operating activities	<u>(330,063)</u>
Cash flows from non-capital financing activities	
State grants received	6,493
Federal grants received	<u>280,387</u>
Net cash provided by non-capital financing activities	<u>286,880</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities	
Interfund operating transfers in	12,399
Interest on investments	<u>353</u>
Net cash provided by investing activities	<u>12,752</u>
Net decrease in cash and cash equivalents	(30,431)
Cash and cash equivalents, beginning of year	<u>100,880</u>
Cash and cash equivalents, end of year	<u><u>\$ 70,449</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (355,552)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	5,659
Commodities used	21,663
(Increase) in accounts receivable	(789)
Decrease in inventories	34
(Decrease) in accounts payable	<u>(1,078)</u>
Net cash used in operating activities	<u><u>\$ (330,063)</u></u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2005, the District received \$21,663 of federal commodities.

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2005

Exhibit J

	<u>Private Purpose Trust Scholarships</u>
Assets	
Cash and pooled investments	\$ 3,934
Liabilities	
	<u> -</u>
Net assets	
Reserved for scholarships	<u>\$ 3,934</u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2005

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	
Local sources	
Gifts and contributions	\$ 18,408
Deductions	
Support services	
Scholarships	<u>17,408</u>
Change in net assets	1,000
Net assets, beginning of year	<u>2,934</u>
Net assets, end of year	<u><u>\$ 3,934</u></u>

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

COLUMBUS COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2005

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.

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

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

The District reports no major proprietary fund.

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, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2004.

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.

<u>Asset Class</u>	<u>Amount</u>
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:

<u>Asset Class</u>	<u>Useful Life</u>
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, 2005. 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, 2005, expenditures exceeded the amounts budgeted in the Support Services 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 in banks at June 30, 2005 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, 2005.

Investment rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 127,694
Debt Service	Physical Plant and Equipment Levy	178,427
Capital Projects	Physical Plant and Equipment Levy	950,000
Enterprise, Pool	Public Education and Recreation Levy	<u>23,225</u>
Total		<u>\$ 1,279,346</u>

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, 2005, is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>	<u>Unamortized Premium</u>
2004-05A	6/30/04	6/30/05	\$ 101	\$ -	\$ -	\$ -	\$ -
2004-05B	1/28/05	1/27/05	-	-	-	-	-
2005-06A	6/30/05	6/30/06	<u>503,219</u>	<u>108</u>	<u>501,000</u>	<u>96</u>	<u>6,728</u>
			<u>\$ 503,320</u>	<u>\$ 108</u>	<u>\$ 501,000</u>	<u>\$ 96</u>	<u>\$ 6,728</u>

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, 2005 is as follows:

<u>Series</u>	Balance, <u>Beginning</u> <u>of Year</u>	<u>Advances</u> <u>Received</u>	<u>Advances</u> <u>Repaid</u>	Balance, <u>End of</u> <u>Year</u>
2004-05A	\$ -	\$ 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:

<u>Series</u>	<u>Interest</u> <u>Rates on</u> <u>Warrants</u>	<u>Interest</u> <u>Rates on</u> <u>Investments</u>
2004-05A	3.000%	2.4630%
2004-05B	3.500%	2.2800%
2005-06A	3.500%	3.9030%

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2005 was as follows:

<u>Governmental activities</u>	Balance, <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>End of</u> <u>Year</u>
Capital assets not being depreciated:				
Land	\$ 406,285	\$ -	\$ -	\$ 406,285
Construction in progress	-	1,261,332	-	1,261,332
Total capital assets not being depreciated	406,285	1,261,332	-	1,667,617
Capital assets being depreciated:				
Buildings and improvements	8,676,656	16,775	-	8,693,431
Improvements other than buildings	920,141	16,638	-	936,779
Furniture and equipment	1,306,394	239,029	(219,177)	1,326,246
Total capital assets being depreciated	10,903,191	272,442	(219,177)	10,956,456
Less accumulated depreciation for:				
Buildings and improvements	2,491,079	197,056	-	2,688,135
Improvements other than buildings	404,137	44,887	-	449,024
Furniture and equipment	888,461	111,523	(183,815)	816,169
Total accumulated depreciation	3,783,677	353,466	(183,815)	3,953,328
Total capital assets being depreciated, net	7,119,514	(81,024)	(35,362)	7,003,128
Governmental activities capital assets, net	\$ 7,525,799	\$ 1,180,308	\$ (35,362)	\$ 8,670,745

Business type activities

Furniture and equipment	\$ 78,646	\$ -	\$ -	\$ 78,646
Less accumulated depreciation	<u>50,651</u>	<u>5,659</u>	<u>-</u>	<u>56,310</u>
Business type activities capital assets, net	<u>\$ 27,995</u>	<u>\$ (5,659)</u>	<u>\$ -</u>	<u>\$ 22,336</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 15,126
Support services	
Administration	5,647
Operation and maintenance of plant	4,370
Transportation	52,873
Unallocated	<u>275,450</u>
Total governmental activities depreciation expense	<u>\$ 353,466</u>

Business type activities

Food services	<u>\$ 5,659</u>
---------------	-----------------

Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2005 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ 3,820,000	\$ -	\$(200,000)	\$ 3,620,000	\$ 210,000
Revenue bonds	-	850,000	-	850,000	-
QZAB loan	-	1,000,000	-	1,000,000	-
Bank loans	337,261	-	(258,862)	78,399	78,399
Capital leases	30,567	13,634	(25,556)	18,645	10,970
Early retirement	<u>159,950</u>	<u>-</u>	<u>(47,759)</u>	<u>112,191</u>	<u>37,397</u>
Totals	<u>\$ 4,347,778</u>	<u>\$ 1,863,634</u>	<u>\$(532,177)</u>	<u>\$ 5,679,235</u>	<u>\$ 336,766</u>

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 has entered into a loan agreement dated September 20, 2000 with Columbus Junction State Bank for construction of a VoAg building at 5.0 percent. At June 30, 2005, the loan had a balance of \$78,399. The loan is scheduled to be repaid as follows:

Year Ending June 30,	Loan of September 20, 2000		
	Principal	Interest	Total
2006	\$ 78,399	\$ 1,731	\$ 80,130

Revenue Bonds Payable

On March 1, 2005, the District issued School Infrastructure Sales and Services Tax Revenue Bonds. The proceeds of the bonds are to be used for a geothermal HVAC project. The bonds will be repaid by the collection of the local option sales and services tax for school infrastructure. The bonds were for \$850,000 and are secured by a Reserve Fund, which was established under the Bond Resolution. A Sinking Fund has been established into which collections of the local option sales and services tax revenues will be deposited. Interest and principal on the bonds will be paid from the Sinking Fund. Details of the District's June 30, 2005 revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of 3-1-05			
	Interest Rates	Interest	Principal	Total
2006	2.55	\$ 21,302	\$ -	\$ 21,302
2007	2.55	24,288	100,000	124,288
2008	2.65	21,555	110,000	131,555
2009	2.75	18,517	115,000	133,517
2010	2.95	15,239	115,000	130,239
2011	3.10	11,682	120,000	131,682
2012	3.20	8,622	75,000	83,622
2013	3.35	6,250	70,000	76,250
2014	3.45	3,870	70,000	73,870
2015	3.55	<u>1,331</u>	<u>75,000</u>	<u>76,331</u>
Totals		<u>\$ 132,656</u>	<u>\$ 850,000</u>	<u>\$ 982,656</u>

Bonds Payable

Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issued 12-1-98			QZAB Bonds Issued 12-15-04		
	Principal	Interest	Total	Principal	Interest	Total
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	1,000,000	-	1,000,000
2016	330,000	48,495	378,495	-	-	-
2017	345,000	33,315	378,315	-	-	-
2018	<u>360,000</u>	<u>17,100</u>	<u>377,100</u>	-	-	-
Totals	<u>\$ 3,620,000</u>	<u>\$ 1,243,927</u>	<u>\$ 4,863,927</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
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	1,315,000	62,827	1,377,827
2016	330,000	48,495	378,495
2017	345,000	33,315	378,315
2018	<u>360,000</u>	<u>17,100</u>	<u>377,100</u>
Totals	<u>\$ 4,620,000</u>	<u>\$ 1,243,927</u>	<u>\$ 5,863,927</u>

Qualified Zone Academy Bonds

The District issued \$1,000,000 of qualified zone academy bonds in December 2004. The bonds were issued to finance a geothermal HVAC project that has been designated as a qualified zone academy project. The bonds are interest free and the entire balance is due on December 15, 2015. Beginning December 15, 2005 the District will be required to place eleven annual payments of \$82,175 into an escrow account, which has a 2% interest rate. The balance accumulated in the escrow account will be used to repay the bonds when they mature. The annual payments to the escrow account will be made from the Physical Plant and Equipment Levy Fund.

Capital Leases

The District has entered into a contractual agreement to lease copiers. 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, 2005 is as follows:

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Payments</u>
2006	\$ 10,970
2007	<u>7,675</u>
	<u>\$ 18,645</u>

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, 2005, totaled \$47,759.

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, 2005, 2004 and 2003. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$306,151, \$298,404 and \$292,550, 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 \$304,877 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Correction of Beginning Balance

During the year ended June 30, 2005, the District discovered that its capital asset inventory and depreciation records had not been correctly reported in fiscal 2004. Therefore, the beginning balance of capital assets was increased by \$115,001 during the year ended June 30, 2005. This also affected the beginning balance of the governmental activities in the Statement of Activities.

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, 2005

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>	<u>Budgeted Amounts</u> Original	<u>Final</u>	Final to Actual <u>Variance</u>
Revenues						
Local sources	\$ 4,114,745	\$ 182,451	\$ 4,297,196	\$ 4,141,758	\$ 4,141,758	\$ 155,438
State sources	5,071,177	6,493	5,077,670	4,973,912	6,465,037	(1,387,367)
Federal sources	1,042,930	302,050	1,344,980	937,012	937,012	407,968
Total revenues	<u>10,228,852</u>	<u>490,994</u>	<u>10,719,846</u>	<u>10,052,682</u>	<u>11,543,807</u>	<u>(823,961)</u>
Expenditures						
Instruction	6,189,776	-	6,189,776	6,090,122	6,558,910	369,134
Support services	2,454,276	-	2,454,276	2,326,261	2,326,261	(128,015)
Non-instructional programs	-	537,650	537,650	681,900	681,900	144,250
Other expenditures	2,414,805	-	2,414,805	877,823	1,900,160	(514,645)
Total expenditures	<u>11,058,857</u>	<u>537,650</u>	<u>11,596,507</u>	<u>9,976,106</u>	<u>11,467,231</u>	<u>(129,276)</u>
Excess (deficiency) of revenues over (under) expenditures	(830,005)	(46,656)	(876,661)	76,576	76,576	(953,237)
Other financing sources, net	1,826,775	23,225	1,850,000	-	-	1,850,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	996,770	(23,431)	973,339	76,576	76,576	896,763
Balance, beginning of year	585,244	103,264	688,508	287,810	287,810	400,698
Balance, end of year	<u>\$ 1,582,014</u>	<u>\$ 79,833</u>	<u>\$ 1,661,847</u>	<u>\$ 364,386</u>	<u>\$ 364,386</u>	<u>\$ 1,297,461</u>

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2005

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

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

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 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 \$1,491,125.

During the year ended June 30, 2005, District expenditures exceeded the amounts budgeted in the Support Services and Other Expenditures functions. However, 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, 2005

	<u>Special Revenue</u>			
	Student	Physical	Public	
	Activity	Equipment	Education	
		Levy	and	
		Levy	Recreation	Debt
	Management	Levy	Levy	Service
				Total
ASSETS				
Cash and pooled investments	\$ 33,091	\$ 27,591	\$ -	\$ 22,440
Receivables				
Property tax				
Delinquent	2,762	2,420	327	5,148
Succeeding year	193,500	174,625	23,522	369,313
Accounts receivable	-	2,429	-	-
Accrued interest	-	1,079	-	-
Total assets	<u>\$229,353</u>	<u>\$205,715</u>	<u>\$23,849</u>	<u>\$396,901</u>
				<u>\$892,439</u>
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$ -	\$ 9,066	\$ -	\$ -
Deferred revenue	193,500	174,625	23,522	369,313
Succeeding year property tax	-	-	-	-
Total liabilities	<u>193,500</u>	<u>183,691</u>	<u>23,522</u>	<u>369,313</u>
Fund equity				
Reserved for debt service	-	-	-	27,588
Unreserved fund balances	35,853	22,024	327	-
Total fund equity	<u>35,853</u>	<u>22,024</u>	<u>327</u>	<u>27,588</u>
Total liabilities and fund equity	<u>\$229,353</u>	<u>\$205,715</u>	<u>\$23,849</u>	<u>\$396,901</u>
				<u>\$892,439</u>

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2005

	Special Revenue					Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Public Education & Recreation Levy	Debt Service	
Revenues						
Local sources						
Local taxes	\$ 196,624	-	\$ 172,482	\$ 23,243	\$ 365,882	\$ 758,231
Other	57,227	189,335	9,398	-	745	256,705
State sources	131	-	115	16	1,277	1,539
Total revenues	<u>253,982</u>	<u>189,335</u>	<u>181,995</u>	<u>23,259</u>	<u>367,904</u>	<u>1,016,475</u>
Expenditures						
Current						
Instruction						
Regular program instruction	142,598	-	-	-	-	142,598
Other instruction	-	187,631	-	-	-	187,631
Support services						
Student services	3,910	-	-	-	-	3,910
Instructional staff services	3,910	-	-	-	-	3,910
Administration services	14,931	-	-	-	-	14,931
Operation and maintenance of plant services	52,732	-	-	-	-	52,732
Transportation services	22,904	-	17,381	-	-	40,285

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2005

	Special Revenue					Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Public Education & Recreation Levy	Debt Service	
Expenditures (continued)						
Other expenditures						
Facilities acquisition and construction	\$ -	\$ -	\$ 78,739	\$ -	\$ -	\$ 78,739
Long-term debt: Principal	-	-	-	-	484,403	484,403
Interest and fiscal charges	-	-	-	-	189,510	189,510
Total expenditures	<u>240,985</u>	<u>187,631</u>	<u>96,120</u>	<u>-</u>	<u>673,913</u>	<u>1,198,649</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,997</u>	<u>1,704</u>	<u>85,875</u>	<u>23,259</u>	<u>(306,009)</u>	<u>(182,174)</u>
Other financing sources (uses)						
Proceeds of QZAB bonds	-	-	1,000,000	-	-	1,000,000
Operating transfers in (out)	-	-	(1,128,427)	(23,225)	306,121	(845,531)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(128,427)</u>	<u>(23,225)</u>	<u>306,121</u>	<u>154,469</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing (uses)	12,997	1,704	(42,552)	34	112	(27,705)
Fund balances, beginning of year	22,856	30,919	64,576	293	27,476	146,120
Fund balances, end of year	<u>\$ 35,853</u>	<u>\$ 32,623</u>	<u>\$ 22,024</u>	<u>\$ 327</u>	<u>\$ 27,588</u>	<u>\$ 118,415</u>

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2005

Schedule 3

	<u>School Nutrition</u>	<u>Wildcat Shop</u>	<u>Pool</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 63,053	\$ 7,396	\$ -	\$ 70,449
Accounts receivable	-	-	879	879
Inventories	6,395	-	-	6,395
Capital assets, net of accumulated depreciation	<u>22,336</u>	<u>-</u>	<u>-</u>	<u>22,336</u>
Total assets	<u>91,784</u>	<u>7,396</u>	<u>879</u>	<u>100,059</u>
 LIABILITIES				
Warrants issued in excess of bank balance	-	-	16,788	16,788
Accounts payable	<u>1,694</u>	<u>-</u>	<u>1,744</u>	<u>3,438</u>
Total liabilities	<u>1,694</u>	<u>-</u>	<u>18,532</u>	<u>20,226</u>
 NET ASSETS				
Invested in capital assets, net of related debt	22,336	-	-	22,336
Unrestricted	<u>67,754</u>	<u>7,396</u>	<u>(17,653)</u>	<u>57,497</u>
Total net assets	<u>\$ 90,090</u>	<u>\$ 7,396</u>	<u>\$ (17,653)</u>	<u>\$ 79,833</u>

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2005

Schedule 4

	<u>School</u> <u>Nutrition</u>	<u>Wildcat</u> <u>Shop</u>	<u>Rental</u>	<u>Pool</u>	<u>Total</u>
Operating revenue					
Local sources					
Charges for service	\$ 160,206	\$ -	\$ -	\$ 21,892	\$ 182,098
Operating expenses					
Non-instructional programs					
Salaries	207,638	-	-	18,839	226,477
Benefits	43,338	-	-	1,996	45,334
Purchased services	5,910	-	2,826	7,195	15,931
Supplies	220,441	947	-	2,489	223,877
Equipment repairs	7,659	-	-	-	7,659
Miscellaneous	12,094	-	-	619	12,713
Depreciation	5,659	-	-	-	5,659
Total operating expenses	<u>502,739</u>	<u>947</u>	<u>2,826</u>	<u>31,138</u>	<u>537,650</u>
Operating loss	<u>(342,533)</u>	<u>(947)</u>	<u>(2,826)</u>	<u>(9,246)</u>	<u>(355,552)</u>
Non-operating revenue					
Interest income	353	-	-	-	353
Interfund operating transfers in	-	-	-	23,225	23,225
State sources	6,493	-	-	-	6,493
Federal sources	302,050	-	-	-	302,050
Total non-operating revenue	<u>308,896</u>	<u>-</u>	<u>-</u>	<u>23,225</u>	<u>332,121</u>
Change in net assets	(33,637)	(947)	(2,826)	13,979	(23,431)
Net assets, beginning of year	<u>123,727</u>	<u>8,343</u>	<u>2,826</u>	<u>(31,632)</u>	<u>103,264</u>
Net assets, end of year	<u>\$ 90,090</u>	<u>\$ 7,396</u>	<u>\$ -</u>	<u>\$ (17,653)</u>	<u>\$ 79,833</u>

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2005

Schedule 5

	School <u>Nutrition</u>	Wildcat <u>Shop</u>	<u>Rental</u>	<u>Pool</u>	<u>Total</u>
Cash flows from operating activities					
Cash received from sale of meals	\$ 160,206	\$ -	\$ -	\$ -	\$ 160,206
Cash received from sale of other services	-	-	-	21,103	21,103
Cash payments to employees for services	(250,976)	-	-	(20,835)	(271,811)
Cash payments to suppliers for goods & services	<u>(223,121)</u>	<u>(947)</u>	<u>(2,826)</u>	<u>(12,667)</u>	<u>(239,561)</u>
Net cash used in operating activities	<u>(313,891)</u>	<u>(947)</u>	<u>(2,826)</u>	<u>(12,399)</u>	<u>(330,063)</u>
Cash flows from non-capital financing activities					
State grants received	6,493	-	-	-	6,493
Federal grants received	<u>280,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,387</u>
Net cash provided by non-capital financing activities	<u>286,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,880</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities					
Interfund operating transfers in	-	-	-	12,399	12,399
Interest on investments	<u>353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353</u>
Net cash provided by investing activities	<u>353</u>	<u>-</u>	<u>-</u>	<u>12,399</u>	<u>12,752</u>
Net decrease in cash and cash equivalents	(26,658)	(947)	(2,826)	-	(30,431)
Cash and cash equivalents, beginning of year	<u>89,711</u>	<u>8,343</u>	<u>2,826</u>	<u>-</u>	<u>100,880</u>
Cash and cash equivalents, end of year	<u>\$ 63,053</u>	<u>\$ 7,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,449</u>

Reconciliation of operating loss to net cash used in operating activities

Operating loss	\$ (342,533)	\$ (947)	\$ (2,826)	\$ (9,246)	\$ (355,552)
Adjustments to reconcile operating loss to net cash used in operating activities					
Depreciation	5,659	-	-	-	5,659
Commodities used	21,663	-	-	-	21,663
(Increase) in accounts receivable	-	-	-	(789)	(789)
Decrease in inventories	34	-	-	-	34
Increase (decrease) in accounts payable	<u>1,286</u>	<u>-</u>	<u>-</u>	<u>(2,364)</u>	<u>(1,078)</u>
Net cash used in operating activities	<u>\$ (313,891)</u>	<u>\$ (947)</u>	<u>\$ (2,826)</u>	<u>\$ (12,399)</u>	<u>\$ (330,063)</u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2005, the District received \$21,663 of federal commodities.

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Funds, Student Activity Accounts
For the Year Ended June 30, 2005

Schedule 6

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Interest	\$ -	\$ 285	\$ -	\$ -	\$ 285
HS pop	(249)	15,998	11,882	(1,200)	2,667
Recycle pop cans	899	707	707	-	899
Elementary pop	5,368	5,317	6,978	-	3,707
Fitness pop	-	1,669	2,700	-	(1,031)
Crazy Carmel Corn	1,253	624	455	-	1,422
Revolving	130	1,117	130	-	1,117
Elementary playground	8,161	1,821	296	-	9,686
MS fundraisers	425	16,978	10,699	-	6,704
HS fundraisers	-	7,386	5,047	-	2,339
Athletics	(12,694)	72,586	88,024	-	(28,132)
Speech and drama	202	2,826	3,154	-	(126)
Annual	(3,521)	6,490	6,171	-	(3,202)
Band activity	418	3,352	2,476	-	1,294
Vocal activity	1,218	1,809	1,522	-	1,505
Science and math	548	1,560	1,657	-	451
Cheerleaders	(1,198)	4,585	3,524	-	(137)
Dance team	621	1,428	2,024	-	25
FCCLA	2,012	7,783	9,408	-	387
FFA	(71)	18,259	13,872	-	4,316
Indian Slough project	18,690	-	1,568	-	17,122
NHS	-	2,037	1,600	1,200	1,637
BPA	769	1,317	1,118	-	968
Student council	1,528	649	676	-	1,501
Class of					
2006	1,546	1,440	1,091	-	1,895
2005	1,431	-	-	-	1,431
2007	-	2,447	1,091	-	1,356
United fund	215	130	156	-	189
Book fair	280	3,844	3,983	-	141
Needy families	228	-	-	-	228
Close Up	2,348	4,861	5,622	-	1,587
Summer art	250	-	-	-	250
Activity club	112	30	-	-	142
Totals	<u>\$ 30,919</u>	<u>\$ 189,335</u>	<u>\$ 187,631</u>	<u>\$ -</u>	<u>\$ 32,623</u>

See accompanying Independent Auditor's Report.

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

Schedule 7

	Modified Accrual Basis			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues				
Local sources				
Local tax	\$ 3,604,805	\$ 3,346,463	\$ 3,277,051	\$ 2,968,958
Tuition	116,089	149,357	148,631	124,462
Other	393,851	417,144	481,473	443,848
State sources	5,071,177	4,738,819	4,879,966	4,782,810
Federal sources	1,042,930	937,005	846,166	656,872
Total revenues	<u>\$ 10,228,852</u>	<u>\$ 9,588,788</u>	<u>\$ 9,633,287</u>	<u>\$ 8,976,950</u>
Expenditures				
Instruction				
Regular instruction	4,077,526	3,724,275	3,761,410	3,855,956
Special instruction	1,075,122	1,744,199	1,564,312	1,544,343
Other instruction	1,037,128	620,153	622,792	683,780
Support services				
Student services	297,838	90,198	143,266	123,834
Instructional staff services	488,836	402,674	356,831	162,132
Administration services	597,866	609,438	679,131	641,240
Operation and maintenance of plant services	716,645	685,785	733,809	561,250
Transportation services	353,091	324,195	216,706	228,622
Central support services	-	11,475	-	-
Non-instructional programs	-	174,882	204,054	256,678
Other expenditures				
Facilities acquisition	1,436,015	45,838	160,845	192,209
Long-term debt				
Principal	484,403	362,255	317,473	323,375
Interest and other charges	189,510	199,401	206,194	215,654
AEA flowthrough	304,877	296,901	310,382	312,227
Total expenditures	<u>\$ 11,058,857</u>	<u>\$ 9,291,669</u>	<u>\$ 9,277,205</u>	<u>\$ 9,101,300</u>

See accompanying Independent Auditor's Report.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

Schedule 8

Grantor/Program	<u>CFDA</u> Number	<u>Pass-through</u> Number	<u>Program</u> Expenditures
Direct			
U.S. Department of Education			
Iowa Department of Education			
Comprehensive School Reform Demonstration grant	84.332	FY05	\$ 209,453
Qualified Zone Academy Bond		FY05	<u>1,000,000</u>
Total direct			<u>1,209,453</u>
Indirect			
U.S. Department of Agriculture			
Iowa Department of Education			
Food distribution program (non-cash)	10.500	FY05	21,663
National School Breakfast Program	10.553	FY05	67,627
National School Lunch Program	10.555	FY05	212,760
Growing in the Garden	10.561	FY05	<u>14,678</u>
Total Department of Agriculture			<u>316,728</u>
U.S. Department of Education			
Iowa Department of Education			
Title I Grants to Local Educational Agencies - Migrant	84.011	FY04	27,182
	84.011	FY05	<u>35,483</u>
			<u>62,665</u>
Title I Grants to Local Educational Agencies	84.010	FY04	1,234
	84.010	FY05	<u>235,726</u>
			<u>236,960</u>
Innovative Education Program Strategies (Title V Program)	84.298	FY05	6,802
State assessment grants - Title VIA	84.369	FY05	6,204
Improving Teacher Quality State Grants - Title IIA	84.367	FY05	47,016
Early Literacy	84.359	FY05	38,812
Reading First	84.357	FY05	150,000
Comprehensive School Reform Demonstration grant	84.332	FY05	155,000
English Language Learning	84.365	FY05	<u>13,109</u>
Total Iowa Department of Education			<u>716,568</u>
Area Education Agency			
Special Education - Part B funding	84.027	FY05	61,738
Vocational Education - Basic Grants to States	84.048	FY05	<u>300</u>
Total Area Education Agency			<u>62,038</u>
Total Department of Education			<u>778,606</u>
Total indirect			<u>1,095,334</u>
Total federal awards			<u>\$2,304,787</u>

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.

KAY L. CHAPMAN, CPA PC

210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

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

To the Board of Education
Columbus Community School District

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Columbus Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated October 21, 2005. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 opinions on the financial statements and not to provide an opinion 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 judgment, could adversely affect the 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 reportable 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 caused by error or fraud 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, of the reportable conditions described above, I believe item II-A Segregation of Duties, is a material weakness.

Compliance and Other Matters

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 grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 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.

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
October 21, 2005

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 on Internal Control Over Compliance
in Accordance with OMB Circular A-133

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, 2005. 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 grant agreements 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Columbus Community School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe 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, 2005.

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 grant agreements 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 grant agreements. 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 non-compliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud 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 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, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



Kay L. Chapman, CPA PC
October 21, 2005

COLUMBUS COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

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. No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance with requirements applicable to each major program.
6. The audit disclosed no audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
7. Major programs were as follows:
 - Qualified Zone Academy Bonds
 - CFDA Number 84.332 Comprehensive School Reform Demonstration Grant
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, 2005

Part II. Findings Related to the General Purpose Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted

REPORTABLE CONDITIONS

05-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.

Part III. Findings and Questioned Costs for Federal Awards

REPORTABLE CONDITIONS

Qualified Zone Academy Bonds
CFDA Number 84.332 Comprehensive School Reform Demonstration Grant

05-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.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

Part IV. Other Findings Related to Statutory Reporting:

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, 2005.
2. Certified Budget - Expenditures for the year ended June 30, 2005 exceeded the amounts budgeted in the Support Services and Other Expenditures functional areas.

Recommendation - The District should have amended the budget in sufficient amounts before expenditures were allowed to exceed the budget.

Response - We will be more attentive of this in the future and amend the budget in sufficient amounts, as necessary.

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 - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

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; however, I noted a few errors in the amounts reported.

Recommendation - The District should correct the items affecting beginning balances on the Certified Annual Report for the fiscal year ending June 30, 2006.

Response - We will correct the necessary balances on our FY06 CAR.

Conclusion - Response accepted.

11. Financial Condition - The District had an unreserved, undesignated deficit in the Enterprise Fund, Pool Fund of \$10,257 at June 30, 2005.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate this deficit.

Response - We will review these situations and implement changes, as needed.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2005

This audit was performed by

Kay Chapman, CPA
Christina Chamberlin, staff accountant
Tammy Calvert, staff accountant



**Home of the
Wildcats**

Superintendent's Office
Rich Bridenstine, Superintendent
Tanya Purdy, Board Secretary
Kathy Yoder, Curr. Director
Dianne Bohling, I-JAG Coord.
1210 Colton Street
Phone: (319) 728-2911
Fax: (319) 728-8750

Business Office
Tanya Purdy, Finance Officer
Christy Rueckert, Adm. Assistant
1210 Colton Street
Phone: (319) 728-2911
Fax: (319) 728-8750

Columbus High School
John Lawrence, Principal
Matt Kingsbury, Asst. Principal
Cheryl Curtis, Secretary
Matt Kingsbury, Co-Athletic Dir.
Mike Jay, Co-Athletic Director
1004 Colton Street
Phone: (319) 728-2231
Fax: (319) 728-2205

Columbus Middle School
John Lawrence, Principal
Matt Kingsbury, Asst. Principal
Sue O'Donnell, Secretary
1004 Colton Street
Phone (319) 728-2233
Fax: (319) 728-2205

Roundy Elementary School
Dan Vogeler, Principal
Abby Flores, Secretary
Jane Thomann, Secretary
1212 Colton Street
Phone: (319) 728-6218
Fax: (319) 728-2134

Web Site:
www.columbus.k12.ia.us

Columbus

Community School District
Columbus Junction, Iowa 52738

NEWS RELEASE

FOR RELEASE:

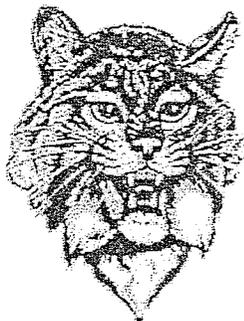
Kay L. Chapman, CPA PC of Muscatine, Iowa today released an audit report on the Columbus Community School District in Columbus Junction, Iowa.

The District's revenues totaled \$10,684,484 for the year ended June 30, 2004, a 5 percent increase from the prior year. Revenues included \$3,607,881 in local tax, charges for service of \$673,924, operating grants, contributions and restricted interest of \$1,962,242, capital grants, contributions and restricted interest of \$209,453, unrestricted state grants of \$4,223,320, unrestricted interest of \$21,353 and other general revenues of \$(13,689).

Expenses for District operations totaled \$10,010,559, a 1 percent increase from the prior year. Expenses included \$6,121,908 for instruction, \$2,418,879 for support services, \$537,650 for non-instructional programs and \$932,122 for other expenses.

A copy of the audit report is available for review in the office of the Auditor of State and the District Secretary's office.

Columbus Mission Statement: Provide a quality education for all by considering cultures, learning styles and individual abilities in a safe, nurturing environment.



Columbus

Community School District
Columbus Junction, Iowa 52738

Home of the Wildcats

Superintendent's Office
Rich Bridenstine, Superintendent
Tanya Purdy, Board Secretary
Kathy Yoder, Curr. Director
Dianne Bohling, I-JAG Coord.
1210 Colton Street
Phone: (319) 728-2911
Fax: (319) 728-8750

Business Office
Tanya Purdy, Finance Officer
Christy Rueckert, Adm. Assistant
1210 Colton Street
Phone: (319) 728-2911
Fax: (319) 728-8750

Columbus High School
John Lawrence, Principal
Matt Kingsbury, Asst. Principal
Cheryl Curtis, Secretary
Matt Kingsbury, Co-Athletic Dir.
Mike Jay, Co-Athletic Director
1004 Colton Street
Phone: (319) 728-2231
Fax: (319) 728-2205

Columbus Middle School
John Lawrence, Principal
Matt Kingsbury, Asst. Principal
Sue O'Donnell, Secretary
1004 Colton Street
Phone (319) 728-2233
Fax: (319) 728-2205

Roundy Elementary School
Dan Vogeler, Principal
Abby Flores, Secretary
Jane Thomann, Secretary
1212 Colton Street
Phone: (319) 728-6218
Fax: (319) 728-2134

Web Site:
www.columbus.k12.ia.us

COLUMBUS COMMUNITY SCHOOL DISTRICT Corrective Action Plan for Federal Audit Findings For the Year Ended June 30, 2005

Comment Number	Comment Title	Corrective Action Plan	Contact Person	Anticipated Date of Completion
05-III-A	Segregation of Duties	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Tanya Purdy Business Manager 319-728-2911	8-1-06

Columbus Mission Statement: Provide a quality education for all by considering cultures, learning styles and individual abilities in a safe, nurturing environment.



Columbus

Community School District
Columbus Junction, Iowa 52738

Home of the Wildcats

Superintendent's Office
Rich Bridenstine, Superintendent
Tanya Purdy, Board Secretary
Kathy Yoder, Curr. Director
Dianne Bohling, I-JAG Coord.
1210 Colton Street
Phone: (319) 728-2911
Fax: (319) 728-8750

Business Office
Tanya Purdy, Finance Officer
Christy Rueckert, Adm. Assistant
1210 Colton Street
Phone: (319) 728-2911
Fax: (319) 728-8750

Columbus High School
John Lawrence, Principal
Matt Kingsbury, Asst. Principal
Cheryl Curtis, Secretary
Matt Kingsbury, Co-Athletic Dir.
Mike Jay, Co-Athletic Director
1004 Colton Street
Phone: (319) 728-2231
Fax: (319) 728-2205

Columbus Middle School
John Lawrence, Principal
Matt Kingsbury, Asst. Principal
Sue O'Donnell, Secretary
1004 Colton Street
Phone (319) 728-2233
Fax: (319) 728-2205

Roundy Elementary School
Dan Vogeler, Principal
Abby Flores, Secretary
Jane Thomann, Secretary
1212 Colton Street
Phone: (319) 728-6218
Fax: (319) 728-2134

Web Site:
www.columbus.k12.ia.us

COLUMBUS COMMUNITY SCHOOL DISTRICT Summary Schedule of Prior Federal Audit Findings For the Year Ended June 30, 2005

Comment Number	Comment Title	Status	If not corrected, provide planned corrective action or other explanation
04-III-A	Segregation of Duties	Not corrected.	Plan to investigate possible ways to further segregate duties.

Columbus Mission Statement: Provide a quality education for all by considering cultures, learning styles and individual abilities in a safe, nurturing environment.