

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

JUNE 30, 2010

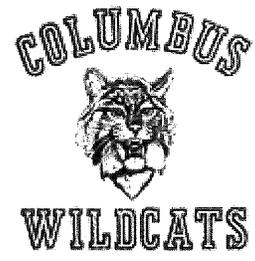
Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis (MD&A)		7-16
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	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 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		29-43
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		46
Notes to Required Supplementary Information - Budgetary Reporting		47
Schedule of Funding Progress for the Retiree Health Plan		48
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	51
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	52
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	4	53
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	5	54-55
Schedule of Expenditures of Federal Awards	6	56-57
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 <u>Government Auditing Standards</u>		58-59
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance		60-61
Schedule of Findings and Questioned Costs		62-66

Columbus Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
Mike Braun	President	2009
Marsha Gerot	Vice President	2009
Ed Smith	Board Member	2009
Dan Peters	Board Member	2011
Georgia Kost	Board Member	2011
Board of Education (After September 2009 Election)		
Marsha Gerot	President	2013
Dan Peters	Vice President	2011
Joy Kekwa	Board Member	2013
Sandy Martin	Board Member	2013
Georgia Kost	Board Member (resigned)	2011
Polly Prior	Board Member (appointed)	2011
School Officials		
Rich Bridenstine	Superintendent	2010
Tanya Purdy	Business Manager/ District Secretary	2010
Lynch Dallas	Attorney	2010



NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

We 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, Columbus Junction, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe our audit provides a reasonable basis for our opinions.

In our 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 at June 30, 2010, 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, we have also issued our report dated March 10, 2011 on our consideration of Columbus Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 7 through 16 and 46 through 48 are not required parts of the basic financial statements, but are supplementary

Members American Institute & Iowa Society of Certified Public Accountants

information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbus Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2009 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited the financial statements for the six years ended June 30, 2006, (none of which are presented herein) in accordance with the standards referred to in the second paragraph of this report and unqualified opinions were expressed on those financial statements. The supplemental information included in Schedules 1 through 6, including the 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 our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

March 10, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Columbus Community School District provides the Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$9,977,307 in fiscal 2009 to \$9,701,992 in fiscal 2010, while General Fund expenditures increased from \$9,799,008 in fiscal 2009 to \$9,995,415 in fiscal 2010. General Fund revenues were less than the General Fund expenditures, resulting in a decrease in the District's General Fund balance from \$894,530 in fiscal 2009 to a balance of \$601,107 in fiscal 2010, a 32.81% decrease from the prior year.
- The decrease in General Fund revenues was attributable to decreases in state and local sources in fiscal 2010. The increase in expenditures was due primarily to increases in negotiated salaries and benefits for District employees.
- As of the year ended June 30, 2010, the District had a solvency ratio of 4.67% as compared to a solvency ratio of 7.99% for the year ended June 30, 2009.

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 custodial for the benefit of those outside of School District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail 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.

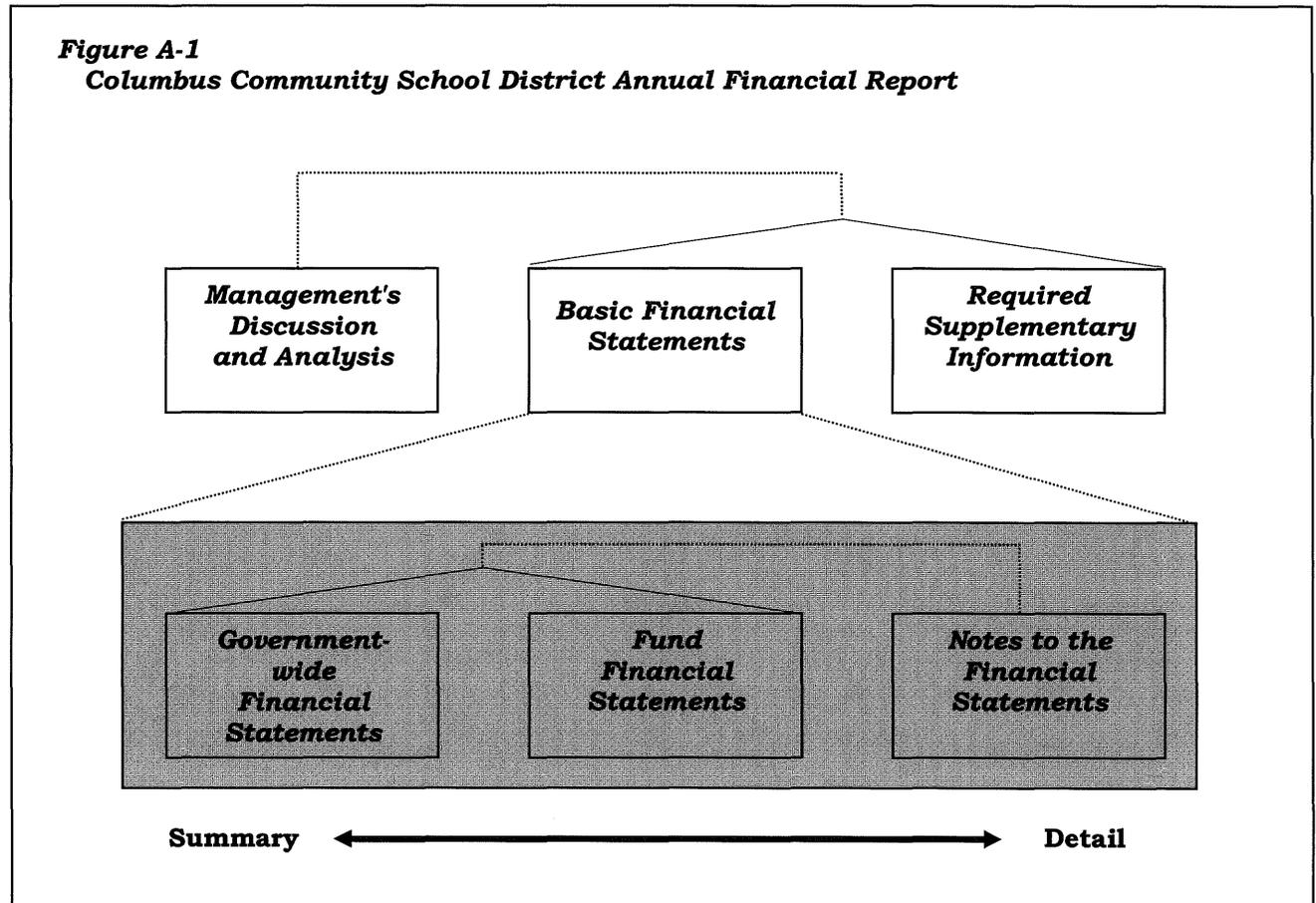


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
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 revenues, expenses and changes in 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, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net 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 position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

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

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

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

The required financial statements for fiduciary funds include a statement of fiduciary net 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, 2010 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 7,706,327	9,735,359	132,701	91,583	7,839,028	9,826,942	-20.23%
Capital assets	8,224,443	8,122,585	21,081	23,788	8,245,524	8,146,373	1.22%
Total assets	15,930,770	17,857,944	153,782	115,371	16,084,552	17,973,315	-10.51%
Long-term obligations	4,089,575	4,447,567	-	-	4,089,575	4,447,567	-8.05%
Other liabilities	5,544,172	7,232,997	5,961	8,794	5,550,133	7,241,791	-23.36%
Total liabilities	9,633,747	11,680,564	5,961	8,794	9,639,708	11,689,358	-17.53%
Net assets:							
Invested in capital assets, net of related debt	4,324,443	3,832,585	21,081	23,788	4,345,524	3,856,373	12.68%
Restricted	1,266,591	1,270,147	-	-	1,266,591	1,270,147	-0.28%
Unrestricted	705,989	1,074,648	126,740	82,789	832,729	1,157,437	-28.05%
Total net assets	\$ 6,297,023	6,177,380	147,821	106,577	6,444,844	6,283,957	2.56%

The District's combined net assets increased by 2.56%, or \$160,887, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of 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 decreased \$3,556 or .28%, over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$324,708, or 28.05%. This is due mainly to the increase in restricted carryover balance.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-4
Changes of Net Assets

	Governmental		Business-type		Total		Total Change
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for services	\$ 294,019	306,960	140,830	172,058	434,849	479,018	-9.22%
Operating grants and contributions and restricted interest	2,460,698	2,011,985	438,726	371,916	2,899,424	2,383,901	21.63%
General revenues:							
Property tax	3,848,073	3,643,277	-	-	3,848,073	3,643,277	5.62%
Income surtax	469,855	454,493	-	-	469,855	454,493	3.38%
Statewide sales and services tax	590,318	603,660	-	-	590,318	603,660	-2.21%
Unrestricted state grants	3,477,098	4,391,068	-	-	3,477,098	4,391,068	-20.81%
Other	196,519	178,989	20,046	217	216,565	179,206	20.85%
Transfers	(31,300)	(28,608)	31,300	28,608	-	-	0.00%
Total revenues	11,305,280	11,561,824	630,902	572,799	11,936,182	12,134,623	-1.64%
Program expenses:							
Governmental activities:							
Instruction	7,214,229	7,152,306	920	1,065	7,215,149	7,153,371	0.86%
Support services	2,938,707	2,908,366	-	-	2,938,707	2,908,366	1.04%
Non-instructional programs	2,924	2,800	588,626	558,398	591,550	561,198	5.41%
Other expenses	1,029,777	1,099,940	-	-	1,029,777	1,099,940	-6.38%
Total expenses	11,185,637	11,163,412	589,546	559,463	11,775,183	11,722,875	0.45%
Changes in net assets before other financing sources	119,643	398,412	41,356	13,336	160,999	411,748	-60.90%
Other Financing Uses:							
Loss on disposal	-	-	(112)	-	(112)	-	100.00%
Change in net assets	119,643	398,412	41,244	13,336	160,887	411,748	-60.93%
Beginning net assets	6,177,380	5,778,968	106,577	93,241	6,283,957	5,872,209	7.01%
Ending net assets	\$ 6,297,023	6,177,380	147,821	106,577	6,444,844	6,283,957	2.56%

In fiscal 2010, property tax, income surtax, statewide sales and services tax and unrestricted state grants accounted for 74.17% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 91.87% of the revenue from business type activities.

The District's total revenues were approximately \$11.9 million of which \$11.3 million was for governmental activities and approximately \$0.6 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.64% decrease in revenues and a .45% increase in expenses. Property taxes increased \$204,796 and operating grants and contributions increased \$514,879 but unrestricted state grants decreased \$913,970.

Governmental Activities

Revenues for governmental activities were \$11,305,280 and expenses were \$11,185,637.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 7,214,229	7,152,306	0.87%	4,847,509	5,193,780	-6.67%
Support services	2,938,707	2,908,366	1.04%	2,938,707	2,906,519	1.11%
Non-instructional	2,924	2,800	4.43%	2,924	2,800	4.43%
Other expenses	1,029,777	1,099,940	-6.38%	641,780	741,368	-13.43%
Totals	\$ 11,185,637	11,163,412	0.20%	8,430,920	8,844,467	-4.68%

- The cost financed by users of the District's programs was \$294,019.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,460,698.
- The net cost of governmental activities was financed with \$3,848,073 in property tax, \$469,855 in income surtax, \$590,318 in statewide sales and service tax, \$3,477,098 in state grants, \$43,167 in interest income and \$153,352 in other general revenues.

Business Type Activities

Revenues of the District's business type activity were \$630,902 and expenses were \$589,546. The District's business type activity is the School Nutrition Fund, the Greenhouse Fund and the Pool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and a transfer from the PERL Fund to help cover costs associated with the pool the District maintains.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,765,942, below last year's ending fund balances of \$2,118,562. The primary reason for the decrease is associated with losses in fund balance by the General Fund and Capital Projects Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Cuts during the year in state and revenues resulted in a decrease in revenues. The decrease in revenues was

not enough to offset the increase in expenditures. This resulted in the increase in fund balance from \$894,530 in fiscal 2009 to \$601,107 in fiscal 2010.

- The Debt Service fund balance increased from \$507,720 in fiscal 2009 to \$682,997 in fiscal 2010.

Proprietary Fund Highlights

The School Nutrition Fund's balance increased from \$82,915 in fiscal 2008 to \$110,540 in fiscal 2010.

The School Pool Fund balance increased from \$21,475 in 2009 to \$34,638 in 2010 due to revenue from the Public Education and Recreation Levy. This represents a 61.30% increase from 2009 to 2010.

The School Greenhouse Fund also showed a slight increase during the year ended June 30, 2010. The balance in this fund increased from \$2,187 to \$2,643. Fund revenues were more than expenses.

BUDGETARY HIGHLIGHTS

The District's revenues were \$227,666 less than budgeted revenues, a variance of 1.87%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

Initially, total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

During the year ended June 30, 2010, District expenditures exceeded the budgeted amounts in the non-instructional programs and other expenditures functions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$8,245,524 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net increase of 1.22% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$399,873.

The original cost of the District's capital assets was \$14,306,357. Governmental funds account for \$14,207,315 with the remainder of \$99,042 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$323,501 at June 30, 2009 as compared to \$420,927 at June 30, 2010.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 406,285	406,285	-	-	406,285	406,285	0.00%
Construction in progress	597,057	574,214	-	-	597,057	574,214	3.98%
Buildings	6,436,265	6,469,123	-	-	6,436,265	6,469,123	-0.51%
Land improvements	420,927	323,501	-	-	420,927	323,501	30.12%
Machinery and equipment	363,909	349,462	21,081	23,788	384,990	373,250	3.15%
Total	\$ 8,224,443	8,122,585	21,081	23,788	8,245,524	8,146,373	1.22%

Long-Term Debt

At June 30, 2010, the District had \$4,089,575 in general obligation bonds payable, revenue bonds payable, and other long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding general obligation bonds payable of \$2,490,000 at June 30, 2010.

The District had total outstanding revenue bonds payable of \$410,000 at June 30, 2010 payable from the proceeds of the statewide sales and service taxes in the Capital Projects Fund.

As of June 30, 2010, the District had qualified zone academy bonds of \$1,000,000 payable from the Special Revenue, Physical Plant and Equipment Levy Fund.

The District also had total outstanding early retirement payable of \$45,847 from the Special Revenue, Management Fund at June 30, 2010.

The District had compensated absences payable of \$99,273 from the General Fund at June 30, 2010.

The District had other post employment benefits payable of \$44,455 payable from the Special Revenue, Management Fund at June 30, 2010.

Figure A-7
Outstanding Long-Term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2010	2009	2009-10
General obligation bonds	\$ 2,490,000	2,765,000	-9.95%
Revenue bonds	410,000	525,000	-21.90%
QZAB	1,000,000	1,000,000	0.00%
Early retirement	45,847	51,158	-10.38%
Compensated absences	99,273	106,409	-6.71%
Other post employment benefits	44,455	-	100.00%
Total	\$ 4,089,575	4,447,567	-8.05%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tanya Purdy, Business Manager/District Secretary, Columbus Community School District, 1210 Colton St., Columbus Junction, Iowa, 52738.

BASIC FINANCIAL STATEMENTS

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments:	\$ 2,650,766	120,565	2,771,331
Receivables:			
Property tax:			
Delinquent	34,668	-	34,668
Succeeding year	3,946,052	-	3,946,052
Income surtax	408,771	-	408,771
Accounts	10,780	64	10,844
Due from other governments	655,290	-	655,290
Inventories	-	12,072	12,072
Capital assets, net of accumulated depreciation	8,224,443	21,081	8,245,524
TOTAL ASSETS	15,930,770	153,782	16,084,552
LIABILITIES			
Accounts payable	398,860	1,636	400,496
Salaries and benefits payable	923,831	-	923,831
Accrued interest payable	12,558	-	12,558
Deferred revenue:			
Succeeding year property tax	3,946,052	-	3,946,052
Other	262,871	-	262,871
Unearned revenue	-	4,325	4,325
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	280,000	-	280,000
Revenue bonds payable	120,000	-	120,000
Early retirement payable	19,778	-	19,778
Compensated absences	99,273	-	99,273
Portion due after one year:			
General obligation bonds payable	2,210,000	-	2,210,000
QZAB bonds payable	1,000,000	-	1,000,000
Revenue bonds payable	290,000	-	290,000
Early retirement payable	26,069	-	26,069
Other post employment benefits	44,455	-	44,455
TOTAL LIABILITIES	9,633,747	5,961	9,639,708
NET ASSETS			
Invested in capital assets, net of related debt	4,324,443	21,081	4,345,524
Restricted for:			
Debt service	682,997	-	682,997
Categorical funding	147,603	-	147,603
Capital projects	182,947	-	182,947
Management levy	193,049	-	193,049
Physical plant and equipment levy	13,492	-	13,492
Public education and recreation levy	989	-	989
Other special revenue purposes	45,514	-	45,514
Unrestricted	705,989	126,740	832,729
TOTAL NET ASSETS	\$ 6,297,023	147,821	6,444,844

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 4,181,663	169,455	1,567,665	(2,444,543)	-	(2,444,543)
Special	1,355,203	16,313	169,756	(1,169,134)	-	(1,169,134)
Other	1,677,363	108,251	335,280	(1,233,832)	-	(1,233,832)
	<u>7,214,229</u>	<u>294,019</u>	<u>2,072,701</u>	<u>(4,847,509)</u>	<u>-</u>	<u>(4,847,509)</u>
Support services:						
Student	295,864	-	-	(295,864)	-	(295,864)
Instructional staff	609,912	-	-	(609,912)	-	(609,912)
Administration	842,039	-	-	(842,039)	-	(842,039)
Operation and maintenance of plant	797,207	-	-	(797,207)	-	(797,207)
Transportation	393,685	-	-	(393,685)	-	(393,685)
	<u>2,938,707</u>	<u>-</u>	<u>-</u>	<u>(2,938,707)</u>	<u>-</u>	<u>(2,938,707)</u>
Non-instructional programs:						
Other enterprise operations	2,924	-	-	(2,924)	-	(2,924)
Other expenditures:						
Facilities acquisitions	249,599	-	-	(249,599)	-	(249,599)
Long-term debt interest	93,282	-	-	(93,282)	-	(93,282)
AEA flowthrough	387,997	-	387,997	-	-	-
Depreciation (unallocated)*	298,899	-	-	(298,899)	-	(298,899)
	<u>1,029,777</u>	<u>-</u>	<u>387,997</u>	<u>(641,780)</u>	<u>-</u>	<u>(641,780)</u>
Total governmental activities	11,185,637	294,019	2,460,698	(8,430,920)	-	(8,430,920)
Business Type activities:						
Instruction:						
Other	920	1,376	-	-	456	456
Non-instructional programs:						
Nutrition services	549,628	118,593	438,726	-	7,691	7,691
Community services	38,998	20,861	-	-	(18,137)	(18,137)
Total business type activities	<u>589,546</u>	<u>140,830</u>	<u>438,726</u>	<u>-</u>	<u>(9,990)</u>	<u>(9,990)</u>
Total	\$ <u>11,775,183</u>	<u>434,849</u>	<u>2,899,424</u>	<u>(8,430,920)</u>	<u>(9,990)</u>	<u>(8,440,910)</u>
General Revenues and Transfers:						
General revenues:						
Property tax levied for:						
General purposes				\$ 3,228,365	-	3,228,365
Debt service				351,288	-	351,288
Capital outlay				268,420	-	268,420
Income surtax				469,855	-	469,855
Statewide sales and services tax				590,318	-	590,318
Unrestricted state grants				3,477,098	-	3,477,098
Unrestricted investment earnings				43,167	169	43,336
Other				153,352	19,877	173,229
Transfers				(31,300)	31,300	-
Total general revenues and transfers				<u>8,550,563</u>	<u>51,346</u>	<u>8,601,909</u>
Excess(Deficiency)of revenues over (under) expenses before other financing uses				<u>119,643</u>	<u>41,356</u>	<u>160,999</u>
Other financing uses:						
Loss on asset disposal				-	(112)	(112)
Changes in net assets				<u>119,643</u>	<u>41,244</u>	<u>160,887</u>
Net assets beginning of year				<u>6,177,380</u>	<u>106,577</u>	<u>6,283,957</u>
Net assets end of year				<u>\$ 6,297,023</u>	<u>147,821</u>	<u>6,444,844</u>

* This amount excludes the depreciation that is included in the direct expense of various programs
SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Debt Service	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments:	\$ 1,525,854	679,812	445,100	2,650,766
Receivables:				
Property tax				
Delinquent	27,192	3,185	4,291	34,668
Succeeding year	3,262,611	352,818	330,623	3,946,052
Income surtax	408,771	-	-	408,771
Accounts	9,112	-	1,668	10,780
Due from other governments	314,119	-	341,171	655,290
TOTAL ASSETS	\$ 5,547,659	1,035,815	1,122,853	7,706,327
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 88,468	-	310,392	398,860
Salaries and benefits payable	923,831	-	-	923,831
Deferred revenue:				
Succeeding year property tax	3,262,611	352,818	330,623	3,946,052
Income surtax	408,771	-	-	408,771
Other	262,871	-	-	262,871
Total liabilities	4,946,552	352,818	641,015	5,940,385
Fund balances:				
Reserved for:				
Debt service	-	682,997	-	682,997
Categorical funding	147,603	-	-	147,603
Unreserved	453,504	-	481,838	935,342
Total fund balances	601,107	682,997	481,838	1,765,942
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,547,659	1,035,815	1,122,853	7,706,327

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Total fund balances of governmental funds (page 20) \$ 1,765,942

**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, therefore, are not reported as
 assets in in the governmental funds. 8,224,443

Accounts receivable income surtax, are not yet available
 to finance expenditures of the current fiscal period. 408,771

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. (12,558)

Long-term liabilities, including general obligation bonds,
 QZAB bonds, revenues bonds, early retirement, other post
 employment benefits, and compensated absences, are not due
 and payable in the current period and, therefore, are not
 reported as liabilities in the governmental funds. (4,089,575)

Net assets of governmental activities (page 18) \$ 6,297,023

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Debt Service	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 3,479,203	351,288	1,067,794	4,898,285
Tuition	129,496	-	-	129,496
Other	155,240	9,017	197,428	361,685
State sources	4,783,083	-	-	4,783,083
Federal sources	1,154,070	-	-	1,154,070
Total revenues	<u>9,701,092</u>	<u>360,305</u>	<u>1,265,222</u>	<u>11,326,619</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	4,035,840	-	129,557	4,165,397
Special	1,351,515	-	-	1,351,515
Other	1,575,721	-	95,823	1,671,544
	<u>6,963,076</u>	<u>-</u>	<u>225,380</u>	<u>7,188,456</u>
Support services:				
Student	294,396	-	1,059	295,455
Instructional staff	504,369	-	108,839	613,208
Administration	782,591	-	45,553	828,144
Operation and maintenance of plant	729,386	-	62,802	792,188
Transportation	330,426	-	87,498	417,924
	<u>2,641,168</u>	<u>-</u>	<u>305,751</u>	<u>2,946,919</u>
Non-instructional programs:				
Other enterprise operations	2,924	-	-	2,924
Other expenditures:				
Facilities acquisitions	-	-	635,909	635,909
Long-term debt:				
Principal	-	390,000	-	390,000
Interest and fiscal charges	-	95,734	-	95,734
AEA flowthrough	387,997	-	-	387,997
	<u>387,997</u>	<u>485,734</u>	<u>635,909</u>	<u>1,509,640</u>
Total expenditures	<u>9,995,165</u>	<u>485,734</u>	<u>1,167,040</u>	<u>11,647,939</u>
Excess(deficiency) of revenues over(under) expenditures	(294,073)	(125,429)	98,182	(321,320)
Other financing sources(uses):				
Transfer in	900	300,706	250	301,856
Transfer out	(250)	-	(332,906)	(333,156)
Total other financing sources(uses)	<u>650</u>	<u>300,706</u>	<u>(332,656)</u>	<u>(31,300)</u>
Net change in fund balances	(293,423)	175,277	(234,474)	(352,620)
Fund balance beginning of year	894,530	507,720	716,312	2,118,562
Fund balance end of year	<u>\$ 601,107</u>	<u>682,997</u>	<u>481,838</u>	<u>1,765,942</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2010

Net change in fund balances - total governmental funds (page 22) \$ (352,620)

**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. Depreciation expense and loss on disposal exceed capital outlay expenditures in the current year, are as follows:

Expenditures for capital assets	\$ 498,609	
Depreciation expense	(396,751)	101,858

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 Assets. Current year issues and repayments are as follows:

390,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

2,452

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.

9,961

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	\$ 5,311	
Compensated absences	7,136	
Other postemployment benefits	(44,455)	(32,008)

Changes in net assets of governmental activities (page 19) \$ 119,643

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	School Nutrition	Pool	Green- house	Total
Assets				
Current assets:				
Cash and pooled investments	\$ 82,147	35,775	2,643	120,565
Receivables:				
Accounts	64	-	-	64
Inventories	12,072	-	-	12,072
Capital assets, net of accumulated depreciation	21,081	-	-	21,081
Total assets	115,364	35,775	2,643	153,782
Liabilities				
Accounts payable	499	1,137	-	1,636
Unearned revenue	4,325	-	-	4,325
Total liabilities	4,824	1,137	-	5,961
Net assets				
Invested in capital assets	21,081	-	-	21,081
Unrestricted	89,459	34,638	2,643	126,740
Total net assets	\$ 110,540	34,638	2,643	147,821

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	School Nutrition	Pool	Green- house	Total
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 118,593	20,861	1,376	140,830
Miscellaneous	19,877	-	-	19,877
TOTAL OPERATING REVENUES	138,470	20,861	1,376	160,707
OPERATING EXPENSES:				
Current:				
Instruction:				
Other instruction	-	-	920	920
Non-instructional programs:				
Food service and community service operations:				
Salaries	235,241	20,125	-	255,366
Benefits	48,268	2,240	-	50,508
Services	8,065	9,980	-	18,045
Supplies	253,718	5,543	-	259,261
Depreciation	3,122	-	-	3,122
Other	1,214	1,110	-	2,324
	549,628	38,998	-	588,626
TOTAL OPERATING EXPENSES	549,628	38,998	920	589,546
OPERATING INCOME (LOSS)	(411,158)	(18,137)	456	(428,839)
NON-OPERATING REVENUES:				
State sources	5,978	-	-	5,978
Federal sources	432,748	-	-	432,748
Interest income	169	-	-	169
TOTAL NON-OPERATING REVENUES	438,895	-	-	438,895
Changes in net assets before other financing sources	27,737	(18,137)	456	10,056
OTHER FINANCING SOURCES (USES):				
Loss on asset disposal	(112)	-	-	(112)
Transfer in	-	31,300	-	31,300
TOTAL OTHER FINANCING SOURCES (USES)	(112)	31,300	-	31,188
Changes in net assets	27,625	13,163	456	41,244
Net assets beginning of year	82,915	21,475	2,187	106,577
Net assets end of year	\$ 110,540	34,638	2,643	147,821

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	School Nutrition	Pool	Green- house	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 118,199	-	-	118,199
Cash received from miscellaneous operating activities	19,877	20,861	1,376	42,114
Cash payments to employees for services	(283,509)	(22,365)	-	(305,874)
Cash payments to suppliers for goods or services	(228,159)	(16,522)	(920)	(245,601)
Net cash provided by(used in) operating activities	(373,592)	(18,026)	456	(391,162)
Cash flows from non-capital financing activities:				
Transfer from Public Education and Recreation Levy	-	31,300	-	31,300
State grants received	5,978	-	-	5,978
Federal grants received	389,518	-	-	389,518
Net cash provided by non-capital financing activities	395,496	31,300	-	426,796
Cash flows from capital and related financing activities:				
Purchase of capital assets	(528)	-	-	(528)
Cash flows from investing activities:				
Interest on investments	169	-	-	169
Net increase in cash and cash equivalents	21,545	13,274	456	35,275
Cash and cash equivalents at beginning of year	60,602	22,501	2,187	85,290
Cash and cash equivalents at end of year	\$ 82,147	35,775	2,643	120,565
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (411,158)	(18,137)	456	(428,839)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	43,230	-	-	43,230
Depreciation	3,122	-	-	3,122
Increase in inventories	(5,779)	-	-	(5,779)
Increase in accounts receivable	(64)	-	-	(64)
Increase(decrease) in accounts payable	(2,613)	111	-	(2,502)
Decrease in unearned revenue	(330)	-	-	(330)
Net cash provided by(used in) operating activities	\$ (373,592)	(18,026)	456	(391,162)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$43,230.

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	<u>\$ 20,501</u>	<u> 157</u>
LIABILITIES		
Due to other groups	<u> -</u>	<u> 157</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 20,501</u>	<u> -</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Contributions	\$ 24,902
Deductions:	
Support services:	
Scholarships awarded	<u>21,383</u>
Change in net assets	3,519
Net assets beginning of year	<u>16,982</u>
Net assets end of year	<u>\$ 20,501</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(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 preschool through twelve. The geographic area served primarily includes the Cities of Columbus Junction, Columbus City, Conesville, Cotter and Fredonia Iowa, and the predominate agricultural territory of Louisa and Muscatine Counties. The District is governed by a Board of Education whose members are elected at large, 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 do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Louisa and Muscatine County Assessors' 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 nonfiduciary 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 assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but 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 that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as 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 receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

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

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

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

The District's Enterprise, Pool Fund is used to account for the community services the District provides to patrons of

the surrounding cities for usage of the swimming pool the District operates.

The District's Enterprise, Greenhouse Fund is used to account for the transactions involved in the buying and selling of plants in the greenhouse the District operates.

The District also reports two fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include 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.

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

C. Measurement Focus and Basis of Accounting

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be 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, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 fund of the District applies 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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 Balances

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

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 the governmental funds are 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 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 year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be 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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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, machinery and equipment, and intangibles 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
Land improvements	2,500
Intangible assets	30,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	10-40 years
Land improvements	10-20 years
Intangible assets	5-15 years
Machinery and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July, have been accrued as liabilities when applicable.

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 represent 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 unspent grant proceeds as well as property tax receivables and other receivables 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.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Fund Balances - 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 Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures in the non-instructional programs and other expenditures functions exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2010 were entirely covered by federal depository insurance or State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2010, the District had no investments to be reported.

Credit risk - the investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

(3) **Interfund Transfers**

The detail of transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 218,531
Debt Service	Physical Plant and Equipment Levy	82,175
Enterprise Pool Fund	Public Education and Recreation Levy	31,300
General Fund	Capital Projects	250
General Fund	Physical Plant and Equipment Levy	900
Total		<u>\$ 333,156</u>

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

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School 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. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

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. 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. The interest rate on the Series 2009-10A warrants was 2.50%. the interest rate on the series 2009-10B warrants is a variable rate, calculated daily based upon the Bankers Trust Co. NA prime rate plus 50 basis points with a minimum interest rate of 4.50% A summary of the District's ISCAP activity for the year ended June 30, 2010 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning Year	Advances Received	Advances Repaid	Balance End of Year	Interest Payable
2009-10A	6/25/2009	6/23/2010	-	300,000	300,000	-	-
Total							

During the year ended June 30, 2010, the District paid \$18,935 of interest on the ISCAP warrants.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 98,965	528	451	99,042
Less accumulated depreciation	75,177	3,122	338	77,961
Business type activities capital assets, net	\$ 23,788	(2,594)	113	21,081

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 406,285	-	-	406,285
Construction in progress	574,214	285,335	262,492	597,057
Total capital assets not being depreciated	980,499	285,335	262,492	1,003,342
Capital assets being depreciated:				
Buildings	10,185,369	222,497	3,072	10,404,794
Land improvements	983,509	140,970	-	1,124,479
Machinery and equipment	1,562,401	112,299	-	1,674,700
Total capital assets being depreciated	12,731,279	475,766	3,072	13,203,973
Less accumulated depreciation for:				
Buildings	3,716,246	255,355	3,072	3,968,529
Land improvements	660,008	43,544	-	703,552
Machinery and equipment	1,212,939	97,852	-	1,310,791
Total accumulated depreciation	5,589,193	396,751	3,072	5,982,872
Total capital assets being depreciated, net	7,142,086	79,015	-	7,221,101
Governmental activities capital assets, net	\$ 8,122,585	364,350	262,492	8,224,443

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 14,636
Special	3,688
Other	5,819
Support services:	
Instructional staff	11,087
Administration	8,592
Operation and maintenance	2,570
Transportation	51,460
	97,852
Unallocated depreciation	298,899
Total governmental activities depreciation expense	\$ 396,751
Business type activities:	
Food services	\$ 3,122

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 2,765,000	-	275,000	2,490,000	280,000
Revenue Bonds	525,000	-	115,000	410,000	120,000
QZAB	1,000,000	-	-	1,000,000	-
Early Retirement	51,158	18,872	24,183	45,847	19,778
Compensated absences	106,409	99,273	106,409	99,273	99,273
Other postemployment benefits	-	44,455	-	44,455	-
Total	\$ 4,447,567	162,600	520,592	4,089,575	519,051

General Obligation Bonds Payable

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 28, 2009			
	Interest Rates	Principal	Interest	Total
2011	1.90	% \$ 280,000	72,818	352,818
2012	2.20	290,000	67,498	357,498
2013	2.50	295,000	61,117	356,117
2014	2.75	305,000	53,742	358,742
2015	3.00	315,000	45,355	360,355
2016-2018	3.00-3.85	1,005,000	74,530	1,079,530
Total		\$ 2,490,000	375,060	2,865,060

Revenue Bonds Payable

Details of the District's June 30, 2010 statewide sales and service tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of March 1, 2005			
	Interest Rates	Principal	Interest	Total
2011	3.10	% \$ 120,000	11,682	131,682
2012	3.20	75,000	8,622	83,622
2013	3.35	70,000	6,250	76,250
2014	3.45	70,000	3,870	73,870
2015	3.55	75,000	1,331	76,331
Total		\$ 410,000	31,755	441,755

The District has pledged future statewide sales and service tax revenues to repay the \$850,000 bond issued March, 2005. The bonds were issued for the purpose of defraying a portion of the cost of the District's geothermal HVAC project. The bonds are payable solely from the proceeds of the statewide sales received by the District and are payable through 2015. The bonds are not

a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 22.5 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$441,755. For the current year, principal of \$115,000 and interest of \$15,239 was paid on the bonds and total statewide sales and service tax revenues were \$590,318.

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

- a) \$85,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Qualified Zone Academy Bonds (QZAB) Payable

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

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least fifty-five 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. During the year ended June 30, 2010, the District paid early retirement benefits of \$24,183.

(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, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010, 2009 and 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$429,528, \$397,132 and \$368,381 respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical for retirees under one of three fully insured Copay plans offered through Wellmark. There are 101 active and 8 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 60,984
Interest on net IPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>60,984</u>
Contributions made	<u>(16,529)</u>
Increase in net OPEB obligation	44,455
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u><u>\$ 44,455</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$16,529 to the medical plan. Plan members eligible for benefits contributed \$0 of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
June 30, 2010	\$60,984	27.10%	\$44,455

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$806,147, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$806,147. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,150,073, and the ratio of the UAAL to covered payroll was 15.65%. As of June 30, 2010, there were no trust fund assets.

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

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

As of the July 1, 2009 actuarial valuation date, the unit credit method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007

and applying the termination factors used in IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$35,562 annually for retirees and spouses less than 65. The salary increase rate was assumed to 3.5% per year. The implicit subsidy portion of UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years. The explicit subsidy portion of UAAL is being amortized as a level percentage of projected payroll expense on an closed basis over 10 years.

(9) 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.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$387,997 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2010, expenditures in the non-instructional programs and other expenditures functions exceeded the amounts budgeted.

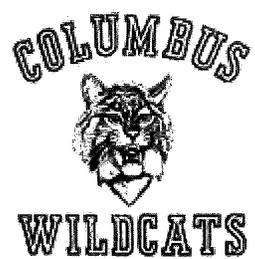
(12) Construction Commitment

As of June 30, 2010, costs of \$597,057 had been incurred for construction projects for track resurfacing, auditorium electrical and roof projects. When construction is completed, the construction costs will be capitalized and depreciated.

(13) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2010 are broken out by the following projects:

<u>Projects</u>	<u>Amount</u>
Statewide voluntary preschool	\$ 28
LEP weighting	502
At-Risk supplemental weighting	4,490
Gifted and talented	15,352
Dropout prevention	6,810
Iowa early intervention	20
Educator quality, basic salart	64,022
Educator quality, professional development	4,502
Beginning teacher mentoring	7,412
Beginning administrator mentoring	1,500
Educator quality, model core curriculum	30,285
Empowerment	5,301
Educator quality, market factor incentives	5,759
Innovative at risk, K-3	1,620
	<hr/>
Total categorical funding	\$ 147,603



REQUIRED SUPPLEMENTARY INFORMATION

COLUMBUS COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2010

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 5,389,466	160,877	5,550,343	5,516,650	5,516,650	33,693
State sources	4,783,083	5,978	4,789,061	5,866,604	5,866,604	(1,077,543)
Federal sources	1,154,070	432,747	1,586,817	770,633	770,633	816,184
Total revenues	<u>11,326,619</u>	<u>599,602</u>	<u>11,926,221</u>	<u>12,153,887</u>	<u>12,153,887</u>	<u>(227,666)</u>
Expenditures/Expenses:						
Instruction	7,188,456	920	7,189,376	7,673,000	7,673,000	483,624
Support services	2,946,919	-	2,946,919	3,084,011	3,084,011	137,092
Non-instructional programs	2,924	588,626	591,550	487,500	487,500	(104,050)
Other expenditures	1,509,640	-	1,509,640	1,042,841	1,042,841	(466,799)
Total expenditures/expenses	<u>11,647,939</u>	<u>589,546</u>	<u>12,237,485</u>	<u>12,287,352</u>	<u>12,287,352</u>	<u>49,867</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	(321,320)	10,056	(311,264)	(133,465)	(133,465)	(177,799)
Other financing sources(uses), net	(31,300)	31,188	(112)	(90)	(90)	(22)
Excess of revenues and other financing sources over expenditures/ expenses and other financing uses	(352,620)	41,244	(311,376)	(133,555)	(133,555)	(177,821)
Balance beginning of year	<u>2,118,562</u>	<u>106,577</u>	<u>2,225,139</u>	<u>1,647,899</u>	<u>1,647,899</u>	<u>(577,240)</u>
Balance end of year	<u>\$ 1,765,942</u>	<u>147,821</u>	<u>1,913,763</u>	<u>1,514,344</u>	<u>1,514,344</u>	<u>(755,061)</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard 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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2010, expenditures in the non-instructional programs and other expenditures functional areas exceeded the budgeted amounts.

SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 806,147	806,147	0.00%	\$ 5,150,073	15.65%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

COLUMBUS COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds						Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education and Recreation Levy	Total Special Revenue Funds	Capital Projects	Other Nonmajor Governmental Funds
ASSETS							
Cash and pooled investments	\$ 237,013	54,691	138,352	703	430,759	14,341	445,100
Receivables:							
Property tax:							
Delinquent	1,873	-	2,134	284	4,291	-	4,291
Succeeding year	70,900	-	229,027	30,696	330,623	-	330,623
Accounts	10	1,644	12	2	1,668	-	1,668
Due from other governments	-	-	-	-	-	341,171	341,171
TOTAL ASSETS	\$ 309,796	56,335	369,525	31,685	767,341	355,512	1,122,853
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	10,821	127,006	-	137,827	172,565	310,392
Deferred revenue:							
Succeeding year property tax	70,900	-	229,027	30,696	330,623	-	330,623
Total liabilities	70,900	10,821	356,033	30,696	468,450	172,565	641,015
Fund balances:							
Unreserved	238,896	45,514	13,492	989	298,891	182,947	481,838
Total fund balances	238,896	45,514	13,492	989	298,891	182,947	481,838
TOTAL LIABILITIES AND FUND BALANCES	\$ 309,796	56,335	369,525	31,685	767,341	355,512	1,122,853

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2010

	Special Revenue Funds						Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education and Recreation Levy	Total Special Revenue Funds	Capital Projects	Other Nonmajor Governmental Funds
REVENUES:							
Local sources:							
Local tax	\$ 209,056	-	236,660	31,760	477,476	590,318	1,067,794
Other	80,848	116,148	334	-	197,330	98	197,428
TOTAL REVENUES	289,904	116,148	236,994	31,760	674,806	590,416	1,265,222
EXPENDITURES:							
Current:							
Instruction:							
Regular	129,557	-	-	-	129,557	-	129,557
Other	-	95,823	-	-	95,823	-	95,823
Support services:							
Student	1,059	-	-	-	1,059	-	1,059
Instructional staff	530	-	35,097	-	35,627	73,212	108,839
Administration	17,539	7,183	20,831	-	45,553	-	45,553
Operation and maintenance of plant	45,269	-	-	-	45,269	17,533	62,802
Transportation	11,799	-	75,699	-	87,498	-	87,498
Other expenditures:							
Facilities acquisition	-	-	68,012	-	68,012	567,897	635,909
TOTAL EXPENDITURES	205,753	103,006	199,639	-	508,398	658,642	1,167,040
EXCESS OF REVENUES OVER EXPENDITURES	84,151	13,142	37,355	31,760	166,408	(68,226)	98,182
OTHER FINANCING SOURCES(USES):							
Transfer in	-	-	-	-	-	250	250
Transfers out	-	-	(83,075)	(31,300)	(114,375)	(218,531)	(332,906)
TOTAL OTHER FINANCING SOURCES(USES)	-	-	(83,075)	(31,300)	(114,375)	(218,281)	(332,656)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	84,151	13,142	(45,720)	460	52,033	(286,507)	(234,474)
FUND BALANCE BEGINNING OF YEAR	154,745	32,372	59,212	529	246,858	469,454	716,312
FUND BALANCE END OF YEAR	\$ 238,896	45,514	13,492	989	298,891	182,947	481,838

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2010

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
<u>Athletics:</u>					
General athletics	\$ (13,972)	45,918	25,912	(999)	5,035
Football	889	5,293	5,344	-	838
Wrestling	1,755	180	1,464	-	471
Volleyball	1,079	5,831	4,277	-	2,633
Softball	2,122	72	335	-	1,859
Baseball	(12)	8	(12)	-	8
Cross country	793	2,207	1,556	-	1,444
Girls basketball	2,799	4,325	2,931	-	4,193
Boys basketball	1,090	450	1,006	-	534
MS Boys basketball	562	-	-	-	562
Boys track	25	-	-	-	25
Girls track	585	-	(115)	-	700
Boys soccer	262	954	-	-	1,216
Girls soccer	747	7,245	6,369	-	1,623
	<u>(1,276)</u>	<u>72,483</u>	<u>49,067</u>	<u>(999)</u>	<u>21,141</u>
<u>Extra curricular:</u>					
Extra curricular programs	(33)	5,004	5,419	448	-
Vocal	-	-	-	-	-
Band	-	17	-	-	17
Cheerleading	1,478	947	1,410	-	1,015
Yearbook	(5,499)	4,668	9,733	-	(10,564)
Student council	1,770	2,040	1,381	-	2,429
Drama	350	-	-	-	350
Close up	2,838	-	-	-	2,838
	<u>904</u>	<u>12,676</u>	<u>17,943</u>	<u>448</u>	<u>(3,915)</u>
<u>Organizations:</u>					
FCCLA	1,565	8,562	8,300	-	1,827
FFA	1,531	311	3,911	2,069	-
Indian slough project	9,355	-	-	(2,069)	7,286
NHS	1,177	329	1,080	-	426
BPA	2,519	80	175	-	2,424
Science and math	2,256	6,732	6,897	-	2,091
	<u>18,403</u>	<u>16,014</u>	<u>20,363</u>	<u>-</u>	<u>14,054</u>
<u>Miscellaneous:</u>					
Interest	-	301	-	-	301
HS pop	-	7,729	8,280	551	-
MS fundraisers	11,574	4,438	4,265	(300)	11,447
Class of 2010	337	-	107	-	230
Class of 2011	2,097	1,112	2,816	-	393
Class of 2012	261	1,385	45	-	1,601
Class of 2013	-	-	60	300	240
Special olympics	72	-	50	-	22
Book fair	-	10	10	-	-
	<u>14,341</u>	<u>14,975</u>	<u>15,633</u>	<u>551</u>	<u>14,234</u>
Total	<u>\$ 32,372</u>	<u>116,148</u>	<u>103,006</u>	<u>-</u>	<u>45,514</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2010

	Balance			Balance
	Beginning	Additions	Deletions	End
	of Year			of Year
ASSETS				
Cash and pooled investments	\$ 191	137	171	157
LIABILITIES				
Due to other groups	\$ 191	137	171	157

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2010	2009	2008	2007	2006
Revenues:					
Local sources:					
Local tax	\$ 4,898,285	4,683,595	4,435,032	4,566,689	4,074,041
Tuition	129,496	152,729	148,962	154,807	118,847
Other	361,685	425,405	454,548	398,975	481,653
Intermediate sources	-	5,858	1,800	-	-
State sources	4,783,083	5,711,182	5,649,688	5,275,545	4,982,827
Federal sources	1,154,070	593,828	510,736	570,722	1,061,740
Total	\$ 11,326,619	11,572,597	11,200,766	10,966,738	10,719,108
Expenditures:					
Instruction:					
Regular	\$ 4,165,397	4,440,789	4,554,474	4,207,721	3,928,092
Special	1,351,515	1,312,277	1,213,353	1,104,438	1,832,974
Other	1,671,544	1,367,407	1,242,173	1,190,633	585,318
Support services:					
Student	295,455	268,589	283,840	276,389	325,815
Instructional staff	613,208	593,888	462,139	521,660	484,429
Administration	828,144	803,911	798,256	738,172	658,865
Operation and maintenance of plant	792,188	776,964	788,611	713,261	712,201
Transportation	417,924	397,147	406,402	280,879	326,644
Other support	-	-	-	-	-
Non-instructional programs	2,924	2,800	6,796	1,406	-
Other expenditures:					
Facilities acquisitions	635,909	423,397	206,438	532,969	1,616,647
Long-term debt:					
Principal	390,000	355,000	371,734	343,103	309,553
Interest and other charges	95,734	150,439	152,800	175,458	187,171
AEA flow-through	387,997	358,572	341,676	322,519	303,124
Total	\$ 11,647,939	11,251,180	10,828,692	10,408,608	11,270,833

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 5

Modified Accrual Basis				
Years Ended June 30,				
2005	2004	2003	2002	2001
3,604,805	3,346,463	3,277,051	2,968,958	2,990,526
116,089	149,357	148,631	124,462	90,968
393,851	417,144	481,473	443,848	450,927
-	-	-	-	-
5,071,177	4,738,819	4,879,966	4,782,810	4,447,287
1,042,930	937,005	846,166	656,872	537,934
10,228,852	9,588,788	9,633,287	8,976,950	8,517,642
4,077,526	3,724,275	3,761,410	3,855,956	3,528,483
1,075,122	1,744,199	1,564,312	1,544,343	1,553,835
1,037,128	620,153	622,792	683,780	619,241
297,838	90,198	143,266	123,834	184,294
488,836	402,674	356,831	162,132	150,420
597,866	609,438	679,131	641,240	527,302
716,645	685,785	733,809	561,250	871,068
353,091	324,195	216,706	228,622	221,291
-	11,475	-	-	-
-	174,882	204,054	256,678	183,043
1,436,015	45,838	160,845	192,209	1,473,675
484,403	362,255	317,473	323,375	230,848
189,510	199,401	206,194	215,654	203,004
304,877	296,901	310,382	312,227	302,632
11,058,857	9,291,669	9,277,205	9,101,300	10,049,136

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	\$ 99,148
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	323,856 *
SUMMER FOOD SERVICE PROGRAM	10.559	FY 10	9,744
			<u>432,748</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G	293,353
TITLE I GRANTS - SCHOOLS IN NEED OF ASSISTANCE	84.010	FY 10	16,100
MIGRANT EDUCATION - BASIC STATE GRANTS			
PROGRAM (TITLE I MIGRANTS)	84.011	FY 10	99,810
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL			
AGENCIES, RECOVERY ACT	84.389	FY 10	11,526
			<u>420,789</u>
SAFE AND DRUG-FREE SCHOOLS AND			
COMMUNITIES - STATE GRANTS	84.186	FY 10	5,330
ADVANCE PLACEMENT PROGRAM	84.330	FY 10	280
IMPROVING TEACHER QUALITY			
STATE GRANTS (TITLE IIA)	84.367	FY 10	41,376
GRANTS FOR STATE ASSESSMENTS AND RELATED			
ACTIVITIES (TITLE VIA)	84.369	FY 10	6,065
GAINING EARLY AWARENESS AND READINESS FOR			
UNDERGRADUATE PROGRAMS (GEAR-UP)	84.334	FY 10	20,194
EDUCATION FOR HOMELESS CHILDREN AND YOUTH,			
RECOVERY ACT	84.387	FY 10	6,434
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) -			
EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	458,662
AREA EDUCATION AGENCY:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 09	693
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	8,511
			<u>9,204</u>

COLUMBUS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
AREA EDUCATION AGENCY (CONTINUED):			
SPECIAL EDUCATION CLUSTER (IDEA) PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 10	56,573
SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 10	80,520
			<u>137,093</u>
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 09	7,256
TITLE III - ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 10	8,723
			<u>15,979</u>
TOTAL			<u>\$ 1,554,154</u>

* -Includes \$43,230 in non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Columbus Community School District and is presented 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 basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

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

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

We have audited 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, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 10, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Columbus Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Columbus Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Columbus Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-10 and II-C-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbus Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Columbus Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Columbus Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Columbus Community School District and other parties to whom Columbus Community School 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.

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 10, 2011

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Columbus Community School District

Compliance

We have audited the compliance of Columbus Community School District with the types of compliance requirements described in 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, 2010. 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. Our responsibility is to express an opinion on Columbus Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Columbus Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Columbus Community School District's compliance with those requirements.

In our 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, 2010.

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 our audit, we 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 our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Columbus Community School District's internal control over compliance.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-10.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed above, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

Columbus Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Columbus Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Columbus Community School District and other parties to whom Columbus Community School 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.


NOLTE, CORNMAN & JOHNSON, P.C.

March 10, 2011

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Child Nutrition Cluster
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - Title I Cluster
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.010 - Title I Grants - Schools in Need of Assistance
 - CFDA Number 84.011 - Migrant Education - Basic Grants to States
 - CFDA Number 84.389 - ARRA - Title I Grants to Local Educational Agencies
 - Individual
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Columbus Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, cash disbursements, bank deposits, posting of the cash receipts to the cash receipts journal and bank reconciliations were all done by the same person.

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

Response - We are always looking for ways to improve our internal controls and are willing to make changes that improve our situation. We now currently have two board members reviewing bills and other financial activities monthly.

Conclusion - Response accepted.

II-B-10 Timesheets - We noted during our audit that the District is not keeping track of hours worked for custodial staff.

Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for any per hour wage employee, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Response - Time cards are now being required by all classified staff and a new electronic time clock system is being installed that syncs with our financial accounting program and we will require all classified employees to keep and up to date record of times work.

Conclusion - Response accepted.

II-C-10 Payroll Procedures - We noted during our audit that the District over paid an employee \$97.02.

Recommendation - Any overpayments should be repaid by the employees. Although the change may have been appropriate, we are unable to determine the properness of the amount, since the contract does not appear to support the amounts paid. The District should modify its payroll procedures to mitigate errors like this in the future.

Response - The error occurred with employees with the same last name. The new time clock system will correct these types of errors.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2010
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.394: ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.010 - Title I Grants to Local Educational Agencies
CFDA Number 84.010 - Title I Grants - Schools in Need of Assistance
CFDA Number 84.011 - Migrant Education -Basic State Grants
CFDA Number 84.389 - ARRA - Title I Grants to Local Educational Agencies
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-10 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, cash disbursements, bank deposits, posting of the cash receipts to the cash receipts journal and bank reconciliations were all done by the same person.

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

Response - We are always looking for ways to improve our internal controls and are willing to make changes that improve our situation. We now currently have two board members reviewing bills and other financial activities once a month.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - District disbursements for the year ended June 30, 2010, exceeded the amounts budgeted in the non-instructional and other expenditures functions.

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

Response - In the future, we will try to better anticipate expenditures and will amend the budget if needed in a timely manner.

Conclusion - Response accepted.

IV-B-10 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-10 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-10 Business Transactions - Business transactions between the District and District officials were noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Tom Mendenhall, Maintenance Owens of Mendenhall, Inc.	Repairs	\$ 945

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

- IV-E-10 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-10 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- IV-H-10 Supplementary Weighting - We noted no variances in the supplementary weighting data certified to the Department of Education.
- IV-I-10 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-10 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.
- IV-K-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-10 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	11,994
Statewide sales and services tax			590,318
Interest			98
Expenditures/transfers out:			
School infrastructure:			
Buildings	\$	200,932	
Debt service for school infrastructure:			
Revenue debt		218,531	419,463
Ending balance		\$	<u>182,947</u>

As a result of the statewide sales, services and use tax revenue received during the year ended June 30, 2010 the District reduced the following levies:

	<u>Per \$1000 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Physical Plant and Equipment Levy	\$ 0.67000	\$ 159,272

IV-M-10 Financial Condition - During our audit we noted that the District had a negative account balance in the Special Revenue, Student Activity Fund totaling \$10,564.

Recommendation - The District should investigate alternatives to eliminate this deficit balance in the Yearbook Account.

Response - The District uses a portion of the Coca-Cola incentive check to help reduce the negative account. Due to the large dollar amount, it will take a long period of time to eliminate this deficit. Procedures have been put in place to avoid situations like this from happening again. We have also adjusted our yearbook project to better reflect the size of our district and maintained the quality of the yearbook so that the fund does not go into further debt.

Conclusion - Response accepted.

IV-N-10 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st. The District should research the outstanding checks to determine if they should be reissued, voided or submitted to the Treasurer of Iowa as unclaimed property.

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

Conclusion - Response accepted.