

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

JUNE 30, 2011

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Columbus Community School District

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|---------------------------|---|---------------------|
| Board of Education | | |
| Marsha Gerot | President | 2013 |
| Dan Peters | Vice President | 2011 |
| Joy Lekwa | Board Member | 2013 |
| Sandy Martin | Board Member | 2013 |
| Polly Prior | Board Member | 2011 |
| School Officials | | |
| Rich Bridenstine | Superintendent | 2011 |
| Tanya Purdy | Business Manager/ District Secretary | 2011 |
| Lynch Dallas | Attorney | 2011 |



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, 2011, 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 15, 2012 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 44 through 46 are not required parts of the basic financial statements, but are supplementary

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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 four years ended June 30, 2010 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited the financial statements for the five 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 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, 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, P.C.

March 15, 2012

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, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$9,701,992 in fiscal 2010 to \$10,673,604 in fiscal 2011, and General Fund expenditures increased from \$9,995,415 in fiscal 2010 to \$10,146,148 in fiscal 2011. General Fund revenues were more than the General Fund expenditures, resulting in an increase in the District's General Fund balance from \$601,107 in fiscal 2010 to a balance of \$1,128,563 in fiscal 2011, an 87.75% increase from the prior year.
- The increase in General Fund revenues was attributable to increases in state and local sources in fiscal 2011. The increase in expenditures was due primarily to increases in negotiated salaries and benefits for District employees.
- As of the year ended June 30, 2011, the District had a solvency ratio of 7.97% as compared to a solvency ratio of 4.67% for the year ended June 30, 2010.

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.

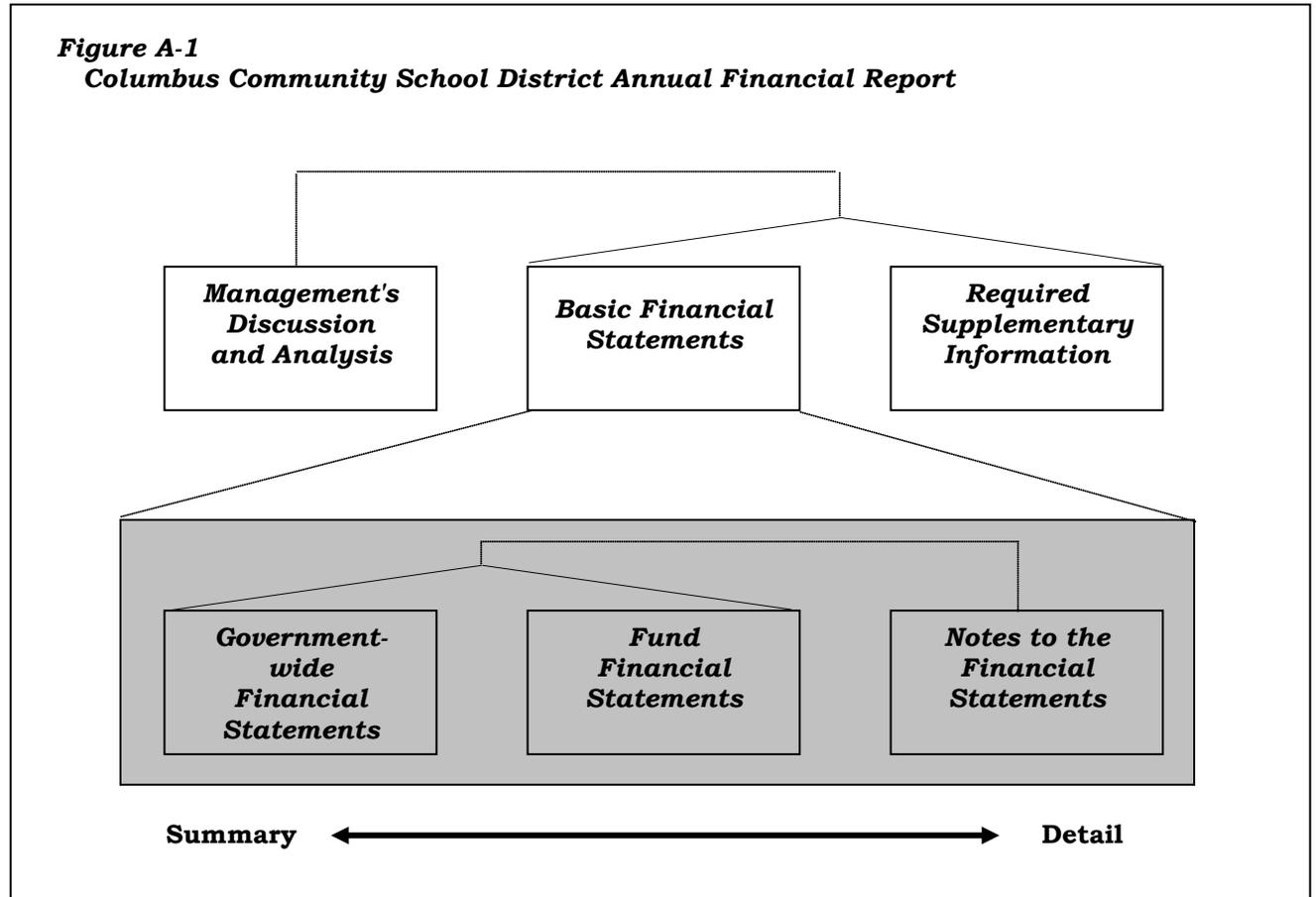


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

| 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, 2011 compared to June 30, 2010.

Figure A-3
Condensed Statement of Net Assets

| | Governmental Activities | | Business-type Activities | | Total District | | Total Change |
|--|----------------------------|------------|-----------------------------|---------|-------------------|------------|-----------------|
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2010-11 |
| Current and other assets | \$ 8,375,031 | 7,706,327 | 130,662 | 132,701 | 8,505,693 | 7,839,028 | 8.50% |
| Capital assets | 8,006,241 | 8,224,443 | 16,656 | 21,081 | 8,022,897 | 8,245,524 | -2.70% |
| Total assets | 16,381,272 | 15,930,770 | 147,318 | 153,782 | 16,528,590 | 16,084,552 | 2.76% |
| Long-term obligations | 3,780,085 | 4,089,575 | - | - | 3,780,085 | 4,089,575 | -7.57% |
| Other liabilities | 5,408,980 | 5,544,172 | 6,184 | 5,961 | 5,415,164 | 5,550,133 | -2.43% |
| Total liabilities | 9,189,065 | 9,633,747 | 6,184 | 5,961 | 9,195,249 | 9,639,708 | -4.61% |
| Net assets: | | | | | | | |
| Invested in capital assets, net of related debt | 4,506,241 | 4,324,443 | 16,656 | 21,081 | 4,522,897 | 4,345,524 | 4.08% |
| Restricted | 1,706,068 | 1,266,591 | - | - | 1,706,068 | 1,266,591 | 34.70% |
| Unrestricted | 979,898 | 705,989 | 124,478 | 126,740 | 1,104,376 | 832,729 | 32.62% |
| Total net assets | \$ 7,192,207 | 6,297,023 | 141,134 | 147,821 | 7,333,341 | 6,444,844 | 13.79% |

The District's combined net assets increased by 13.79%, or \$888,497, 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 increased \$439,477 or 34.70%, over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$271,647, or 32.62%. 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, 2011 compared to the year ended June 30, 2010.

Figure A-4
Changes of Net Assets

| | Governmental | | Business-type | | Total | | Total Change June 30, 2010-11 |
|--|------------------|------------|------------------|---------|------------------|------------|--|
| | Activities | | Activities | | School District | | |
| | June 30, 2011 | 2010 | June 30, 2011 | 2010 | June 30, 2011 | 2010 | |
| Revenues and transfers: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 240,796 | 294,019 | 130,930 | 140,830 | 371,726 | 434,849 | -14.52% |
| Operating grants and contributions and restricted interest | 1,348,087 | 2,460,698 | 438,192 | 438,726 | 1,786,279 | 2,899,424 | -38.39% |
| General revenues: | | | | | | | |
| Property tax | 3,997,363 | 3,848,073 | - | - | 3,997,363 | 3,848,073 | 3.88% |
| Income surtax | 402,861 | 469,855 | - | - | 402,861 | 469,855 | -14.26% |
| Statewide sales, services and use tax | 661,660 | 590,318 | - | - | 661,660 | 590,318 | 12.09% |
| Unrestricted state grants | 5,259,056 | 3,477,098 | - | - | 5,259,056 | 3,477,098 | 51.25% |
| Nonspecific program federal grants | 152,163 | - | - | - | 152,163 | - | 100.00% |
| Other | 140,339 | 196,519 | 15,204 | 20,046 | 155,543 | 216,565 | -28.18% |
| Transfers | (31,581) | (31,300) | 31,581 | 31,300 | - | - | 0.00% |
| Total revenues | 12,170,744 | 11,305,280 | 615,907 | 630,902 | 12,786,651 | 11,936,182 | 7.13% |
| Program expenses: | | | | | | | |
| Governmental activities: | | | | | | | |
| Instruction | 7,256,566 | 7,214,229 | 1,774 | 920 | 7,258,340 | 7,215,149 | 0.60% |
| Support services | 3,199,149 | 2,938,707 | - | - | 3,199,149 | 2,938,707 | 8.86% |
| Non-instructional programs | 1,727 | 2,924 | 620,820 | 588,626 | 622,547 | 591,550 | 5.24% |
| Other expenses | 818,118 | 1,029,777 | - | - | 818,118 | 1,029,777 | -20.55% |
| Total expenses | 11,275,560 | 11,185,637 | 622,594 | 589,546 | 11,898,154 | 11,775,183 | 1.04% |
| Changes in net assets before other financing sources | 895,184 | 119,643 | (6,687) | 41,356 | 888,497 | 160,999 | 451.86% |
| Other Financing Uses: | | | | | | | |
| Loss on disposal | - | - | - | (112) | - | (112) | 100.00% |
| Change in net assets | 895,184 | 119,643 | (6,687) | 41,244 | 888,497 | 160,887 | 452.25% |
| Beginning net assets | 6,297,023 | 6,177,380 | 147,821 | 106,577 | 6,444,844 | 6,283,957 | 2.56% |
| Ending net assets | \$ 7,192,207 | 6,297,023 | 141,134 | 147,821 | 7,333,341 | 6,444,844 | 13.79% |

In fiscal 2011, property tax, income surtax, statewide sales and services tax and unrestricted state grants accounted for 84.80% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 92.40% of the revenue from business type activities.

The District's total revenues were approximately \$12.8 million of which approximately \$12.2 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 7.13% increase in revenues and a 1.04% increase in expenses. Property taxes increased \$149,290 and unrestricted state grants increased \$1,781,958, but operating grants and contributions decreased \$1,113,145.

Governmental Activities

Revenues for governmental activities were \$12,170,744 and expenses were \$11,275,560.

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 | | |
|-------------------|------------------------|------------|-------------------|----------------------|-----------|-------------------|
| | 2011 | 2010 | Change 2010-11 | 2011 | 2010 | Change 2010-11 |
| Instruction | \$ 7,256,566 | 7,214,229 | 0.59% | 6,101,680 | 4,847,509 | 25.87% |
| Support services | 3,199,149 | 2,938,707 | 8.86% | 3,171,908 | 2,938,707 | 7.94% |
| Non-instructional | 1,727 | 2,924 | -40.94% | 1,727 | 2,924 | -40.94% |
| Other expenses | 818,118 | 1,029,777 | -20.55% | 411,362 | 641,780 | -35.90% |
| Totals | \$ 11,275,560 | 11,185,637 | 0.80% | 9,686,677 | 8,430,920 | 14.89% |

- The cost financed by users of the District's programs was \$240,796.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,348,087.
- The net cost of governmental activities was financed with \$3,997,363 in property tax, \$402,861 in income surtax, \$661,660 in statewide sales, services and use tax, \$5,259,056 in state grants, \$152,163 in nonspecific program federal grants, \$14,410 in interest income and \$94,348 in other general revenues, net of transfers.

Business Type Activities

Revenues of the District's business type activity were \$615,907 and expenses were \$622,594. 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 \$2,570,771, above last year's ending fund balances of \$1,765,942. The primary reason for the increase is the increase in the General Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Increases in revenues came from increases in local and state sources. This resulted in the increase in fund balance from \$601,107 in fiscal 2010 to \$1,128,563 in fiscal 2011.

-
- The Debt Service fund balance increased from \$682,997 in fiscal 2010 to \$729,777 in fiscal 2011. Revenues decreased from \$661,011 at June 30, 2010 to \$531,281 at June 30, 2011 and expenditures decreased from \$485,734 at June 30, 2010 to \$484,500 at June 30, 2011.

Proprietary Fund Highlights

The School Nutrition Fund's balance decreased from \$110,540 in fiscal 2010 to \$87,184 in fiscal 2011.

The School Pool Fund balance increased from \$34,638 in 2010 to \$51,516 in 2011 due to revenue from the Public Education and Recreation Levy. This represents a 48.73% increase from 2010 to 2011.

The School Greenhouse Fund also showed a slight decrease during the year ended June 30, 2011. The balance in this fund decreased from \$2,643 to \$2,434. Fund revenues were less than expenses.

BUDGETARY HIGHLIGHTS

The District's revenues were \$102,826 less than budgeted revenues, a variance of 0.80%. The most significant variance resulted from the District receiving more in intermediate 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.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instruction functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$8,022,897 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.70% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$433,187.

The original cost of the District's capital assets was \$14,416,175. Governmental funds account for \$14,317,133 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 construction in progress category. The District's construction in progress totaled \$597,057 at June 30, 2010 as compared to \$51,220 at June 30, 2011.

Figure A-6
Capital Assets, Net of Depreciation

| | Governmental Activities | | Business-type Activities | | Total District | | Total Change |
|--------------------------|-------------------------|-----------|--------------------------|--------|----------------|-----------|--------------|
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2010-11 |
| Land | \$ 406,285 | 406,285 | - | - | 406,285 | 406,285 | 0.00% |
| Construction in progress | 51,220 | 597,057 | - | - | 51,220 | 597,057 | -91.42% |
| Buildings | 6,814,458 | 6,436,265 | - | - | 6,814,458 | 6,436,265 | 5.88% |
| Land improvements | 380,720 | 420,927 | - | - | 380,720 | 420,927 | -9.55% |
| Machinery and equipment | 353,558 | 363,909 | 16,656 | 21,081 | 370,214 | 384,990 | -3.84% |
| Total | \$ 8,006,241 | 8,224,443 | 16,656 | 21,081 | 8,022,897 | 8,245,524 | -2.70% |

Long-Term Debt

At June 30, 2011, the District had \$3,780,085 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 \$2,210,000 at June 30, 2011.

The District had total outstanding revenue bonds payable of \$290,000 at June 30, 2011 payable from the proceeds of the statewide sales and service taxes in the Capital Projects Fund.

As of June 30, 2011, 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 \$26,069 from the Special Revenue, Management Fund at June 30, 2011.

The District had compensated absences payable of \$167,282 from the General Fund at June 30, 2011.

The District had other post employment benefits payable of \$86,734 at June 30, 2011.

Figure A-7
Outstanding Long-Term Obligations

| | | Total School District | | Total Change |
|--------------------------------|----|-----------------------|-----------|--------------|
| | | June 30, | | June 30, |
| | | 2011 | 2010 | 2010-11 |
| General obligation bonds | \$ | 2,210,000 | 2,490,000 | -11.24% |
| Revenue bonds | | 290,000 | 410,000 | -29.27% |
| QZAB | | 1,000,000 | 1,000,000 | 0.00% |
| Early retirement | | 26,069 | 45,847 | -43.14% |
| Compensated absences | | 167,282 | 99,273 | 68.51% |
| Other post employment benefits | | 86,734 | 44,455 | 100.00% |
| Total | \$ | 3,780,085 | 4,089,575 | -7.57% |

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, 2011

| | Governmental Activities | Business Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| ASSETS | | | |
| Cash and pooled investments: | \$ 3,354,783 | 121,651 | 3,476,434 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 30,408 | - | 30,408 |
| Succeeding year | 4,002,134 | - | 4,002,134 |
| Income surtax | 405,816 | - | 405,816 |
| Accounts | 19,332 | 34 | 19,366 |
| Due from other governments | 562,558 | - | 562,558 |
| Inventories | - | 8,977 | 8,977 |
| Capital assets, net of accumulated depreciation | 8,006,241 | 16,656 | 8,022,897 |
| TOTAL ASSETS | 16,381,272 | 147,318 | 16,528,590 |
| LIABILITIES | | | |
| Accounts payable | 181,696 | 1,582 | 183,278 |
| Salaries and benefits payable | 942,819 | - | 942,819 |
| Accrued interest payable | 10,536 | - | 10,536 |
| Deferred revenue: | | | |
| Succeeding year property tax | 4,002,134 | - | 4,002,134 |
| Other | 271,795 | - | 271,795 |
| Unearned revenue | - | 4,602 | 4,602 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| General obligation bonds payable | 290,000 | - | 290,000 |
| Revenue bonds payable | 75,000 | - | 75,000 |
| Early retirement payable | 19,778 | - | 19,778 |
| Compensated absences | 167,282 | - | 167,282 |
| Portion due after one year: | | | |
| General obligation bonds payable | 1,920,000 | - | 1,920,000 |
| QZAB bonds payable | 1,000,000 | - | 1,000,000 |
| Revenue bonds payable | 215,000 | - | 215,000 |
| Early retirement payable | 6,291 | - | 6,291 |
| Other post employment benefits | 86,734 | - | 86,734 |
| TOTAL LIABILITIES | 9,189,065 | 6,184 | 9,195,249 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 4,506,241 | 16,656 | 4,522,897 |
| Restricted for: | | | |
| Categorical funding | 278,100 | - | 278,100 |
| Debt service | 729,777 | - | 729,777 |
| Management levy | 154,662 | - | 154,662 |
| Student activity | 76,423 | - | 76,423 |
| Public education and recreation levy | 238 | - | 238 |
| School infrastructure | 408,504 | - | 408,504 |
| Physical plant and equipment | 58,364 | - | 58,364 |
| Unrestricted | 979,898 | 124,478 | 1,104,376 |
| TOTAL NET ASSETS | \$ 7,192,207 | 141,134 | 7,333,341 |

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|----------------------|----------------------------|--|--|---------------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants, Contributions and Restricted Interest | Govern- mental Activities | Business- Type Activities | Total |
| Functions/Programs: | | | | | | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 4,193,110 | 115,772 | 307,788 | (3,769,550) | - | (3,769,550) |
| Special | 1,390,164 | 33,994 | 142,684 | (1,213,486) | - | (1,213,486) |
| Other | 1,673,292 | 91,030 | 463,618 | (1,118,644) | - | (1,118,644) |
| | <u>7,256,566</u> | <u>240,796</u> | <u>914,090</u> | <u>(6,101,680)</u> | <u>-</u> | <u>(6,101,680)</u> |
| Support services: | | | | | | |
| Student | 312,654 | - | 5,622 | (307,032) | - | (307,032) |
| Instructional staff | 536,726 | - | 18,815 | (517,911) | - | (517,911) |
| Administration | 885,169 | - | 1,500 | (883,669) | - | (883,669) |
| Operation and maintenance of plant | 1,027,722 | - | - | (1,027,722) | - | (1,027,722) |
| Transportation | 436,878 | - | 1,304 | (435,574) | - | (435,574) |
| | <u>3,199,149</u> | <u>-</u> | <u>27,241</u> | <u>(3,171,908)</u> | <u>-</u> | <u>(3,171,908)</u> |
| Non-instructional programs: | | | | | | |
| Other enterprise operations | 1,727 | - | - | (1,727) | - | (1,727) |
| Other expenditures: | | | | | | |
| Long-term debt interest | 82,478 | - | - | (82,478) | - | (82,478) |
| AEA flowthrough | 406,756 | - | 406,756 | - | - | - |
| Depreciation (unallocated)* | 328,884 | - | - | (328,884) | - | (328,884) |
| | <u>818,118</u> | <u>-</u> | <u>406,756</u> | <u>(411,362)</u> | <u>-</u> | <u>(411,362)</u> |
| Total governmental activities | 11,275,560 | 240,796 | 1,348,087 | (9,686,677) | - | (9,686,677) |
| Business Type activities: | | | | | | |
| Instruction: | | | | | | |
| Other | 1,774 | 1,565 | - | - | (209) | (209) |
| Non-instructional programs: | | | | | | |
| Nutrition services | 588,778 | 112,026 | 438,192 | - | (38,560) | (38,560) |
| Community services | 32,042 | 17,339 | - | - | (14,703) | (14,703) |
| Total business type activities | <u>622,594</u> | <u>130,930</u> | <u>438,192</u> | <u>-</u> | <u>(53,472)</u> | <u>(53,472)</u> |
| Total | \$ <u>11,898,154</u> | <u>371,726</u> | <u>1,786,279</u> | <u>(9,686,677)</u> | <u>(53,472)</u> | <u>(9,740,149)</u> |
| General Revenues and Transfers: | | | | | | |
| General revenues: | | | | | | |
| Property tax levied for: | | | | | | |
| General purposes | | | | \$ 3,382,413 | - | 3,382,413 |
| Debt service | | | | 354,205 | - | 354,205 |
| Capital outlay | | | | 260,745 | - | 260,745 |
| Income surtax | | | | 402,861 | - | 402,861 |
| Statewide sales, services and use tax | | | | 661,660 | - | 661,660 |
| Unrestricted state grants | | | | 5,259,056 | - | 5,259,056 |
| Nonspecific program federal grants | | | | 152,163 | - | 152,163 |
| Unrestricted investment earnings | | | | 14,410 | 131 | 14,541 |
| Other | | | | 125,929 | 15,073 | 141,002 |
| Transfers | | | | (31,581) | 31,581 | - |
| Total general revenues and transfers | | | | <u>10,581,861</u> | <u>46,785</u> | <u>10,628,646</u> |
| Excess(Deficiency)of revenues over(under) expenses before other financing uses | | | | <u>895,184</u> | <u>(6,687)</u> | <u>888,497</u> |
| Changes in net assets | | | | <u>895,184</u> | <u>(6,687)</u> | <u>888,497</u> |
| Net assets beginning of year | | | | <u>6,297,023</u> | <u>147,821</u> | <u>6,444,844</u> |
| Net assets end of year | | | | \$ <u>7,192,207</u> | <u>141,134</u> | <u>7,333,341</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, 2011

| | General | Debt Service | Other Nonmajor Governmental Funds | Total |
|--|---------------------|------------------|--|------------------|
| ASSETS | | | | |
| Cash and pooled investments: | \$ 2,211,066 | 727,011 | 416,706 | 3,354,783 |
| Receivables: | | | | |
| Property tax | | | | |
| Delinquent | 25,059 | 2,766 | 2,583 | 30,408 |
| Succeeding year | 3,288,916 | 357,498 | 355,720 | 4,002,134 |
| Income surtax | 405,816 | - | - | 405,816 |
| Due from other funds | - | - | 29,500 | 29,500 |
| Accounts | 19,332 | - | - | 19,332 |
| Due from other governments | 224,608 | - | 337,950 | 562,558 |
| TOTAL ASSETS | \$ 6,174,797 | 1,087,275 | 1,142,459 | 8,404,531 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Due to other funds | \$ 29,500 | - | - | 29,500 |
| Accounts payable | 107,388 | - | 74,308 | 181,696 |
| Salaries and benefits payable | 942,819 | - | - | 942,819 |
| Deferred revenue: | | | | |
| Succeeding year property tax | 3,288,916 | 357,498 | 355,720 | 4,002,134 |
| Income surtax | 405,816 | - | - | 405,816 |
| Other | 271,795 | - | - | 271,795 |
| Total liabilities | 5,046,234 | 357,498 | 430,028 | 5,833,760 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Categorical funding | 278,100 | - | - | 278,100 |
| Debt service | - | 729,777 | - | 729,777 |
| Management levy purposes | - | - | 180,731 | 180,731 |
| Student activity | - | - | 76,423 | 76,423 |
| Public education and recreation levy | - | - | 238 | 238 |
| School infrastructure | - | - | 408,504 | 408,504 |
| Physical plant and equipment | - | - | 58,364 | 58,364 |
| Unassigned: | | | | |
| General | 850,463 | - | - | 850,463 |
| Student activity | - | - | (11,829) | (11,829) |
| Total fund balances | 1,128,563 | 729,777 | 712,431 | 2,570,771 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 6,174,797 | 1,087,275 | 1,142,459 | 8,404,531 |

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

| | |
|---|----------------------------|
| Total fund balances of governmental funds(page 20) | \$ 2,570,771 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because:</i> | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds. | 8,006,241 |
| Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period. | 405,816 |
| 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. | (10,536) |
| 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. | <u>(3,780,085)</u> |
| Net assets of governmental activities(page 18) | <u><u>\$ 7,192,207</u></u> |

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

| | General | Debt Service | Other Nonmajor Governmental Funds | Total |
|--|---------------------|-----------------|--|-------------------|
| REVENUES: | | | | |
| Local sources: | | | | |
| Local tax | \$ 3,717,048 | 354,205 | 993,586 | 5,064,839 |
| Tuition | 130,608 | - | - | 130,608 |
| Other | 85,153 | 9,941 | 173,678 | 268,772 |
| Intermediate sources | 18,251 | - | - | 18,251 |
| State sources | 5,888,706 | 137 | 129 | 5,888,972 |
| Federal sources | 833,838 | - | - | 833,838 |
| Total revenues | <u>10,673,604</u> | <u>364,283</u> | <u>1,167,393</u> | <u>12,205,280</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 3,989,059 | - | 129,390 | 4,118,449 |
| Special | 1,386,476 | - | - | 1,386,476 |
| Other | 1,601,299 | - | 68,230 | 1,669,529 |
| | <u>6,976,834</u> | <u>-</u> | <u>197,620</u> | <u>7,174,454</u> |
| Support services: | | | | |
| Student | 310,706 | - | 1,559 | 312,265 |
| Instructional staff | 451,563 | - | 102,126 | 553,689 |
| Administration | 770,057 | - | 51,348 | 821,405 |
| Operation and maintenance of plant | 855,999 | - | 54,856 | 910,855 |
| Transportation | 372,506 | - | 91,042 | 463,548 |
| | <u>2,760,831</u> | <u>-</u> | <u>300,931</u> | <u>3,061,762</u> |
| Non-instructional programs: | | | | |
| Other enterprise operations | 1,727 | - | - | 1,727 |
| Other expenditures: | | | | |
| Facilities acquisitions | - | - | 239,671 | 239,671 |
| Long-term debt: | | | | |
| Principal | - | 400,000 | - | 400,000 |
| Interest and fiscal charges | - | 84,500 | - | 84,500 |
| AEA flowthrough | 406,756 | - | - | 406,756 |
| | <u>406,756</u> | <u>484,500</u> | <u>239,671</u> | <u>1,130,927</u> |
| Total expenditures | <u>10,146,148</u> | <u>484,500</u> | <u>738,222</u> | <u>11,368,870</u> |
| Excess(deficiency) of revenues over(under) expenditures | 527,456 | (120,217) | 429,171 | 836,410 |
| Other financing sources(uses): | | | | |
| Transfer in | - | 166,997 | - | 166,997 |
| Transfer out | - | - | (198,578) | (198,578) |
| Total other financing sources(uses) | <u>-</u> | <u>166,997</u> | <u>(198,578)</u> | <u>(31,581)</u> |
| Net change in fund balances | 527,456 | 46,780 | 230,593 | 804,829 |
| Fund balance beginning of year, as restated | 601,107 | 682,997 | 481,838 | 1,765,942 |
| Fund balance end of year | <u>\$ 1,128,563</u> | <u>729,777</u> | <u>712,431</u> | <u>2,570,771</u> |

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2011

| | | |
|---|------------|----------------|
| Net change in fund balances - total governmental funds(page 22) | \$ | 804,829 |
| 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, loss on disposal and capital outlay expenditures in the current year are as follows: | | |
| Expenditures for capital assets | \$ 244,560 | |
| Depreciation expense | (428,762) | |
| Loss on asset disposal | (34,000) | (218,202) |
| | | |
| 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: | | 400,000 |
| 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. | | 2,022 |
| Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. | | (2,955) |
| 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 | \$ 19,778 | |
| Compensated absences | (68,009) | |
| Other postemployment benefits | (42,279) | (90,510) |
| | | |
| Changes in net assets of governmental activities(page 19) | \$ | 895,184 |

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

| | School Nutrition | Pool | Green- house | Total |
|--|---------------------|---------------|-----------------|----------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and pooled investments | \$ 66,982 | 52,235 | 2,434 | 121,651 |
| Receivables: | | | | |
| Accounts | 34 | - | - | 34 |
| Inventories | 8,977 | - | - | 8,977 |
| Capital assets, net of accumulated depreciation | 16,656 | - | - | 16,656 |
| Total assets | 92,649 | 52,235 | 2,434 | 147,318 |
| Liabilities | | | | |
| Accounts payable | 863 | 719 | - | 1,582 |
| Unearned revenue | 4,602 | - | - | 4,602 |
| Total liabilities | 5,465 | 719 | - | 6,184 |
| Net assets | | | | |
| Invested in capital assets | 16,656 | - | - | 16,656 |
| Unrestricted | 70,528 | 51,516 | 2,434 | 124,478 |
| Total net assets | \$ 87,184 | 51,516 | 2,434 | 141,134 |

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

| | School Nutrition | Pool | Green- house | Total |
|---|---------------------|----------|-----------------|-----------|
| OPERATING REVENUE: | | | | |
| Local sources: | | | | |
| Charges for services | \$ 112,026 | - | - | 112,026 |
| Contributions and donations | - | 8,000 | - | 8,000 |
| Miscellaneous | 15,073 | 9,339 | 1,565 | 25,977 |
| TOTAL OPERATING REVENUES | 127,099 | 17,339 | 1,565 | 146,003 |
| OPERATING EXPENSES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Other instruction | - | - | 1,774 | 1,774 |
| Non-instructional programs: | | | | |
| Food service and community service operations: | | | | |
| Salaries | 243,073 | 20,227 | - | 263,300 |
| Benefits | 51,299 | 2,271 | - | 53,570 |
| Services | 18,192 | 2,541 | - | 20,733 |
| Supplies | 266,774 | 6,732 | - | 273,506 |
| Depreciation | 4,425 | - | - | 4,425 |
| Other | 5,015 | 271 | - | 5,286 |
| | 588,778 | 32,042 | - | 620,820 |
| TOTAL OPERATING EXPENSES | 588,778 | 32,042 | 1,774 | 622,594 |
| OPERATING LOSS | (461,679) | (14,703) | (209) | (476,591) |
| NON-OPERATING REVENUES: | | | | |
| State sources | 5,361 | - | - | 5,361 |
| Federal sources | 432,831 | - | - | 432,831 |
| Interest income | 131 | - | - | 131 |
| TOTAL NON-OPERATING REVENUES | 438,323 | - | - | 438,323 |
| Changes in net assets before other financing sources | (23,356) | (14,703) | (209) | (38,268) |
| OTHER FINANCING SOURCES: | | | | |
| Transfer in | - | 31,581 | - | 31,581 |
| Changes in net assets | (23,356) | 16,878 | (209) | (6,687) |
| Net assets beginning of year | 110,540 | 34,638 | 2,643 | 147,821 |
| Net assets end of year | \$ 87,184 | 51,516 | 2,434 | 141,134 |

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

| | School Nutrition | Pool | Green- house | Total |
|--|---------------------|----------|-----------------|-----------|
| Cash flows from operating activities: | | | | |
| Cash received from sale of lunches and breakfasts | \$ 112,333 | - | - | 112,333 |
| Cash received from miscellaneous operating activities | 15,073 | 17,339 | 1,565 | 33,977 |
| Cash payments to employees for services | (294,372) | (22,498) | - | (316,870) |
| Cash payments to suppliers for goods or services | (256,218) | (9,962) | (1,774) | (267,954) |
| Net cash provided by(used in) operating activities | (423,184) | (15,121) | (209) | (438,514) |
| Cash flows from non-capital financing activities: | | | | |
| Transfer from Public Education and Recreation Levy | - | 31,581 | - | 31,581 |
| State grants received | 5,361 | - | - | 5,361 |
| Federal grants received | 402,527 | - | - | 402,527 |
| Net cash provided by non-capital financing activities | 407,888 | 31,581 | - | 439,469 |
| Cash flows from investing activities: | | | | |
| Interest on investments | 131 | - | - | 131 |
| Net increase in cash and cash equivalents | (15,165) | 16,460 | (209) | 1,086 |
| Cash and cash equivalents at beginning of year | 82,147 | 35,775 | 2,643 | 120,565 |
| Cash and cash equivalents at end of year | \$ 66,982 | 52,235 | 2,434 | 121,651 |
| Reconciliation of operating income(loss) to net cash provided by(used in) operating activities: | | | | |
| Operating income(loss) | \$ (461,679) | (14,703) | (209) | (476,591) |
| Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities: | | | | |
| Commodities consumed | 30,304 | - | - | 30,304 |
| Depreciation | 4,425 | - | - | 4,425 |
| Decrease in inventories | 3,095 | - | - | 3,095 |
| Decrease in accounts receivable | 30 | - | - | 30 |
| (Decrease)Increase in accounts payable | 364 | (418) | - | (54) |
| Increase in unearned revenue | 277 | - | - | 277 |
| Net cash provided by(used in) operating activities | \$ (423,184) | (15,121) | (209) | (438,514) |

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$30,304.

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

| | Private Purpose Trust | |
|-----------------------------|--------------------------|--------|
| | Scholarship | Agency |
| ASSETS | | |
| Cash and pooled investments | \$ 12,650 | 292 |
| LIABILITIES | | |
| Accounts payable | 1,218 | - |
| Due to other groups | - | 292 |
| TOTAL LIABILITIES | 1,218 | 292 |
| NET ASSETS | | |
| Reserved for scholarships | \$ 11,432 | - |

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2011

| | Private Purpose Trust Scholarship |
|------------------------------|---|
| Additions: | |
| Local sources: | |
| Contributions | \$ 22,952 |
| Deductions: | |
| Support services: | |
| Scholarships awarded | 32,021 |
| Change in net assets | (9,069) |
| Net assets beginning of year | 20,501 |
| Net assets end of year | \$ 11,432 |

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(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. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

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

The 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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:

| Asset Class | Estimated Useful Lives (In Years) |
|-------------------------|---|
| 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, 2011. 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 Equity - In the governmental fund financial statements, fund balances are classified as follows:

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

Unassigned - All amounts not included in other spendable classifications.

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, 2011, expenditures in the non-instructional programs functions exceeded the amounts budgeted.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2011 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, 2011, 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) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2011 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|----------------------|------------------|
| | Capital Projects: | |
| | Statewide Sales, | |
| General Fund | Services and Use Tax | <u>\$ 29,500</u> |

The Capital Projects: Statewide Sales, Services and Use Tax Fund is repaying the General Fund for a maintenance contract that was inappropriately paid from the Capital Projects Fund.

(4) Interfund Transfers

The detail of transfers for the year ended June 30, 2011 is as follows:

| Transfer to | Transfer from | Amount |
|----------------------|--|-------------------|
| | Capital Projects: | |
| Debt Service | Statewide Sales, Services and Use Tax | \$ 84,822 |
| | Capital Projects: | |
| Debt Service | Physical Plant and Equipment Levy | 82,175 |
| Enterprise Pool Fund | Public Education and Recreation Levy | <u>31,581</u> |
| Total | | <u>\$ 198,578</u> |

The transfer from Capital Projects: Statewide Sales, Services and Use Tax to the Debt Service Fund was for bond principal and interest payments.

The transfer from Capital Projects: Physical Plant and Equipment Levy to the Debt Service Fund was for the QZAB payment.

The transfer from Public Education and Recreation Levy to the Enterprise Pool Fund was to help with the operating costs.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

| | 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 | 597,057 | 51,220 | 597,057 | 51,220 |
| Total capital assets not being depreciated | <u>1,003,342</u> | <u>51,220</u> | <u>597,057</u> | <u>457,505</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 10,404,794 | 666,870 | - | 11,071,664 |
| Land improvements | 1,124,479 | - | - | 1,124,479 |
| Machinery and equipment | 1,674,700 | 123,527 | 134,742 | 1,663,485 |
| Total capital assets being depreciated | <u>13,203,973</u> | <u>790,397</u> | <u>134,742</u> | <u>13,859,628</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,968,529 | 288,677 | - | 4,257,206 |
| Land improvements | 703,552 | 40,207 | - | 743,759 |
| Machinery and equipment | 1,310,791 | 99,878 | 100,742 | 1,309,927 |
| Total accumulated depreciation | <u>5,982,872</u> | <u>428,762</u> | <u>100,742</u> | <u>6,310,892</u> |
| Total capital assets being depreciated, net | <u>7,221,101</u> | <u>361,635</u> | <u>34,000</u> | <u>7,548,736</u> |
| Governmental activities capital assets, net | <u>\$ 8,224,443</u> | <u>412,855</u> | <u>631,057</u> | <u>8,006,241</u> |

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|--|---------------------------------|-----------|-----------|---------------------------|
| Business type activities: | | | | |
| Machinery and equipment | \$ 99,042 | - | - | 99,042 |
| Less accumulated depreciation | 77,961 | 4,425 | - | 82,386 |
| Business type activities capital assets, net | \$ 21,081 | (4,425) | - | 16,656 |

Depreciation expense was charged by the District as follows:

| | | |
|--|--|------------|
| Governmental activities: | | |
| Instruction: | | |
| Regular | | \$ 17,996 |
| Special | | 3,688 |
| Other | | 3,763 |
| Support services: | | |
| Instructional staff | | 14,944 |
| Administration | | 1,714 |
| Operation and maintenance | | 8,131 |
| Transportation | | 49,642 |
| | | 99,878 |
| Unallocated depreciation | | 328,884 |
| Total governmental activities depreciation expense | | \$ 428,762 |
| Business type activities: | | |
| Food services | | \$ 4,425 |

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year | Due Within One Year |
|-------------------------------|---------------------------------|-----------|-----------|---------------------------|---------------------------|
| General Obligation Bonds | \$ 2,490,000 | - | 280,000 | 2,210,000 | 290,000 |
| Revenue Bonds | 410,000 | - | 120,000 | 290,000 | 75,000 |
| QZAB | 1,000,000 | - | - | 1,000,000 | - |
| Early Retirement | 45,847 | - | 19,778 | 26,069 | 19,778 |
| Compensated absences | 99,273 | 167,282 | 99,273 | 167,282 | 167,282 |
| Other postemployment benefits | 44,455 | 42,279 | - | 86,734 | - |
| Total | \$ 4,089,575 | 209,561 | 519,051 | 3,780,085 | 552,060 |

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

| Year Ending June 30, | Interest Rates | Bond Issue of May 28, 2009 | | |
|----------------------------|-------------------|----------------------------|----------|-----------|
| | | Principal | Interest | Total |
| 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 | 3.25 | 325,000 | 35,905 | 360,905 |
| 2017-2018 | 3.60-3.85 | 680,000 | 38,625 | 718,625 |
| Total | | \$ 2,210,000 | 302,242 | 2,512,242 |

Revenue Bonds Payable

Details of the District's June 30, 2011 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 |
| 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 | | \$ 290,000 | 20,073 | 310,073 |

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 19.9 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$310,073. For the current year, principal of \$120,000 and interest of \$11,682 was paid on the bonds and total statewide sales and service tax revenues were \$661,660.

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, 2011, the District paid early retirement benefits of \$19,778.

(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 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$445,143, \$429,528 and \$397,132 respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits

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, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

| | |
|--|-------------------------|
| Annual required contribution | \$ 65,157 |
| Interest on net OPEB obligation | 1,111 |
| Adjustment to annual required contribution | (4,768) |
| Annual OPEB cost | <u>61,500</u> |
| Contributions made | (19,221) |
| Increase in net OPEB obligation | <u>42,279</u> |
| Net OPEB obligation beginning of year | 44,455 |
| Net OPEB obligation end of year | <u><u>\$ 86,734</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, 2011.

For the year ended June 30, 2011, the District contributed \$19,221 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, 2011 are summarized as follows:

| Year Ended June 30, | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------------|------------------|--|---------------------|
| 2010 | \$ 60,984 | 27.10% | \$ 44,455 |
| 2011 | 61,500 | 31.25% | 86,734 |

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, 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 \$5,295,043, and the ratio of the UAAL to covered payroll was 15.22%. As of June 30, 2011, 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 a 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 \$406,756 for the year ended June 30, 2011 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, 2011, expenditures in the non-instructional programs function exceeded the amount budgeted.

(12) Construction Commitment

As of June 30, 2011, costs of \$51,220 had been incurred for construction projects for a key-less entry system and a Home Ec. room update. When the projects are completed, the project costs will be capitalized and depreciated.

(13) Categorical Funding

The District's ending restricted balance for categorical funding at June 30, 2011 is comprised of the following programs:

| Programs | Amount |
|--|-------------------|
| Statewide voluntary preschool | \$ 120,627 |
| At-Risk supplemental weighting | 757 |
| Gifted and talented | 20,868 |
| Dropout prevention | 988 |
| Educator quality, basic salary | 53,317 |
| Educator quality, professional development | 6,920 |
| Beginning teacher mentoring | 7,598 |
| Beginning administrator mentoring | 1,500 |
| Educator quality, model core curriculum | 49,287 |
| Empowerment | 4,392 |
| Educator quality, market factor incentives | 1,261 |
| Innovative at risk, K-3 | 10,585 |
| | <hr/> |
| Total categorical funding | <u>\$ 278,100</u> |

(14) Deficit Unassigned Balances

At June 30, 2011, there were negative unassigned balances in the Activity fund of \$11,829.

(15) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

| | Capital Projects | Special Revenue, Physical Plant and Equipment Levy |
|---|---------------------|---|
| Balances June 30, 2010, as previously reported | \$ 182,947 | 13,492 |
| Change in fund type classification per implementation of GASB Statement No. 54 | 13,492 | (13,492) |
| Balances July 1, 2010, as restated | <u>\$ 196,439</u> | <u>-</u> |

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, 2011

| | Governmental | Proprietary | Total Actual | Budgeted Amounts | | Final to |
|---|---------------------|----------------|-------------------|-------------------|-------------------|------------------|
| | Fund Types | Fund Type | | Original | Final | Actual |
| | Actual | Actual | | | | Variance |
| Revenues: | | | | | | |
| Local sources | \$ 5,464,219 | 146,134 | 5,610,353 | 5,595,840 | 5,595,840 | 14,513 |
| Intermediate sources | 18,251 | - | 18,251 | 6,000 | 6,000 | 12,251 |
| State sources | 5,888,972 | 5,361 | 5,894,333 | 6,635,592 | 6,635,592 | (741,259) |
| Federal sources | 833,838 | 432,831 | 1,266,669 | 655,000 | 655,000 | 611,669 |
| Total revenues | <u>12,205,280</u> | <u>584,326</u> | <u>12,789,606</u> | <u>12,892,432</u> | <u>12,892,432</u> | <u>(102,826)</u> |
| Expenditures/Expenses: | | | | | | |
| Instruction | 7,174,454 | 1,774 | 7,176,228 | 7,880,133 | 7,880,133 | 703,905 |
| Support services | 3,061,762 | - | 3,061,762 | 3,161,064 | 3,161,064 | 99,302 |
| Non-instructional programs | 1,727 | 620,820 | 622,547 | 578,000 | 578,000 | (44,547) |
| Other expenditures | 1,130,927 | - | 1,130,927 | 1,222,846 | 1,480,000 | 349,073 |
| Total expenditures/expenses | <u>11,368,870</u> | <u>622,594</u> | <u>11,991,464</u> | <u>12,842,043</u> | <u>13,099,197</u> | <u>1,107,733</u> |
| Excess(deficiency) of revenues over(under) expenditures/expenses | 836,410 | (38,268) | 798,142 | 50,389 | (206,765) | 1,004,907 |
| Other financing sources(uses), net | (31,581) | 31,581 | - | (30,000) | (30,000) | 30,000 |
| Excess of revenues and other financing sources over expenditures/ expenses and other financing uses | 804,829 | (6,687) | 798,142 | 20,389 | (236,765) | 1,034,907 |
| Balance beginning of year | 1,765,942 | 147,821 | 1,913,763 | 1,373,976 | 1,373,976 | (539,787) |
| Balance end of year | <u>\$ 2,570,771</u> | <u>141,134</u> | <u>2,711,905</u> | <u>1,394,365</u> | <u>1,137,211</u> | <u>495,120</u> |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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, the District adopted one budget amendment, increasing budgeted expenditures by \$257,154.

During the year ended June 30, 2011, expenditures in the non-instructional programs expenditures functional area 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% |
| 2011 | July 1, 2009 | - | 806,147 | 806,147 | 0.00% | 5,295,043 | 15.22% |

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, 2011

| | Special Revenue Funds | | | | | Total Nonmajor Governmental Funds |
|--|-------------------------|---------------------|---|----------|---------------------|--|
| | Manage- ment Levy | Student Activity | Public Education and Recreation Levy | Total | Capital Projects | |
| ASSETS | | | | | | |
| Cash and pooled investments | \$ 180,182 | 69,450 | - | 249,632 | 167,074 | 416,706 |
| Receivables: | | | | | | |
| Property tax: | | | | | | |
| Delinquent | 549 | - | 238 | 787 | 1,796 | 2,583 |
| Succeeding year | 92,250 | - | 31,134 | 123,384 | 232,336 | 355,720 |
| Due from other funds | - | - | - | - | 29,500 | 29,500 |
| Accounts | - | 125 | - | 125 | - | 125 |
| Due from other governments | - | - | - | - | 337,825 | 337,825 |
| TOTAL ASSETS | \$ 272,981 | 69,575 | 31,372 | 373,928 | 768,531 | 1,142,459 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | 4,981 | - | 4,981 | 69,327 | 74,308 |
| Deferred revenue: | | | | | | |
| Succeeding year property tax | 92,250 | - | 31,134 | 123,384 | 232,336 | 355,720 |
| Total liabilities | 92,250 | 4,981 | 31,134 | 128,365 | 301,663 | 430,028 |
| Fund balances: | | | | | | |
| Restricted for: | | | | | | |
| Management levy purposes | 180,731 | - | - | 180,731 | - | 180,731 |
| Student activities | - | 76,423 | - | 76,423 | - | 76,423 |
| Public education and recreation levy | - | - | 238 | 238 | - | 238 |
| School infrastructure | - | - | - | - | 408,504 | 408,504 |
| Physical plant and equipment | - | - | - | - | 58,364 | 58,364 |
| Unassigned | - | (11,829) | - | (11,829) | - | (11,829) |
| Total fund balances | 180,731 | 64,594 | 238 | 245,563 | 466,868 | 712,431 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 272,981 | 69,575 | 31,372 | 373,928 | 768,531 | 1,142,459 |

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, 2011

| | Special Revenue Funds | | | | | |
|--|-------------------------|---------------------|---------------------------------------|----------|---------------------|--|
| | Manage- ment Levy | Student Activity | Public Education and Recreation | | Capital Projects | Total Nonmajor Governmental Funds |
| | | | Levy | Total | | |
| REVENUES: | | | | | | |
| Local sources: | | | | | | |
| Local tax | \$ 71,181 | - | 30,818 | 101,999 | 891,587 | 993,586 |
| Other | 80,048 | 93,207 | - | 173,255 | 423 | 173,678 |
| State sources | 28 | - | 12 | 40 | 89 | 129 |
| TOTAL REVENUES | 151,257 | 93,207 | 30,830 | 275,294 | 892,099 | 1,167,393 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 129,390 | - | - | 129,390 | - | 129,390 |
| Other | - | 68,230 | - | 68,230 | - | 68,230 |
| Support services: | | | | | | |
| Student | 1,559 | - | - | 1,559 | - | 1,559 |
| Instructional staff | 530 | - | - | 530 | 101,596 | 102,126 |
| Administration | 24,320 | 5,897 | - | 30,217 | 21,131 | 51,348 |
| Operation and maintenance of plant | 41,581 | - | - | 41,581 | 13,275 | 54,856 |
| Transportation | 12,042 | - | - | 12,042 | 79,000 | 91,042 |
| Other expenditures: | | | | | | |
| Facilities acquisition | - | - | - | - | 239,671 | 239,671 |
| TOTAL EXPENDITURES | 209,422 | 74,127 | - | 283,549 | 454,673 | 738,222 |
| EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES | (58,165) | 19,080 | 30,830 | (8,255) | 437,426 | 429,171 |
| OTHER FINANCING USES: | | | | | | |
| Transfers out | - | - | (31,581) | (31,581) | (166,997) | (198,578) |
| EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES | (58,165) | 19,080 | (751) | (39,836) | 270,429 | 230,593 |
| FUND BALANCE BEGINNING OF YEAR, AS RESTATED | 238,896 | 45,514 | 989 | 285,399 | 196,439 | 481,838 |
| FUND BALANCE END OF YEAR | \$ 180,731 | 64,594 | 238 | 245,563 | 466,868 | 712,431 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2011

| | Capital Projects | | |
|--|---|--|----------------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Total |
| ASSETS | | | |
| Cash and pooled investments | \$ 109,345 | 57,729 | 167,074 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | - | 1,796 | 1,796 |
| Succeeding year | - | 232,336 | 232,336 |
| Due from other funds | 29,500 | - | 29,500 |
| Due from other governments | 337,825 | - | 337,825 |
| TOTAL ASSETS | \$ 476,670 | 291,861 | 768,531 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 68,166 | 1,161 | 69,327 |
| Deferred revenue: | | | |
| Succeeding year property tax | - | 232,336 | 232,336 |
| Total liabilities | 68,166 | 233,497 | 301,663 |
| Fund balances: | | | |
| Restricted for: | | | |
| School infrastructure | 408,504 | - | 408,504 |
| Physical plant and equipment | - | 58,364 | 58,364 |
| Total fund balances | 408,504 | 58,364 | 466,868 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 476,670 | 291,861 | 768,531 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2011

| | Capital Projects | | |
|--|---|--|-----------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Total |
| REVENUES: | | | |
| Local sources: | | | |
| Local tax | \$ 661,660 | 229,927 | 891,587 |
| Other | 285 | 138 | 423 |
| State sources | - | 89 | 89 |
| TOTAL REVENUES | 661,945 | 230,154 | 892,099 |
| EXPENDITURES: | | | |
| Current: | | | |
| Support services: | | | |
| Instructional staff | 99,470 | 2,126 | 101,596 |
| Administration | - | 21,131 | 21,131 |
| Operation and maintenance of plant | 13,275 | - | 13,275 |
| Transportation | - | 79,000 | 79,000 |
| Other expenditures: | | | |
| Facilities acquisition | 238,821 | 850 | 239,671 |
| TOTAL EXPENDITURES | 351,566 | 103,107 | 454,673 |
| EXCESS OF REVENUES OVER EXPENDITURES | 310,379 | 127,047 | 437,426 |
| OTHER FINANCING USES: | | | |
| Transfers out | (84,822) | (82,175) | (166,997) |
| EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES | 225,557 | 44,872 | 270,429 |
| FUND BALANCE BEGINNING OF YEAR, AS RESTATED | 182,947 | 13,492 | 196,439 |
| FUND BALANCE END OF YEAR | \$ 408,504 | 58,364 | 466,868 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2011

| Account | Balance Beginning of Year | Revenues | Expendi- tures | Intrafund Transfers | Balance End of Year |
|---------------------------|---------------------------------|---------------|-------------------|------------------------|---------------------------|
| <u>Athletics:</u> | | | | | |
| General athletics | \$ 5,035 | 43,330 | 21,475 | (969) | 25,921 |
| Football | 838 | 1,155 | 480 | - | 1,513 |
| Wrestling | 471 | - | 68 | - | 403 |
| Volleyball | 2,633 | 5,831 | 6,601 | - | 1,863 |
| Softball | 1,859 | - | 1,129 | - | 730 |
| Baseball | 8 | 266 | - | - | 274 |
| Cross country | 1,444 | 1,660 | 2,819 | - | 285 |
| Golf | - | 490 | - | - | 490 |
| Girls basketball | 4,193 | 1,689 | 4,273 | - | 1,609 |
| Boys basketball | 534 | 1,071 | 711 | - | 894 |
| MS Boys basketball | 562 | - | - | - | 562 |
| Boys track | 25 | - | - | - | 25 |
| Girls track | 700 | 954 | 105 | - | 1,549 |
| Boys soccer | 1,216 | 1,684 | 804 | - | 2,096 |
| Girls soccer | 1,623 | 3,817 | 1,234 | - | 4,206 |
| | <u>21,141</u> | <u>61,947</u> | <u>39,699</u> | <u>(969)</u> | <u>42,420</u> |
| <u>Extra curricular:</u> | | | | | |
| Extra curricular programs | - | 2,633 | 3,102 | 469 | - |
| Band | 17 | 2,136 | - | - | 2,153 |
| Cheerleading | 1,015 | 370 | 678 | - | 707 |
| Yearbook | (10,564) | 4,769 | 6,534 | 500 | (11,829) |
| Student council | 2,429 | 3,559 | 3,069 | - | 2,919 |
| Drama | 350 | - | - | - | 350 |
| Close up | 2,838 | - | - | - | 2,838 |
| | <u>(3,915)</u> | <u>13,467</u> | <u>13,383</u> | <u>969</u> | <u>(2,862)</u> |
| <u>Organizations:</u> | | | | | |
| FCCLA | 1,827 | 2,877 | 3,225 | - | 1,479 |
| FFA | - | - | 484 | 484 | - |
| Indian slough project | 7,286 | - | 39 | (484) | 6,763 |
| NHS | 426 | 109 | 373 | - | 162 |
| BPA | 2,424 | 4,420 | 4,398 | - | 2,446 |
| Science and math | 2,091 | - | - | - | 2,091 |
| GSA | 0 | 420 | 316 | - | 104 |
| | <u>14,054</u> | <u>7,826</u> | <u>8,519</u> | <u>-</u> | <u>13,045</u> |
| <u>Miscellaneous:</u> | | | | | |
| Interest | 301 | 302 | - | - | 603 |
| HS pop | - | 6,173 | 6,053 | - | 120 |
| MS fundraisers | 11,447 | - | 2,659 | (300) | 8,804 |
| Class of 2010 | 230 | - | 230 | - | - |
| Class of 2011 | 393 | - | - | - | 393 |
| Class of 2012 | 1,601 | 1,800 | 3,087 | - | 314 |
| Class of 2013 | 240 | 1,683 | 437 | - | 1,486 |
| Class of 2014 | - | - | 60 | 300 | 240 |
| Special olympics | 22 | 9 | - | - | 31 |
| | <u>14,234</u> | <u>9,967</u> | <u>12,526</u> | <u>-</u> | <u>11,991</u> |
| Total | <u>\$ 45,514</u> | <u>93,207</u> | <u>74,127</u> | <u>-</u> | <u>64,594</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, 2011

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year |
|-----------------------------|---------------------------------|-----------|-----------|---------------------------|
| ASSETS | | | | |
| Cash and pooled investments | \$ 157 | 190 | 55 | 292 |
| LIABILITIES | | | | |
| Due to other groups | \$ 157 | 190 | 55 | 292 |

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, | | | | | | | | | |
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Revenues: | | | | | | | | | | |
| Local sources: | | | | | | | | | | |
| Local tax | \$ 5,064,839 | 4,898,285 | 4,683,595 | 4,435,032 | 4,566,689 | 4,074,041 | 3,604,805 | 3,346,463 | 3,277,051 | 2,968,958 |
| Tuition | 130,608 | 129,496 | 152,729 | 148,962 | 154,807 | 118,847 | 116,089 | 149,357 | 148,631 | 124,462 |
| Other | 268,772 | 361,685 | 425,405 | 454,548 | 398,975 | 481,653 | 393,851 | 417,144 | 481,473 | 443,848 |
| Intermediate sources | 18,251 | - | 5,858 | 1,800 | - | - | - | - | - | - |
| State sources | 5,888,972 | 4,783,083 | 5,711,182 | 5,649,688 | 5,275,545 | 4,982,827 | 5,071,177 | 4,738,819 | 4,879,966 | 4,782,810 |
| Federal sources | 833,838 | 1,154,070 | 593,828 | 510,736 | 570,722 | 1,061,740 | 1,042,930 | 937,005 | 846,166 | 656,872 |
| Total | \$ 12,205,280 | 11,326,619 | 11,572,597 | 11,200,766 | 10,966,738 | 10,719,108 | 10,228,852 | 9,588,788 | 9,633,287 | 8,976,950 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 4,118,449 | 4,165,397 | 4,440,789 | 4,554,474 | 4,207,721 | 3,928,092 | 4,077,526 | 3,724,275 | 3,761,410 | 3,855,956 |
| Special | 1,386,476 | 1,351,515 | 1,312,277 | 1,213,353 | 1,104,438 | 1,832,974 | 1,075,122 | 1,744,199 | 1,564,312 | 1,544,343 |
| Other | 1,669,529 | 1,671,544 | 1,367,407 | 1,242,173 | 1,190,633 | 585,318 | 1,037,128 | 620,153 | 622,792 | 683,780 |
| Support services: | | | | | | | | | | |
| Student | 312,265 | 295,455 | 268,589 | 283,840 | 276,389 | 325,815 | 297,838 | 90,198 | 143,266 | 123,834 |
| Instructional staff | 553,689 | 613,208 | 593,888 | 462,139 | 521,660 | 484,429 | 488,836 | 402,674 | 356,831 | 162,132 |
| Administration | 821,405 | 828,144 | 803,911 | 798,256 | 738,172 | 658,865 | 597,866 | 609,438 | 679,131 | 641,240 |
| Operation and maintenance of plant | 910,855 | 792,188 | 776,964 | 788,611 | 713,261 | 712,201 | 716,645 | 685,785 | 733,809 | 561,250 |
| Transportation | 463,548 | 417,924 | 397,147 | 406,402 | 280,879 | 326,644 | 353,091 | 324,195 | 216,706 | 228,622 |
| Other support | - | - | - | - | - | - | - | 11,475 | - | - |
| Non-instructional programs | 1,727 | 2,924 | 2,800 | 6,796 | 1,406 | - | - | 174,882 | 204,054 | 256,678 |
| Other expenditures: | | | | | | | | | | |
| Facilities acquisitions | 239,671 | 635,909 | 423,397 | 206,438 | 532,969 | 1,616,647 | 1,436,015 | 45,838 | 160,845 | 192,209 |
| Long-term debt: | | | | | | | | | | |
| Principal | 400,000 | 390,000 | 355,000 | 371,734 | 343,103 | 309,553 | 484,403 | 362,255 | 317,473 | 323,375 |
| Interest and other charges | 84,500 | 95,734 | 150,439 | 152,800 | 175,458 | 187,171 | 189,510 | 199,401 | 206,194 | 215,654 |
| AEA flow-through | 406,756 | 387,997 | 358,572 | 341,676 | 322,519 | 303,124 | 304,877 | 296,901 | 310,382 | 312,227 |
| Total | \$ 11,368,870 | 11,647,939 | 11,251,180 | 10,828,692 | 10,408,608 | 11,270,833 | 11,058,857 | 9,291,669 | 9,277,205 | 9,101,300 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

| 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 11 | \$ 101,508 |
| NATIONAL SCHOOL LUNCH PROGRAM | 10.555 | FY 11 | 311,974 * |
| SUMMER FOOD SERVICE PROGRAM | 10.559 | FY 11 | 150 |
| | | | <u>413,632</u> |
| FRESH FRUIT AND VEGETABLE PROGRAM | 10.582 | FY 11 | <u>19,199</u> |
| DEPARTMENT OF EDUCATION: | | | |
| IOWA DEPARTMENT OF EDUCATION: | | | |
| TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES | 84.010 | 1701-G | 235,868 |
| TITLE I GRANTS - SCHOOLS IN NEED OF ASSISTANCE | 84.010 | FY 11 | 11,100 |
| | | | <u>246,968 **</u> |
| ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT | 84.389 | FY 10 | <u>142,147 **</u> |
| MIGRANT EDUCATION - BASIC STATE GRANTS PROGRAM (TITLE I MIGRANTS) | 84.011 | FY 10 | 30 |
| MIGRANT EDUCATION - BASIC STATE GRANTS PROGRAM (TITLE I MIGRANTS) | 84.011 | FY 11 | 71,141 |
| | | | <u>71,171</u> |
| SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS | 84.186 | FY 11 | <u>750</u> |
| ADVANCE PLACEMENT PROGRAM | 84.330 | FY 11 | <u>57</u> |
| GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR-UP) | 84.334 | FY 11 | <u>6,664</u> |
| IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA) | 84.367 | FY 11 | <u>40,164</u> |
| GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA) | 84.369 | FY 11 | <u>6,058</u> |
| EDUCATION FOR HOMELESS CHILDREN AND YOUTH, RECOVERY ACT | 84.387 | FY 10 | <u>5,574</u> |
| ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT | 84.394 | FY 10 | 4,590 |
| ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT | 84.394 | FY 11 | 54,684 |
| | | | <u>59,274 ***</u> |
| ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - GOVERNMENT SERVICES, RECOVERY ACT | 84.397 | FY 11 | <u>48,776 ***</u> |

COLUMBUS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

| GRANTOR/PROGRAM | CFDA NUMBER | GRANT NUMBER | PROGRAM EXPENDITURES |
|--|----------------|-----------------|-------------------------|
| EDUCATION JOB FUNDS | 84.410 | FY 11 | <u>48,402</u> |
| AREA EDUCATION AGENCY: | | | |
| VOCATIONAL EDUCATION - BASIC GRANTS TO STATES | 84.048 | FY 11 | <u>7,705</u> |
| TITLE III - ENGLISH LANGUAGE ACQUISITION | | | |
| STATE GRANTS | 84.365 | FY 11 | <u>24,981</u> |
| SPECIAL EDUCATION CLUSTER PROGRAMS: | | | |
| SPECIAL EDUCATION - GRANTS TO STATES (PART B) | 84.027 | FY 11 | 57,265 |
| SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT | 84.391 | FY 10 | <u>43,232</u> |
| | | | <u>100,497</u> |
| TOTAL | | | <u>\$ 1,242,019</u> |

* - Includes \$30,304 in non-cash awards.

** - Total for Title I Cluster \$389,115

*** - Total for State Fiscal Stabilization Cluster \$108,050

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, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 15, 2012. 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-11 to be material weaknesses.

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, 2011 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 15, 2012

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 That Could Have a Direct and Material Effect
on Each Major Program and on 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 Columbus Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Columbus Community School District's major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Columbus Community School District's internal control over compliance.

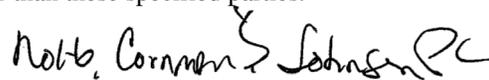
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control 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 a 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-11 to be a material weakness.

A significant deficiency is deficiency, or combination of deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-B-11 and III-C-11 to be significant deficiency.

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 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, and is not intended to be and should not be used by anyone other than these specified parties.



NOLTE, CORNMAN & JOHNSON, P.C.

March 15, 2012

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was 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 and significant deficiencies 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
 - CFDA Number 10.559 - Summer Food Service 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 84.389 - ARRA - Title I Grants to Local Educational Agencies
- (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-11 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.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program for Children
Federal Award Year: 2011
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.010 - Title I Grants to Local Educational Agencies
CFDA Number 84.010 - Title I Grants - Schools in Need of Assistance
CFDA Number 84.389 - ARRA - Title I Grants to Local Educational Agencies
Federal Award Year: 2011
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-11 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.

III-B-11 Communication - The District currently maintains numerous State and Federal grants which require specific coding of expenses for reporting and budgeting of grants. Communication between the grant coordinators and the central office is essential. We noted the District's financial personnel computed numerous adjustments at year end to code expenditures and adjust expenditures.

Recommendation - The proper coding of expenditures is dependent on the District Office being informed of the grants and the coding of expenses by the individuals in charge of the grants on purchase orders. The grant coordinators should monitor the financial statements and communicate with District Office personnel to make necessary adjustments, as the grant is expended, to ensure that expenses are proper to the grant and within the budget and meeting reporting requirements of the grant.

Response - I will hold a conversation with board members, requesting that grant coordination oversight be returned to the curriculum director. I believe that having oversight closer to the district office will allow for timely entries and corrections to occur.

Conclusion - Response accepted.

III-C-11 Title I & Migrant Reports - We noted that the Title I reports were not filed using the General ledger expenditures. The report over reported the actual expenditures. The District should amend the Title I General Budget grant downward from \$266,877 to \$235,868 which would reflect the actual expenditures made on that grant. In addition the Migrant Budget grant was also over-claimed and should be amended. The migrant grant was filed at \$88,400 but actually only \$71,171 was expended.

Recommendation - The District should work with the Department of Education and Title I personnel to amend downward these two grants and make application for the unused allocation as carryover. In addition, the District should develop processes in completing the reports that ensure that the general ledger is used when completing the reports.

Response - I will hold a conversation with board members, requesting that grant coordination oversight be returned to the curriculum director. I believe that having oversight closer to the district office will allow for timely entries and corrections to occur.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - District disbursements for the year ended June 30, 2011, exceeded the amounts budgeted in the non-instructional 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-11 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-11 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. However, we noted an instance where an employee was reimbursed at \$0.39/mile instead of the board stated rate of \$0.40/mile.

Recommendation - The District should review its procedures in place to ensure that all employees receive the board stated rate of \$0.40/mile.

Response - This reimbursement of \$0.39 was written into a grant from which the reimbursement was paid. I have learned that current board policy supersedes what is written in a grant.

Conclusion - Response accepted.

IV-D-11 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 Owns of Mendenhall, Inc. | Repairs | \$ 232 |

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-11 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-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-11 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-11 Supplementary Weighting - We noted no variances in the supplementary weighting data certified to the Department of Education.

IV-I-11 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-11 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-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-11 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

| | | | |
|----------------------------------|----|---------|----------------|
| Beginning balance | | \$ | 182,947 |
| Sales tax revenues | \$ | 661,660 | |
| Other local revenues | | 285 | |
| Total Revenues | | | <u>661,945</u> |
| Expenditures: | | | |
| Equipment | | 109,755 | |
| Other | | 241,811 | |
| Transfers to Other Funds: | | | |
| Debt service fund | | 84,822 | |
| Total Expenditures and Transfers | | | <u>436,388</u> |
| Ending balance | | \$ | <u>408,504</u> |

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

| | Per \$1000 of Taxable Valuation | Property Tax Dollars |
|-----------------------------------|---------------------------------------|-------------------------|
| | <u> </u> | <u> </u> |
| Physical Plant and Equipment Levy | \$ 0.67000 | \$ 153,448 |

IV-M-11 Financial Condition - During our audit we noted that the District had a negative account balance in the Special Revenue, Student Activity Fund totaling \$11,829.

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

Response - The District uses any additional revenue received from soda pop sales to defray this amount. Columbus is committed to reduce this large amount over time.

Conclusion - Response accepted.

IV-N-11 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 - I will increase my due diligence to make sure there are not outstanding checks more than a year old.

Conclusion - Response accepted.