

COLUMBUS COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis (MD&A)		7-16
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
Notes to Financial Statements		29-42
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		44
Notes to Required Supplementary Information - Budgetary Reporting		45
Schedule of Funding Progress for the Retiree Health Plan		46
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	49
Capital Project Accounts:		
Combining Balance Sheet	3	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	51
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	52
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	6	53
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	7	54
Schedule of Expenditures of Federal Awards	8	55-56
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		57-58
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		59-60
Schedule of Findings and Questioned Costs		61-66

Columbus Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2011 Election)		
Marsha Gerot	President	2013
Dan Peters	Vice President	2011
Joy Lekwa	Board Member	2013
Sandy Martin	Board Member	2013
Polly Prior	Board Member	2011
(Before September 2011 Election)		
Marsha Gerot	President	2013
Joy Lekwa	Vice President	2013
David Duncan	Board Member	2015
Sandy Martin	Board Member	2013
Eric Totemeier	Board Member	2015
School Officials		
Rich Bridenstine	Superintendent	2012
Tanya Purdy	Business Manager/ District Secretary	2012
Lynch Dallas	Attorney	2012



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, 2012, 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, 2012, 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 February 25, 2013 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7

Members American Institute & Iowa Society of Certified Public Accountants

through 16 and 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Columbus Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2011 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited the financial statements for the four 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 supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

February 25, 2013

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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$10,673,604 in fiscal 2011 to \$10,525,876 in fiscal 2012, and General Fund expenditures increased from \$10,146,148 in fiscal 2011 to \$10,392,466 in fiscal 2012. General Fund revenues were more than the General Fund expenditures, resulting in an increase in the District's General Fund balance from \$1,128,563 in fiscal 2011 to a balance of \$1,261,973 in fiscal 2012, an 11.82% increase from the prior year.
- The decrease in General Fund revenues was attributable to declining enrollment and decreases in intermediate, state and federal sources in fiscal 2012. The increase in expenditures was due primarily to increases in negotiated salaries and benefits for District employees.

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.

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.

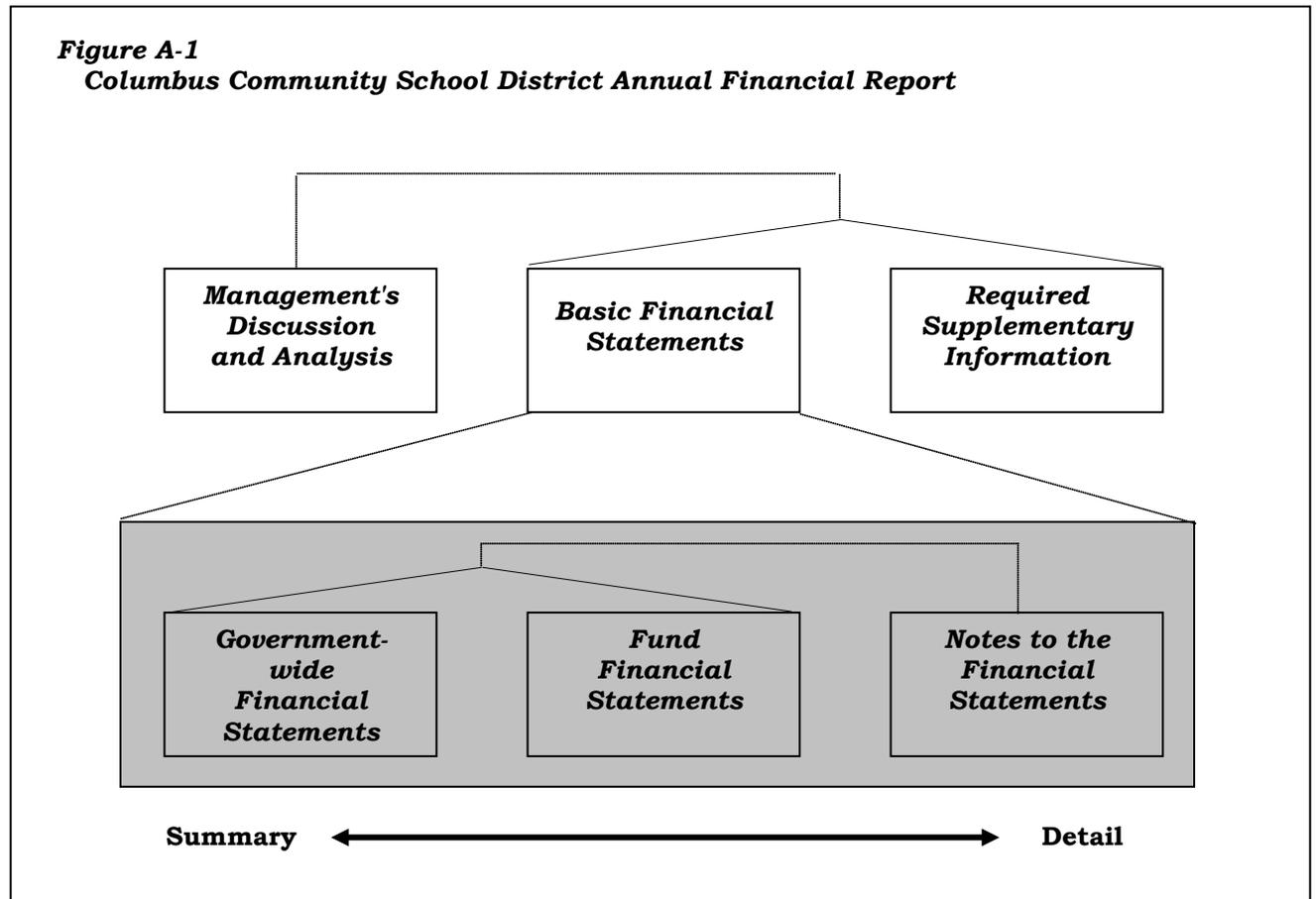


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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 fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private Purpose Trust 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, 2012 compared to June 30, 2011.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 14,591,067	8,375,031	117,245	130,662	14,708,312	8,505,693	72.92%
Capital assets	8,065,016	8,006,241	16,691	16,656	8,081,707	8,022,897	0.73%
Total assets	22,656,083	16,381,272	133,936	147,318	22,790,019	16,528,590	37.88%
Long-term obligations	9,403,435	3,780,085	11,783	-	9,415,218	3,780,085	149.07%
Other liabilities	5,406,525	5,408,980	10,649	6,184	5,417,174	5,415,164	0.04%
Total liabilities	14,809,960	9,189,065	22,432	6,184	14,832,392	9,195,249	61.30%
Net assets:							
Invested in capital assets, net of related debt	4,218,143	4,506,241	16,691	16,656	4,234,834	4,522,897	-6.37%
Restricted	2,591,080	1,706,068	-	-	2,591,080	1,706,068	51.87%
Unrestricted	1,036,900	979,898	94,813	124,478	1,131,713	1,104,376	2.48%
Total net assets	\$ 7,846,123	7,192,207	111,504	141,134	7,957,627	7,333,341	8.51%

The District's combined net assets increased by 8.51%, or \$624,286, 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 \$885,012 or 51.87%, over the prior year. This increase is primarily due to the increase in the Capital Projects Accounts.

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 \$27,337, or 2.48%. This increase is primarily due to the increase in the General Fund balance.

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 241,206	240,796	130,348	130,930	371,554	371,726	-0.05%
Operating grants and contributions and restricted interest	1,303,750	1,348,087	434,426	438,192	1,738,176	1,786,279	-2.69%
General revenues:							
Property tax	3,973,219	3,997,363	-	-	3,973,219	3,997,363	-0.60%
Income surtax	447,014	402,861	-	-	447,014	402,861	10.96%
Statewide sales, services and use tax	713,196	661,660	-	-	713,196	661,660	7.79%
Unrestricted state grants	5,173,316	5,259,056	-	-	5,173,316	5,259,056	-1.63%
Nonspecific program federal grants	146,493	152,163	-	-	146,493	152,163	-3.73%
Unrestricted interest earnings	15,925	14,410	44	131	15,969	14,541	9.82%
Other	155,267	125,929	12,843	15,073	168,110	141,002	19.23%
Transfers	(31,098)	(31,581)	31,098	31,581	-	-	100.00%
Total revenues	12,138,288	12,170,744	608,759	615,907	12,747,047	12,786,651	-0.31%
Program expenses:							
Governmental activities:							
Instruction	7,406,392	7,256,566	1,444	1,774	7,407,836	7,258,340	2.06%
Support services	3,262,966	3,199,149	4,448	-	3,267,414	3,199,149	2.13%
Non-instructional programs	2,650	1,727	632,497	620,820	635,147	622,547	2.02%
Other expenses	812,364	818,118	-	-	812,364	818,118	-0.70%
Total expenses	11,484,372	11,275,560	638,389	622,594	12,122,761	11,898,154	1.89%
Change in net assets	653,916	895,184	(29,630)	(6,687)	624,286	888,497	-29.74%
Beginning net assets	7,192,207	6,297,023	141,134	147,821	7,333,341	6,444,844	13.79%
Ending net assets	\$ 7,846,123	7,192,207	111,504	141,134	7,957,627	7,333,341	8.51%

In fiscal 2012, property tax, income surtax, statewide sales and services tax and unrestricted state grants accounted for 84.91% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 92.77% of the revenue from business type activities.

The District's total revenues were approximately \$12.75 million of which approximately \$12.14 million was for governmental activities and approximately \$0.61 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.31% decrease in revenues and a 1.89% increase in expenses. Income surtax increased \$44,153 and statewide sales, services and use tax increased \$51,536, but operating grants and contributions decreased \$48,103.

Governmental Activities

Revenues for governmental activities were \$12,138,288 and expenses were \$11,484,372.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 7,406,392	7,256,566	2.06%	6,226,927	6,101,680	2.05%
Support services	3,262,966	3,199,149	1.99%	3,261,598	3,171,908	2.83%
Non-instructional	2,650	1,727	53.45%	2,650	1,727	53.45%
Other expenses	812,364	818,118	-0.70%	448,241	411,362	8.97%
Totals	\$ 11,484,372	11,275,560	1.85%	9,939,416	9,686,677	2.61%

- The cost financed by users of the District's programs was \$241,206.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,303,750.
- The net cost of governmental activities was financed with \$3,973,219 in property tax, \$447,014 in income surtax, \$713,196 in statewide sales, services and use tax, \$5,173,316 in unrestricted state grants, \$146,493 in nonspecific program federal grants, \$15,925 in interest income and \$124,169 in other general revenues, net of transfers.

Business Type Activities

Revenues of the District's business type activity were \$608,759 and expenses were \$638,389. 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 \$8,814,662, above last year's ending fund balances of \$2,570,771. The primary reason for the increase is the issuance of revenue bonds during the year.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Decreases in revenues came from declining enrollment and decreases in intermediate, state, and federal sources. Even though District revenues decreased during the year, the revenues were greater

than the expenditures during the year, which resulted in the increase in fund balance from \$1,128,563 in fiscal 2011 to \$1,261,973 in fiscal 2012.

- The Capital Projects fund balance increased from \$466,868 in fiscal 2011 to \$6,202,701 in fiscal 2012. This was primarily due to the issuance of a \$6,200,000 revenue bonds.
- The Debt Service fund balance increased from \$729,777 in fiscal 2011 to \$1,137,490 in fiscal 2012. The primary reason for the increase is the transfer in of the revenue bond reserve dollars.

Proprietary Fund Highlights

The School Nutrition Fund's balance decreased from \$87,184 in fiscal 2011 to \$51,339 in fiscal 2012.

The School Pool Fund balance increased from \$51,516 in 2011 to \$57,898 in 2012 due to revenue from the Public Education and Recreation Levy. This represents a 12.39% increase from 2011 to 2012.

The School Greenhouse Fund also showed a slight decrease during the year ended June 30, 2012. The balance in this fund decreased from \$2,434 to \$2,267. Fund revenues were less than expenses.

BUDGETARY HIGHLIGHTS

The District's revenues were \$286,982 more than budgeted revenues, a variance of 2.30%. The most significant variance resulted from the District receiving more in federal 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, 2012, the District had invested \$8,081,707 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net increase of 0.73% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$428,061.

The original cost of the District's capital assets was \$14,886,142. Governmental funds account for \$14,783,799 with the remainder of \$102,343 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 \$51,220 at June 30, 2011 as compared to \$360,416 at June 30, 2012.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 406,285	406,285	-	-	406,285	406,285	0.00%
Construction in progress	360,416	51,220	-	-	360,416	51,220	603.66%
Buildings	6,647,991	6,814,458	-	-	6,647,991	6,814,458	-2.44%
Land improvements	337,731	380,720	-	-	337,731	380,720	-11.29%
Machinery and equipment	312,593	353,558	16,691	16,656	329,284	370,214	-11.06%
Total	\$ 8,065,016	8,006,241	16,691	16,656	8,081,707	8,022,897	0.73%

Long-Term Debt

At June 30, 2012, the District had \$9,415,218 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 5 to the financial statements.

The District had total outstanding general obligation bonds payable of \$1,920,000 at June 30, 2012.

The District had total outstanding revenue bonds payable of \$6,200,000 at June 30, 2012 payable from the proceeds of the statewide sales, services and use taxes in the Capital Projects Fund.

As of June 30, 2012, 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 \$6,291 from the Special Revenue, Management Fund at June 30, 2012.

The District had compensated absences payable of \$150,051; of which \$138,268 from the General Fund at June 30, 2012 and \$11,783 from the School Nutrition Fund.

The District had other post employment benefits payable of \$138,876 at June 30, 2012.

Figure A-7
Outstanding Long-Term Obligations

	Governmental		Business-Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
General obligation bonds	\$ 1,920,000	2,210,000	-	-	1,920,000	2,210,000	-13.12%
Revenue bonds	6,200,000	290,000	-	-	6,200,000	290,000	2037.93%
QZAB	1,000,000	1,000,000	-	-	1,000,000	1,000,000	0.00%
Early retirement	6,291	26,069	-	-	6,291	26,069	-75.87%
Compensated absences	138,268	167,282	11,783	-	150,051	167,282	-10.30%
Other post employment benefits	138,876	86,734	-	-	138,876	86,734	60.12%
Total	\$ 9,403,435	3,780,085	11,783	-	9,415,218	3,780,085	149.07%

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 and declining enrollment 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, 2012

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments:	\$ 9,505,935	106,488	9,612,423
Receivables:			
Property tax:			
Delinquent	34,655	-	34,655
Succeeding year	4,074,297	-	4,074,297
Income surtax	412,343	-	412,343
Accounts	47,438	-	47,438
Due from other governments	516,399	-	516,399
Inventories	-	10,757	10,757
Capital assets, net of accumulated depreciation	8,065,016	16,691	8,081,707
TOTAL ASSETS	22,656,083	133,936	22,790,019
LIABILITIES			
Accounts payable	212,653	5,958	218,611
Salaries and benefits payable	986,370	-	986,370
Good faith deposit	11,650	-	11,650
Accrued interest payable	42,463	-	42,463
Deferred revenue:			
Succeeding year property tax	4,074,297	-	4,074,297
Other	79,092	-	79,092
Unearned revenue	-	4,691	4,691
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	295,000	-	295,000
Revenue bonds payable	225,000	-	225,000
Early retirement payable	6,291	-	6,291
Compensated absences	138,268	11,783	150,051
Portion due after one year:			
General obligation bonds payable	1,625,000	-	1,625,000
QZAB bonds payable	1,000,000	-	1,000,000
Revenue bonds payable	5,975,000	-	5,975,000
Other post employment benefits	138,876	-	138,876
TOTAL LIABILITIES	14,809,960	22,432	14,832,392
NET ASSETS			
Invested in capital assets, net of related debt	4,218,143	16,691	4,234,834
Restricted for:			
Categorical funding	305,672	-	305,672
Debt service	1,137,490	-	1,137,490
Management levy	142,827	-	142,827
Student activity	75,245	-	75,245
Public education and recreation levy	272	-	272
School infrastructure	750,333	-	750,333
Physical plant and equipment	179,241	-	179,241
Unrestricted	1,036,900	94,813	1,131,713
TOTAL NET ASSETS	\$ 7,846,123	111,504	7,957,627

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	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	\$ 4,207,531	114,069	116,673	(3,976,789)	-	(3,976,789)
Special	1,322,894	11,766	97,557	(1,213,571)	-	(1,213,571)
Other	1,875,967	115,371	724,029	(1,036,567)	-	(1,036,567)
	<u>7,406,392</u>	<u>241,206</u>	<u>938,259</u>	<u>(6,226,927)</u>	<u>-</u>	<u>(6,226,927)</u>
Support services:						
Student	322,865	-	-	(322,865)	-	(322,865)
Instructional staff	550,518	-	-	(550,518)	-	(550,518)
Administration	961,178	-	-	(961,178)	-	(961,178)
Operation and maintenance of plant	984,570	-	-	(984,570)	-	(984,570)
Transportation	443,835	-	1,368	(442,467)	-	(442,467)
	<u>3,262,966</u>	<u>-</u>	<u>1,368</u>	<u>(3,261,598)</u>	<u>-</u>	<u>(3,261,598)</u>
Non-instructional programs:						
Other enterprise operations	2,650	-	-	(2,650)	-	(2,650)
Long-term debt interest	109,938	-	-	(109,938)	-	(109,938)
Other expenditures:						
AEA flowthrough	364,123	-	364,123	-	-	-
Depreciation (unallocated)*	338,303	-	-	(338,303)	-	(338,303)
	<u>702,426</u>	<u>-</u>	<u>364,123</u>	<u>(338,303)</u>	<u>-</u>	<u>(338,303)</u>
Total governmental activities	11,484,372	241,206	1,303,750	(9,939,416)	-	(9,939,416)
Business Type activities:						
Instruction:						
Other	1,444	1,277	-	-	(167)	(167)
Support services:						
Operation and maintenance of plant	4,448	-	-	-	(4,448)	(4,448)
Non-instructional programs:						
Nutrition services	597,132	113,974	434,426	-	(48,732)	(48,732)
Community services	35,365	15,097	-	-	(20,268)	(20,268)
Total business type activities	<u>638,389</u>	<u>130,348</u>	<u>434,426</u>	<u>-</u>	<u>(73,615)</u>	<u>(73,615)</u>
Total	\$ 12,122,761	371,554	1,738,176	(9,939,416)	(73,615)	(10,013,031)
General Revenues and Transfers:						
General revenues:						
Property tax levied for:						
General purposes				\$ 3,352,290	-	3,352,290
Debt service				356,630	-	356,630
Capital outlay				264,299	-	264,299
Income surtax				447,014	-	447,014
Statewide sales, services and use tax				713,196	-	713,196
Unrestricted state grants				5,173,316	-	5,173,316
Nonspecific program federal grants				146,493	-	146,493
Unrestricted investment earnings				15,925	44	15,969
Other				155,267	12,843	168,110
Transfers				(31,098)	31,098	-
Total general revenues and transfers				<u>10,593,332</u>	<u>43,985</u>	<u>10,637,317</u>
Excess(Deficiency)of revenues over(under) expenses before other financing uses				653,916	(29,630)	624,286
Changes in net assets				653,916	(29,630)	624,286
Net assets beginning of year				7,192,207	141,134	7,333,341
Net assets end of year				<u>\$ 7,846,123</u>	<u>111,504</u>	<u>7,957,627</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, 2012

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
ASSETS					
Cash and pooled investments:	\$ 2,224,781	5,934,824	1,134,233	212,097	9,505,935
Receivables:					
Property tax					
Delinquent	28,242	2,105	3,239	1,069	34,655
Succeeding year	3,339,517	231,881	356,618	146,281	4,074,297
Income surtax	412,343	-	-	-	412,343
Accounts	46,620	-	-	818	47,438
Due from other governments	183,875	332,499	18	7	516,399
TOTAL ASSETS	\$ 6,235,378	6,501,309	1,494,108	360,272	14,591,067
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 156,083	55,077	-	1,493	212,653
Salaries and benefits payable	986,370	-	-	-	986,370
Good faith deposit	-	11,650	-	-	11,650
Deferred revenue:					
Succeeding year property tax	3,339,517	231,881	356,618	146,281	4,074,297
Income surtax	412,343	-	-	-	412,343
Other	79,092	-	-	-	79,092
Total liabilities	4,973,405	298,608	356,618	147,774	5,776,405
Fund balances:					
Restricted for:					
Categorical funding	305,672	-	-	-	305,672
Debt service	-	-	1,137,490	-	1,137,490
Management levy purposes	-	-	-	149,118	149,118
Student activity	-	-	-	75,245	75,245
Public education and recreation levy	-	-	-	272	272
School infrastructure	-	750,333	-	-	750,333
Physical plant and equipment	-	179,241	-	-	179,241
Construction	-	5,273,127	-	-	5,273,127
Unassigned:					
General	956,301	-	-	-	956,301
Student activity	-	-	-	(12,137)	(12,137)
Total fund balances	1,261,973	6,202,701	1,137,490	212,498	8,814,662
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,235,378	6,501,309	1,494,108	360,272	14,591,067

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total fund balances of governmental funds(page 20)	\$ 8,814,662
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	8,065,016
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	412,343
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.	(42,463)
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>(9,403,435)</u>
Net assets of governmental activities(page 18)	<u><u>\$ 7,846,123</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, 2012

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,700,541	946,363	356,630	123,368	5,126,902
Tuition	105,894	-	-	-	105,894
Other	127,776	2,079	12,837	195,706	338,398
Intermediate sources	9,815	-	-	-	9,815
State sources	5,835,102	-	-	-	5,835,102
Federal sources	746,748	-	-	-	746,748
Total revenues	10,525,876	948,442	369,467	319,074	12,162,859
EXPENDITURES:					
Current:					
Instruction:					
Regular	4,100,107	-	-	110,930	4,211,037
Special	1,316,335	-	-	-	1,316,335
Other	1,753,117	-	-	122,087	1,875,204
	7,169,559	-	-	233,017	7,402,576
Support services:					
Student	320,824	-	-	1,561	322,385
Instructional staff	424,699	136,221	-	531	561,451
Administration	866,692	19,921	-	29,571	916,184
Operation and maintenance of plant	857,461	-	-	42,652	900,113
Transportation	386,458	-	-	13,709	400,167
	2,856,134	156,142	-	88,024	3,100,300
Non-instructional programs:					
Other enterprise operations	2,650	-	-	-	2,650
Capital outlay	-	521,436	-	-	521,436
Long-term debt:					
Principal	-	-	580,000	-	580,000
Interest and fiscal charges	-	-	78,011	-	78,011
	-	-	658,011	-	658,011
Other expenditures:					
AEA flowthrough	364,123	-	-	-	364,123
Total expenditures	10,392,466	677,578	658,011	321,041	12,049,096
Excess(deficiency) of revenues over(under) expenditures	133,410	270,864	(288,544)	(1,967)	113,763
Other financing sources(uses):					
Transfer in	-	6,112,385	696,257	-	6,808,642
Transfer out	-	(6,808,642)	-	(31,098)	(6,839,740)
Issuance of revenue bonds	-	6,200,000	-	-	6,200,000
Premium on revenue bonds	-	58,266	-	-	58,266
Discount on revenue bonds	-	(97,040)	-	-	(97,040)
Total other financing sources(uses)	-	5,464,969	696,257	(31,098)	6,130,128
Net change in fund balances	133,410	5,735,833	407,713	(33,065)	6,243,891
Fund balance beginning of year	1,128,563	466,868	729,777	245,563	2,570,771
Fund balance end of year	\$ 1,261,973	6,202,701	1,137,490	212,498	8,814,662

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, 2012

Net change in fund balances - total governmental funds(page 22) \$ 6,243,891

**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 not reported in the Statement of Activities 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	\$ 490,037	
Depreciation expense	(424,796)	
Loss on asset disposal	(6,466)	58,775
	<u> </u>	

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

Issued	\$ (6,200,000)	
Repaid	580,000	(5,620,000)
	<u> </u>	

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. (31,927)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 6,527

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	29,014	
Other postemployment benefits	(52,142)	(3,350)
	<u> </u>	

Changes in net assets of governmental activities(page 19) \$ 653,916

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	School Nutrition	Pool	Green- house	Total
Assets				
Current assets:				
Cash and pooled investments	\$ 44,669	59,552	2,267	106,488
Inventories	10,757	-	-	10,757
Capital assets, net of accumulated depreciation	16,691	-	-	16,691
Total assets	72,117	59,552	2,267	133,936
Liabilities				
Accounts payable	4,304	1,654	-	5,958
Unearned revenue	4,691	-	-	4,691
Compensated absences	11,783	-	-	11,783
Total liabilities	20,778	1,654	-	22,432
Net assets				
Invested in capital assets	16,691	-	-	16,691
Unrestricted	34,648	57,898	2,267	94,813
Total net assets	\$ 51,339	57,898	2,267	111,504

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	School Nutrition	Pool	Green- house	Total
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 113,974	-	-	113,974
Contributions and donations	-	4,000	-	4,000
Miscellaneous	12,843	11,097	1,277	25,217
TOTAL OPERATING REVENUES	126,817	15,097	1,277	143,191
OPERATING EXPENSES:				
Current:				
Instruction:				
Other	-	-	1,444	1,444
Support services:				
Operation and maintenance of plant services	-	4,448	-	4,448
Non-instructional programs:				
Food service and community service operations:				
Salaries	256,100	21,361	-	277,461
Benefits	55,836	2,482	-	58,318
Services	9,131	110	-	9,241
Supplies	258,938	10,512	-	269,450
Depreciation	3,265	-	-	3,265
Other	13,862	900	-	14,762
	597,132	35,365	-	632,497
TOTAL OPERATING EXPENSES	597,132	39,813	1,444	638,389
OPERATING LOSS	(470,315)	(24,716)	(167)	(495,198)
NON-OPERATING REVENUES:				
State sources	5,358	-	-	5,358
Federal sources	429,068	-	-	429,068
Interest income	44	-	-	44
TOTAL NON-OPERATING REVENUES	434,470	-	-	434,470
Changes in net assets before other financing sources	(35,845)	(24,716)	(167)	(60,728)
OTHER FINANCING SOURCES:				
Transfer in	-	31,098	-	31,098
Changes in net assets	(35,845)	6,382	(167)	(29,630)
Net assets beginning of year	87,184	51,516	2,434	141,134
Net assets end of year	\$ 51,339	57,898	2,267	111,504

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	School Nutrition	Pool	Green- house	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 114,097	-	-	114,097
Cash received from miscellaneous operating activities	12,843	15,097	1,277	29,217
Cash payments to employees for services	(300,153)	(23,843)	-	(323,996)
Cash payments to suppliers for goods or services	(246,449)	(15,035)	(1,444)	(262,928)
Net cash provided by(used in) operating activities	(419,662)	(23,781)	(167)	(443,610)
Cash flows from non-capital financing activities:				
Transfer from Public Education and Recreation Levy	-	31,098	-	31,098
State grants received	5,358	-	-	5,358
Federal grants received	395,247	-	-	395,247
Net cash provided by non-capital financing activities	400,605	31,098	-	431,703
Cash flows from capital and related financing activities:				
Purchase of capital assets	(3,300)	-	-	(3,300)
Cash flows from investing activities:				
Interest on investments	44	-	-	44
Net increase in cash and cash equivalents	(22,313)	7,317	(167)	(15,163)
Cash and cash equivalents at beginning of year	66,982	52,235	2,434	121,651
Cash and cash equivalents at end of year	\$ 44,669	59,552	2,267	106,488
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (470,315)	(24,716)	(167)	(495,198)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	33,821	-	-	33,821
Depreciation	3,265	-	-	3,265
Increase in inventories	(1,780)	-	-	(1,780)
Decrease in accounts receivable	34	-	-	34
Increase in accounts payable	3,441	935	-	4,376
Increase in unearned revenue	89	-	-	89
Increase in compensated absences payable	11,783	-	-	11,783
Net cash provided by(used in) operating activities	\$ (419,662)	(23,781)	(167)	(443,610)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2012, the District received Federal commodities valued at \$33,821.

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	\$ 22,344	365
LIABILITIES		
Accounts payable	1,217	-
Due to other groups	-	365
TOTAL LIABILITIES	<u>1,217</u>	<u>365</u>
NET ASSETS		
Restricted for scholarships	<u>\$ 21,127</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Contributions	\$ 25,630
Deductions:	
Support services:	
Scholarships awarded	15,935
Change in net assets	9,695
Net assets beginning of year	11,432
Net assets end of year	\$ 21,127

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

The 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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Intangible assets	30,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Capital assets are depreciated using the straight line method 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, 2012. 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, 2012, expenditures in the non-instructional programs functions exceeded the amounts budgeted.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2012 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, 2012, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$5,116,987 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Interfund Transfers

The detail of transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
	Capital Projects:	
Debt Service	Statewide Sales, Services and Use Tax	\$ 135,132
	Capital Projects:	
Debt Service	Physical Plant and Equipment Levy	82,175
	Public Education and Recreation Levy	31,098
Debt Service	Capital Projects: Construction	478,950
Capital Projects: Construction	Capital Projects: Statewide Sales, Services and Use Tax	6,112,385
Total		<u>\$ 6,839,740</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 for general operating costs.

The transfer from the Capital Projects: Construction Fund to the Debt Service Fund was for the reserve on the new bonds.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax to the Capital Projects: Construction Fund was to account for the construction expenses related to the bond proceeds received.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 99,042	3,300	-	102,342
Less accumulated depreciation	82,386	3,265	-	85,651
Business type activities capital assets, net	<u>\$ 16,656</u>	<u>35</u>	<u>-</u>	<u>16,691</u>

	Balance			Balance
	Beginning			End
	of Year	Increases	Decreases	of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 406,285	-	-	406,285
Construction in progress	51,220	360,416	51,220	360,416
Total capital assets not being depreciated	457,505	360,416	51,220	766,701
Capital assets being depreciated:				
Buildings	11,071,664	128,847	-	11,200,511
Land improvements	1,124,479	-	-	1,124,479
Machinery and equipment	1,663,485	51,994	23,371	1,692,108
Total capital assets being depreciated	13,859,628	180,841	23,371	14,017,098
Less accumulated depreciation for:				
Buildings	4,257,206	295,314	-	4,552,520
Land improvements	743,759	42,989	-	786,748
Machinery and equipment	1,309,927	86,493	16,905	1,379,515
Total accumulated depreciation	6,310,892	424,796	16,905	6,718,783
Total capital assets being depreciated, net	7,548,736	(243,955)	6,466	7,298,315
Governmental activities capital assets, net	\$ 8,006,241	116,461	57,686	8,065,016
Governmental activities:				
Instruction:				
Regular				\$ 8,337
Special				6,559
Other				763
Support services:				
Instructional staff				15,572
Operation and maintenance				6,180
Transportation				49,082
				86,493
Unallocated depreciation				338,303
Total governmental activities depreciation expense				\$ 424,796
Business type activities:				
Food services				\$ 3,265

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 2,210,000	-	290,000	1,920,000	295,000
Revenue Bonds	290,000	6,200,000	290,000	6,200,000	225,000
QZAB	1,000,000	-	-	1,000,000	-
Early Retirement	26,069	-	19,778	6,291	6,291
Compensated absences	167,282	138,268	167,282	138,268	138,268
Other postemployment benefits	86,734	52,142	-	138,876	-
Total	\$ 3,780,085	6,390,410	767,060	9,403,435	664,559
Business type activities:					
Compensated absences	\$ -	11,783	-	11,783	11,783

General Obligation Bonds Payable

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Bond Issue of May 28, 2009		
		Principal	Interest	Total
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	3.60	335,000	25,343	360,343
2018	3.85	345,000	13,282	358,282
Total		\$ 1,920,000	234,744	2,154,744

Revenue Bonds Payable

Details of the District's June 30, 2012 statewide sales and service tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Bond Issue of April 4, 2012		
		Principal	Interest	Total
2013	-	% \$ 225,000	184,347	409,347
2014	2.00	310,000	142,978	452,978
2015	2.00	315,000	136,778	451,778
2016	2.00	320,000	130,478	450,478
2017	2.00	330,000	124,078	454,078
2018-2022	2.00-2.10	1,765,000	518,127	2,283,127
2023-2027	2.30-2.75	2,025,000	304,791	2,329,791
2028-2029	2.85-3.00	910,000	41,250	951,250
Total		\$ 6,200,000	1,582,827	7,782,827

The District has pledged future statewide sales and service tax revenues to repay the \$6,200,000 bond issued April 2012. The bonds were issued for the purpose of defraying a portion of the cost of the District's Junior High boiler and various building projects. The bonds are payable solely from the proceeds of the

statewide sales received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 57.4 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$6,200,000. For the current year, principal of \$290,000 and interest of \$9,839 was paid on the bonds and total statewide sales and service tax revenues were \$713,196.

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

- a) \$478,950 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, 2012, the District paid early retirement benefits of \$19,778.

(6) 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 5.38% of their annual salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$527,397, \$445,143 and \$429,528 respectively, equal to the required contributions for each year.

(7) 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, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 69,791
Interest on net OPEB obligation	2,168
Adjustment to annual required contribution	(5,557)
Annual OPEB cost	<u>66,402</u>
Contributions made	(14,260)
Increase in net OPEB obligation	<u>52,142</u>
Net OPEB obligation beginning of year	<u>86,734</u>
Net OPEB obligation end of year	<u><u>\$ 138,876</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, 2012.

For the year ended June 30, 2012, the District contributed \$14,260 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, 2012 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
2012	66,402	21.48%	138,876

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$476,650, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$476,650. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,211,470, and the ratio of the UAAL to covered payroll was 9.15%. As of June 30, 2012, 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 \$556 per month 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.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$364,123 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) 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, 2012, expenditures in the non-instructional programs function exceeded the amount budgeted.

(11) Construction Commitment

The District has entered into various construction projects totaling \$6,883,574. The projects include a Junior High Boiler and other building projects. As of June 30, 2012, costs of \$360,416 had been incurred against the contracts. The balance of \$6,523,158 will be paid as work progresses. The total cost of the improvements will be added to the District's capital asset listing upon completion.

(12) Categorical Funding

The District's ending restricted balance for categorical funding at June 30, 2012 is comprised of the following programs:

Programs	Amount
Statewide voluntary preschool	\$ 49,062
At-Risk supplemental weighting	97
Gifted and talented	19,945
Dropout and dropout prevention	6,261
Teacher salary supplement	52,848
Educator quality, professional development	16,819
Beginning teacher mentoring	7,956
Limited english proficient weighting	85,871
Educator quality, model core curriculum	65,304
Innovative at risk, K-3	1,509
	<hr/>
Total categorical funding	\$ 305,672

(13) Deficit Unassigned Balances

At June 30, 2012, there were negative unassigned balances in the Student Activity Fund of \$12,137.

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, 2012

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 5,571,194	143,235	5,714,429	5,569,007	5,569,007	145,422
Intermediate sources	9,815	-	9,815	6,000	6,000	3,815
State sources	5,835,102	5,358	5,840,460	6,378,531	6,378,531	(538,071)
Federal sources	746,748	429,068	1,175,816	500,000	500,000	675,816
Total revenues	12,162,859	577,661	12,740,520	12,453,538	12,453,538	286,982
Expenditures/Expenses:						
Instruction	7,402,576	1,444	7,404,020	8,015,500	8,015,500	611,480
Support services	3,100,300	4,448	3,104,748	3,266,500	3,266,500	161,752
Non-instructional programs	2,650	632,497	635,147	578,000	578,000	(57,147)
Other expenditures	1,543,570	-	1,543,570	1,102,005	2,200,000	656,430
Total expenditures/expenses	12,049,096	638,389	12,687,485	12,962,005	14,060,000	1,372,515
Excess(deficiency) of revenues over(under) expenditures/expenses	113,763	(60,728)	53,035	(508,467)	(1,606,462)	1,659,497
Other financing sources(uses), net	6,130,128	31,098	6,161,226	600	600	6,160,626
Excess of revenues and other financing sources over expenditures/ expenses and other financing uses	6,243,891	(29,630)	6,214,261	(507,867)	(1,605,862)	7,820,123
Balance beginning of year	2,570,771	141,134	2,711,905	2,472,874	2,472,874	(239,031)
Balance end of year	\$ 8,814,662	111,504	8,926,166	1,965,007	867,012	7,581,092

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2012

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 \$1,097,995.

During the year ended June 30, 2012, 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	\$ -	\$ 528,425	528,425	0.00%	\$ 5,150,073	10.26%
2011	July 1, 2009	-	495,961	495,961	0.00%	5,295,043	9.37%
2012	July 1, 2009	-	476,650	476,650	0.00%	5,211,470	9.15%

See Note 7 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, 2012

	Special Revenue Funds			
	Manage- ment Levy	Student Activity	Public Education and Recreation Levy	Total
ASSETS				
Cash and pooled investments	\$ 148,314	63,783	-	212,097
Receivables:				
Property tax:				
Delinquent	799	-	270	1,069
Succeeding year	115,299	-	30,982	146,281
Accounts	-	818	-	818
Due from other governments	5	-	2	7
TOTAL ASSETS	<u>\$ 264,417</u>	<u>64,601</u>	<u>31,254</u>	<u>360,272</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	1,493	-	1,493
Deferred revenue:				
Succeeding year property tax	115,299	-	30,982	146,281
Total liabilities	<u>115,299</u>	<u>1,493</u>	<u>30,982</u>	<u>147,774</u>
Fund balances:				
Restricted for:				
Management levy purposes	149,118	-	-	149,118
Student activities	-	75,245	-	75,245
Public education and recreation levy	-	-	272	272
Unassigned	-	(12,137)	-	(12,137)
Total fund balances	<u>149,118</u>	<u>63,108</u>	<u>272</u>	<u>212,498</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 264,417</u>	<u>64,601</u>	<u>31,254</u>	<u>360,272</u>

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, 2012

	Special Revenue Funds			
	Manage- ment Levy	Student Activity	Public Education and Recreation Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 92,236	-	31,132	123,368
Other	71,430	124,276	-	195,706
TOTAL REVENUES	163,666	124,276	31,132	319,074
EXPENDITURES:				
Current:				
Instruction:				
Regular	110,930	-	-	110,930
Other	-	122,087	-	122,087
Support services:				
Student	1,561	-	-	1,561
Instructional staff	531	-	-	531
Administration	25,896	3,675	-	29,571
Operation and maintenance of plant	42,652	-	-	42,652
Transportation	13,709	-	-	13,709
TOTAL EXPENDITURES	195,279	125,762	-	321,041
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(31,613)	(1,486)	31,132	(1,967)
OTHER FINANCING USES:				
Transfers out	-	-	(31,098)	(31,098)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	(31,613)	(1,486)	34	(33,065)
FUND BALANCE BEGINNING OF YEAR	180,731	64,594	238	245,563
FUND BALANCE END OF YEAR	\$ 149,118	63,108	272	212,498

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2012

	Capital Projects			
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 462,118	5,294,495	178,211	5,934,824
Receivables:				
Property tax:				
Delinquent	-	-	2,105	2,105
Succeeding year	-	-	231,881	231,881
Due from other governments	332,487	-	12	332,499
TOTAL ASSETS	\$ 794,605	5,294,495	412,209	6,501,309
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 32,622	21,368	1,087	55,077
Good faith deposit	11,650	-	-	11,650
Deferred revenue:				
Succeeding year property tax	-	-	231,881	231,881
Total liabilities	44,272	21,368	232,968	298,608
Fund balances:				
Restricted for:				
School infrastructure	750,333	-	-	750,333
Physical plant and equipment	-	-	179,241	179,241
Construction	-	5,273,127	-	5,273,127
Total fund balances	750,333	5,273,127	179,241	6,202,701
TOTAL LIABILITIES AND FUND BALANCES	\$ 794,605	5,294,495	412,209	6,501,309

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, 2012

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ 713,196	-	233,167	946,363
Other	1,522	108	449	2,079
TOTAL REVENUES	<u>714,718</u>	<u>108</u>	<u>233,616</u>	<u>948,442</u>
EXPENDITURES:				
Current:				
Support services:				
Instructional staff	136,221	-	-	136,221
Administration	-	-	19,921	19,921
Other expenditures:				
Capital outlay	150,377	360,416	10,643	521,436
TOTAL EXPENDITURES	<u>286,598</u>	<u>360,416</u>	<u>30,564</u>	<u>677,578</u>
EXCESS OF REVENUES OVER EXPENDITURES	428,120	(360,308)	203,052	270,864
OTHER FINANCING USES:				
Transfer in	-	6,112,385	-	6,112,385
Transfers out	(6,247,517)	(478,950)	(82,175)	(6,808,642)
Issuance of revenue bonds	6,200,000	-	-	6,200,000
Premium on revenue bonds	58,266	-	-	58,266
Discount on revenue bonds	(97,040)	-	-	(97,040)
TOTAL OTHER FINANCING SOURCES(USES)	<u>(86,291)</u>	<u>5,633,435</u>	<u>(82,175)</u>	<u>5,464,969</u>
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	341,829	5,273,127	120,877	5,735,833
FUND BALANCE BEGINNING OF YEAR	<u>408,504</u>	<u>-</u>	<u>58,364</u>	<u>466,868</u>
FUND BALANCE END OF YEAR	<u>\$ 750,333</u>	<u>5,273,127</u>	<u>179,241</u>	<u>6,202,701</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
<u>Athletics:</u>					
General athletics	\$ 25,921	45,982	38,287	-	40,721
Football	1,513	3,195	1,041	-	3,667
Wrestling	403	192	472	-	123
Volleyball	1,863	5,743	6,193	-	1,413
Softball	730	-	-	-	730
Baseball	274	1,670	296	-	1,648
Cross country	285	8,705	8,252	-	738
Golf	490	-	-	-	490
Girls basketball	1,609	5,586	5,847	-	1,348
Boys basketball	894	3,409	3,728	-	575
MS Boys basketball	562	-	-	-	562
Boys track	25	-	-	-	25
Girls track	1,549	3,892	5,236	-	205
Boys soccer	2,096	-	595	-	1,501
Girls soccer	4,206	3,901	6,015	-	2,092
	<u>42,420</u>	<u>82,275</u>	<u>75,962</u>	<u>-</u>	<u>55,838</u>
<u>Extra curricular:</u>					
Extra curricular programs	-	3,837	2,282	-	1,555
Band	2,153	-	2,136	-	17
Cheerleading	707	64	144	-	627
Yearbook	(11,829)	1,950	2,916	658	(12,137)
Student council	2,919	5,531	5,729	-	2,721
Drama	350	-	30	-	320
Close up	2,838	-	-	-	2,838
	<u>(2,862)</u>	<u>11,382</u>	<u>13,237</u>	<u>658</u>	<u>(4,059)</u>
<u>Organizations:</u>					
FCCLA	1,479	10,248	8,766	-	2,961
FFA	-	25	35	10	-
Indian slough project	6,763	-	6,705	-	58
NHS	162	467	920	291	-
BPA	2,446	4,426	5,629	-	1,243
Science and math	2,091	-	-	-	2,091
GSA	104	733	440	-	397
	<u>13,045</u>	<u>15,899</u>	<u>22,055</u>	<u>301</u>	<u>6,750</u>
<u>Miscellaneous:</u>					
Interest	603	188	-	-	791
HS pop	120	5,041	3,677	(1,484)	-
MS fundraisers	8,804	-	2,659	520	-
Class of 2011	393	-	393	-	-
Class of 2012	314	-	319	5	-
Class of 2013	1,486	1,991	3,855	378	-
Class of 2014	240	7,385	3,575	(378)	3,672
Special olympics	31	115	30	-	116
	<u>11,991</u>	<u>14,720</u>	<u>14,508</u>	<u>(959)</u>	<u>4,579</u>
Total	<u>\$ 64,594</u>	<u>124,276</u>	<u>125,762</u>	<u>-</u>	<u>63,108</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, 2012

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 292	122	49	365
LIABILITIES				
Due to other groups	\$ 292	122	49	365

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,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Local sources:										
Local tax	\$ 5,126,902	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
Tuition	105,894	130,608	129,496	152,729	148,962	154,807	118,847	116,089	149,357	148,631
Other	338,398	268,772	361,685	425,405	454,548	398,975	481,653	393,851	417,144	481,473
Intermediate sources	9,815	18,251	-	5,858	1,800	-	-	-	-	-
State sources	5,835,102	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
Federal sources	746,748	833,838	1,154,070	593,828	510,736	570,722	1,061,740	1,042,930	937,005	846,166
Total	\$ 12,162,859	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
Expenditures:										
Instruction:										
Regular	\$ 4,211,037	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
Special	1,316,335	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
Other	1,875,204	1,669,529	1,671,544	1,367,407	1,242,173	1,190,633	585,318	1,037,128	620,153	622,792
Support services:										
Student	322,385	312,265	295,455	268,589	283,840	276,389	325,815	297,838	90,198	143,266
Instructional staff	561,451	553,689	613,208	593,888	462,139	521,660	484,429	488,836	402,674	356,831
Administration	916,184	821,405	828,144	803,911	798,256	738,172	658,865	597,866	609,438	679,131
Operation and maintenance of plant	900,113	910,855	792,188	776,964	788,611	713,261	712,201	716,645	685,785	733,809
Transportation	400,167	463,548	417,924	397,147	406,402	280,879	326,644	353,091	324,195	216,706
Other support	-	-	-	-	-	-	-	-	11,475	-
Non-instructional programs	2,650	1,727	2,924	2,800	6,796	1,406	-	-	174,882	204,054
Other expenditures:										
Capital outlay	521,436	239,671	635,909	423,397	206,438	532,969	1,616,647	1,436,015	45,838	160,845
Long-term debt:										
Principal	580,000	400,000	390,000	355,000	371,734	343,103	309,553	484,403	362,255	317,473
Interest and other charges	78,011	84,500	95,734	150,439	152,800	175,458	187,171	189,510	199,401	206,194
AEA flow-through	364,123	406,756	387,997	358,572	341,676	322,519	303,124	304,877	296,901	310,382
Total	\$ 12,049,096	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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

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 12	\$ 93,971
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 12	307,949 *
SUMMER FOOD SERVICE PROGRAM	10.559	FY 12	3,846
			<u>405,766</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 12	<u>23,302</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G	227,972
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-GC	31,009
TITLE I GRANTS - SCHOOLS IN NEED OF ASSISTANCE	84.010	FY 12	8,329
			<u>267,310 **</u>
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 11	41,108
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 12	19,538
			<u>60,646 **</u>
MIGRANT EDUCATION - BASIC STATE GRANTS PROGRAM (TITLE I MIGRANTS)	84.011	FY 11	30
MIGRANT EDUCATION - BASIC STATE GRANTS PROGRAM (TITLE I MIGRANTS)	84.011	FY 12	81,100
			<u>81,130</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 11	610
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 12	1,110
			<u>1,720</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 12	<u>2,607</u>
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR-UP)	84.334	FY 12	<u>20,267</u>
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 12	<u>32,512</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 12	<u>5,701</u>
ARRA - EDUCATION FOR HOMELESS CHILDREN AND YOUTH, RECOVERY ACT	84.387	FY 11	<u>14,676</u>

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
EDUCATION JOB FUNDS	84.410	FY 11	<u>146,493</u>
AREA EDUCATION AGENCY:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 12	<u>7,255</u>
TITLE III - ENGLISH LANGUAGE ACQUISITION			
STATE GRANTS	84.365	FY 11	7,748
TITLE III - ENGLISH LANGUAGE ACQUISITION			
STATE GRANTS	84.365	FY 12	<u>2,398</u>
			<u>10,146</u>
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 12	<u>52,726</u>
SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	84.323	FY 12	<u>247</u>
TOTAL			<u>\$ 1,132,504</u>

* - Includes \$33,821 in non-cash awards.

** - Total for Title I Cluster \$327,956.

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 50208-3040

Telephone (641) 792-1910

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

To the Board of Education of 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, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 25, 2013. 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

The management of Columbus Community School District is responsible for establishing and maintaining effective 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-12 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the efficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-12 and II-C-12 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 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.

February 25, 2013

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on 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, 2012. 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, 2012.

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-12 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 item III-B-12 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.

February 25, 2013

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness 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-12 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. We also noted that one individual has the ability to modify pay rates, process the payroll and generate the payroll checks and direct deposits.

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

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

Conclusion - Response accepted.

II-B-12 Employee Timesheets - We noted that the District keeps timesheets via an electronic time clock system. District procedures require principals to approve all timesheets in the electronic system. However, we noted that the approval process is not being followed.

Recommendation - The District should review its procedures and policies to ensure that they are being followed. Better internal controls are achieved if an individual with supervisory responsibility is approving and monitoring the timesheets and approving the timesheets for subsequent payment.

Response - The Superintendent will address this issue with the building principals and have them approve and monitor the timesheets.

Conclusion - Response accepted.

II-C-12 Nutrition Revenue Recognition - The District currently recognizes revenues in the Nutrition fund when they are collected and not when earned.

Recommendation - The District should record the revenue collected as unearned revenue and recognize the earned revenue as the meals are consumed. Typically, when an individual provides payment the District would Debit Cash and Credit a liability of unearned revenue. Then when the meals are consumed and the reports for the month are available, the recognition would be made. The District would debit the Unearned Revenue and credit the income account for the breakfast, lunch or ala carte meals that were served and therefore earned. This provides for more meaningful revenue recognition since it is recognized as earned not when received. This also gives the District the ability to reconcile the unearned revenue account to the student account balances at the end of each month.

Response - We will adopt the practice of recognizing the revenue as meals are consumed.

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: 2012
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 & 2012
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-12 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. We also noted that one individual has the ability to modify pay rates, process the payroll and generate the payroll checks and direct deposits.

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-12 Title I Reports - The District amended the General budget for the FY2011 Title I grant downward and then applied the amount to a carryover of \$31,008.66. The Department of Education, however, did not request a refund and additionally paid the District the \$31,009 an additional time. This resulted in the District retaining the unused portion of the FY2011 grant as well as receiving the funding in the FY2012 carryover grant.

Recommendation - The District should contact the Department of Education and determine the appropriate steps to clear up the overpayment.

Response - The District has been in contact with Jeff Berger from the Department of Education to resolve this issue. The Department of Education has applied the over payment to FY13.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-12 Certified Budget - District disbursements for the year ended June 30, 2012, 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 - We will monitor our expenditures and make sure budgets are properly amended.

Conclusion - Response accepted.

IV-B-12 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-12 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 of employees were noted.

IV-D-12 Business Transactions - Business transactions between the District and District officials were noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Tom Mendenhall, Custodian Owns of Mendenhall, Inc.	Purchased services	\$ 777

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-12 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-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-12 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The ELL funding was overstated by 0.22 and understated by 0.22 for a net effect of 0.

Recommendation - The Iowa Department of Education and the Department of Management should be contracted to resolve this matter.

Response - Our auditors will be contacting the Iowa Department of Education and the Department of Management to resolve this issue.

Conclusion - Response accepted.

IV-H-12 Supplementary Weighting - We noted no variances in the supplementary weighting data certified to the Department of Education.

IV-I-12 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-12 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-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-12 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, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	408,504
Sales tax revenues	\$	713,196	
Other local revenues		1,522	
Sale of Long-Term Debt		6,200,000	
Other		58,266	6,972,984
Total Revenues			<u>7,381,488</u>
Expenditures:			
Equipment		116,781	
Other		266,857	
Transfers to Other Funds:			
Debt service fund		135,132	
Other transfers		6,112,385	
Total Expenditures and Transfers			<u>6,631,155</u>
Ending balance		\$	<u><u>750,333</u></u>

For the year ended June 30, 2012, 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
Physical Plant and Equipment Levy	\$ 0.67000	\$ 155,665

IV-M-12 Financial Condition - During our audit we noted that the District had a negative account balance in the Special Revenue, Student Activity Fund totaling \$12,137.

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

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

Conclusion - Response accepted.

IV-N-12 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 - We will research outstanding checks and report unclaimed property to the State Treasurer in a timely manner.

Conclusion - Response accepted.