

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

JUNE 30, 2013

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Columbus Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Marsha Gerot	President	2013
Joy Lekwa	Vice President	2013
David Duncan	Board Member	2015
Sandy Martin	Board Member	2013
Eric Totemeier	Board Member	2015
<u>School Officials</u>		
Dr. Marlene Johnson	Superintendent	2013
Tanya Purdy	District Secretary/Treasurer	2013
Lynch Dallas	Attorney	2013



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(a professional corporation)
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Columbus Community School District at June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Other Matters

Required Supplementary Information.

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 42 through 44 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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 six years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. Another auditor previously audited the financial statements for the three 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 and Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2014, on our consideration of the 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 in considering Columbus Community School District's internal control over financial reporting and compliance.


NOLTE, CORNMAN & JOHNSON, P.C.

February 25, 2014
Newton, Iowa

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, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$10,525,876 in fiscal 2012 to \$10,029,075 in fiscal 2013, and General Fund expenditures decreased from \$10,392,466 in fiscal 2012 to \$10,051,160 in fiscal 2013. General Fund revenues were less than the General Fund expenditures, resulting in a decrease in the District's General Fund balance from \$1,261,973 in fiscal 2012 to a balance of \$1,240,558 in fiscal 2013, a 1.70% decrease from the prior year.
- The decrease in General Fund revenues was attributable to decreases in intermediate, state and federal sources in fiscal 2013. The decrease in expenditures was contributed to by a decrease in support service expenditures during the year.

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 Position 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.

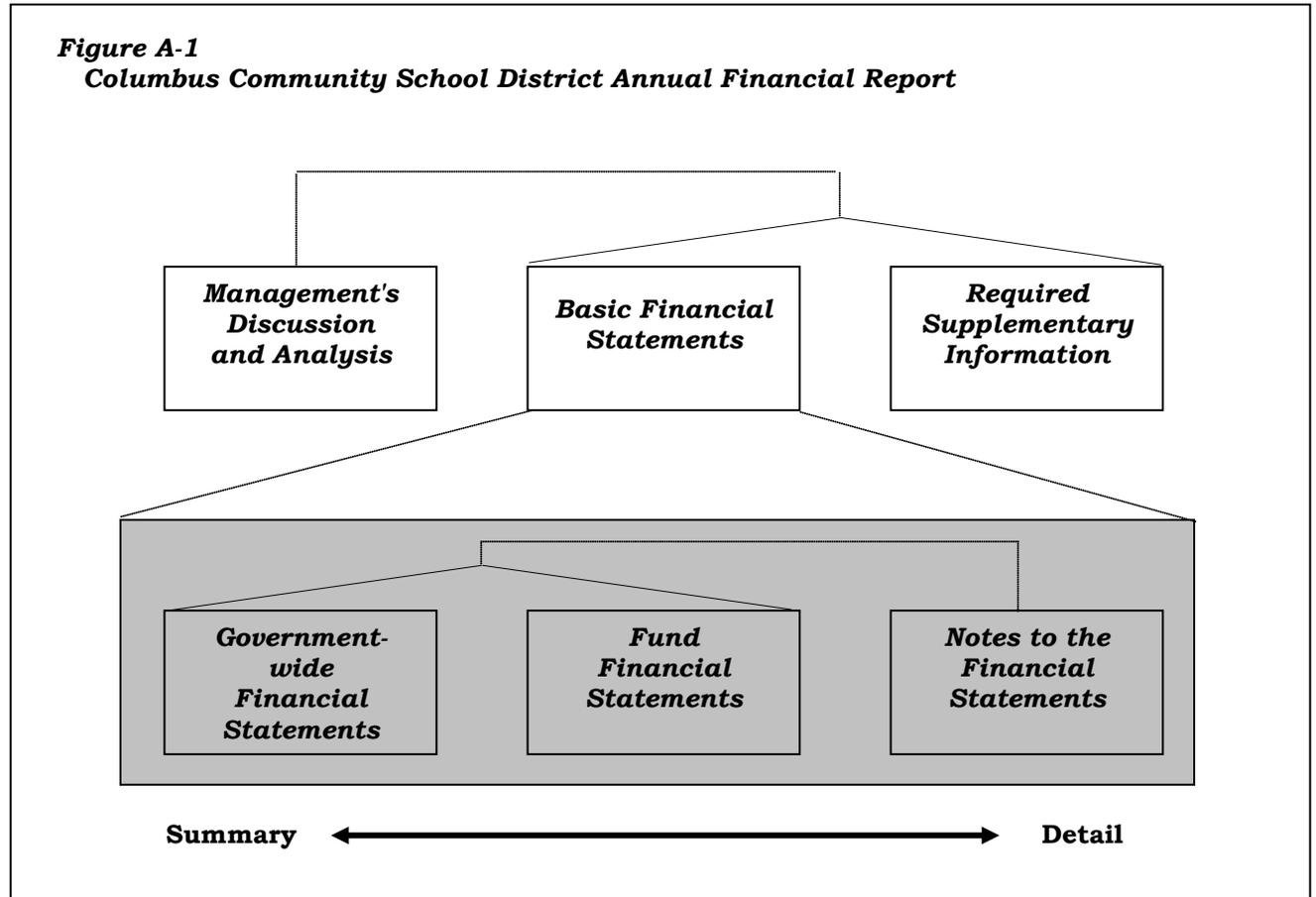


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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: food service and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 Position 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 position and how they have changed. Net position – 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position 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 Position and a Statement of Changes in Fiduciary Net Position.

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 position at June 30, 2013 compared to June 30, 2012.

Figure A-3							
Condensed Statement of Net Position							
	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 10,354,848	14,591,067	190,126	117,245	10,544,974	14,708,312	-28.31%
Capital assets	14,706,264	8,065,016	15,038	16,691	14,721,302	8,081,707	82.16%
Total assets	25,061,112	22,656,083	205,164	133,936	25,266,276	22,790,019	10.87%
Long-term obligations	10,092,351	9,403,435	15,536	11,783	10,107,887	9,415,218	7.36%
Other liabilities	6,166,169	5,406,525	12,113	10,649	6,178,282	5,417,174	14.05%
Total liabilities	16,258,520	14,809,960	27,649	22,432	16,286,169	14,832,392	9.80%
Net position:							
Invested in capital assets, net of related debt	4,966,264	4,218,143	15,038	16,691	4,981,302	4,234,834	17.63%
Restricted	3,084,268	2,591,080	-	-	3,084,268	2,591,080	19.03%
Unrestricted	752,060	1,036,900	162,477	94,813	914,537	1,131,713	-19.19%
Total net position	\$ 8,802,592	7,846,123	177,515	111,504	8,980,107	7,957,627	12.85%

The District's combined net position increased by 12.85%, or \$1,022,480, over the prior year. The largest portion of the District's net position is the invested in capital assets, (e.g. land, infrastructure, buildings and equipment) net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$493,188 or 19.03%, over the prior year. This increase was contributed to by the increase in the Capital Projects: Statewide Sales, Services and Use Tax Fund during the year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$217,176, or 19.19%. This increase is primarily due to the deficit fund balance in the Capital Projects: Construction Fund at the end of the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-4
Changes of Net Position

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 223,266	241,206	127,866	130,348	351,132	371,554	-5.50%
Operating grants and contributions and restricted interest	1,225,858	1,303,750	434,755	434,426	1,660,613	1,738,176	-4.46%
Capital grants and contributions and restricted interest	300,000	-	-	-	300,000	-	100.00%
General revenues:							
Property tax	4,079,396	3,973,219	-	-	4,079,396	3,973,219	2.67%
Income surtax	406,016	447,014	-	-	406,016	447,014	-9.17%
Statewide sales, services and use tax	758,675	713,196	-	-	758,675	713,196	6.38%
Unrestricted state grants	4,833,245	5,173,316	-	-	4,833,245	5,173,316	-6.57%
Nonspecific program federal grants	15,968	146,493	-	-	15,968	146,493	-89.10%
Unrestricted interest earnings	18,947	15,925	29	44	18,976	15,969	18.83%
Other	140,231	155,267	9,874	12,843	150,105	168,110	-10.71%
Transfers	(31,018)	(31,098)	31,018	31,098	-	-	0.00%
Total revenues	11,970,584	12,138,288	603,542	608,759	12,574,126	12,747,047	-1.36%
Program expenses:							
Governmental activities:							
Instruction	7,147,473	7,406,392	777	1,444	7,148,250	7,407,836	-3.50%
Support services	2,918,529	3,262,966	7,324	4,448	2,925,853	3,267,414	-10.45%
Non-instructional programs	3,409	2,650	529,430	632,497	532,839	635,147	-16.11%
Other expenses	944,704	812,364	-	-	944,704	812,364	16.29%
Total expenses	11,014,115	11,484,372	537,531	638,389	11,551,646	12,122,761	-4.71%
Change in net position	956,469	653,916	66,011	(29,630)	1,022,480	624,286	63.78%
Beginning net position	7,846,123	7,192,207	111,504	141,134	7,957,627	7,333,341	8.51%
Ending net position	\$ 8,802,592	7,846,123	177,515	111,504	8,980,107	7,957,627	12.85%

In fiscal 2013, property tax, income surtax, statewide sales and services tax and unrestricted state grants accounted for 84.18% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 93.22% of the revenue from business type activities.

The District's total revenues were approximately \$12.57 million of which approximately \$11.97 million was for governmental activities and approximately \$0.60 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.36% decrease in revenues and a 4.71% decrease in expenses. The decrease in revenues was attributed to by a decrease in unrestricted state grant revenue. The decrease in expenditures was primarily due to the decrease in instructional and support services from the prior year.

Governmental Activities

Revenues for governmental activities were \$11,970,584 and expenses were \$11,104,115.

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, 2013 compared to the year ended June 30, 2012.

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 7,147,473	7,406,392	-3.50%	6,058,689	6,226,927	-2.70%
Support services	2,918,529	3,262,966	-10.56%	2,618,529	3,261,598	-19.72%
Non-instructional	3,409	2,650	28.64%	3,409	2,650	28.64%
Other expenses	944,704	812,364	16.29%	584,364	448,241	30.37%
Totals	\$ 11,014,115	11,484,372	-4.09%	9,264,991	9,939,416	-6.79%

- The cost financed by users of the District's programs was \$223,266.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,525,858.
- The net cost of governmental activities was financed with \$4,079,396 in property tax, \$406,016 in income surtax, \$758,675 in statewide sales, services and use tax, \$4,833,245 in unrestricted state grants, \$15,968 in nonspecific program federal grants, \$18,947 in interest income and \$109,213 in other general revenues, net of transfers.

Business Type Activities

Revenues of the District's business type activity were \$603,542 and expenses were \$537,531. 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 \$3,811,442, below last year's ending fund balances of \$8,814,662. The primary reason for the decrease is the decrease in unspent bond proceeds relating to District construction projects, as all District projects were completed during fiscal 2013.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Decreases in revenues came from decreases in intermediate, state, and federal sources. District revenues decreased during the year, and total revenues were less than total expenditures during the year, which resulted in the increase in fund balance from \$1,261,973 in fiscal 2012 to \$1,240,558 in fiscal 2013.
- The Capital Projects fund balance decreased from \$6,202,701 in fiscal 2012 to \$1,032,543 in fiscal 2013. This was primarily due to the District spending out its unspent bond proceeds from the April 1, 2012 revenue bond issuance during the year.
- The Debt Service fund balance increased from \$1,137,490 in fiscal 2012 to \$1,323,007 in fiscal 2013. 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 increased from \$51,339 in fiscal 2012 to \$105,934 in fiscal 2013.

The School Pool Fund balance increased from \$57,898 in 2011 to \$69,274 in 2013 due to revenue from the Public Education and Recreation Levy. This represents a 19.65% increase from 2012 to 2013.

The School Greenhouse Fund also showed a slight increase during the year ended June 30, 2013. The balance in this fund increased from \$2,267 to \$2,307. Fund revenues were more than expenses.

BUDGETARY HIGHLIGHTS

The District's revenues were \$182,389 more than budgeted revenues, a variance of 1.47%. The most significant variance resulted from the District receiving more in local 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 below 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 other expenditures functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$14,721,302 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 82.16% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$472,401.

The original cost of the District's capital assets was \$21,895,441. Governmental funds account for \$21,971,770 with the remainder of \$103,671 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$6,647,991 at June 30, 2012 as compared to \$13,595,193 at June 30, 2013. The increase is primarily due to the District completing its building projects during the year and capitalizing them as assets in the District's capital asset listing.

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 406,285	406,285	-	-	406,285	406,285	0.00%
Construction in progress	-	360,416	-	-	-	360,416	-100.00%
Buildings	13,595,193	6,647,991	-	-	13,595,193	6,647,991	104.50%
Land improvements	306,685	337,731	-	-	306,685	337,731	-9.19%
Machinery and equipment	398,101	312,593	15,038	16,691	413,139	329,284	25.47%
Total	\$ 14,706,264	8,065,016	15,038	16,691	14,721,302	8,081,707	82.16%

Long-Term Debt

At June 30, 2013, the District had \$10,107,887 in general obligation bonds payable, revenue bonds payable, and other long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding general obligation bonds payable of \$1,625,000 at June 30, 2013.

The District had total outstanding revenue bonds payable of \$7,115,000 at June 30, 2013 payable from the proceeds of the statewide sales, services and use taxes in the Capital Projects Fund.

As of June 30, 2013, the District had qualified zone academy bonds of \$1,000,000 payable from the Special Revenue, Physical Plant and Equipment Levy Fund.

The District had compensated absences payable of \$164,312; of which \$149,893 from the General Fund at June 30, 2013 and \$14,419 from the School Nutrition Fund.

The District had other post employment benefits payable of \$203,575; of which \$202,458 is attributable to Governmental Activities while \$1,117 is attributable to Business Type Activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
General obligation bonds	\$ 1,625,000	1,920,000	-	-	1,625,000	1,920,000	-15.36%
Revenue bonds	7,115,000	6,200,000	-	-	7,115,000	6,200,000	14.76%
Qualified zone academy bonds	1,000,000	1,000,000	-	-	1,000,000	1,000,000	0.00%
Termination benefits	-	6,291	-	-	-	6,291	-100.00%
Compensated absences	149,893	138,268	14,419	11,783	164,312	150,051	9.50%
Other post employment benefits	202,458	138,876	1,117	-	203,575	138,876	46.59%
Total	\$ 10,092,351	9,403,435	15,536	11,783	10,107,887	9,415,218	7.36%

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 the state level, declining enrollment and decreased taxable evaluations will affect future projects. 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 POSITION
JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments:	\$ 5,335,146	155,562	5,490,708
Receivables:			
Property tax:			
Delinquent	38,064	-	38,064
Succeeding year	4,023,407	-	4,023,407
Income surtax	381,716	-	381,716
Accounts	411,876	506	412,382
Due from other funds	-	19,203	19,203
Due from other governments	164,639	3,627	168,266
Inventories	-	11,228	11,228
Capital assets, net of accumulated depreciation	14,706,264	15,038	14,721,302
TOTAL ASSETS	25,061,112	205,164	25,266,276
LIABILITIES			
Due to other funds	19,203	-	19,203
Accounts payable	1,090,366	7,882	1,098,248
Excess of warrants issued over bank balance	18	-	18
Salaries and benefits payable	1,000,007	-	1,000,007
Accrued interest payable	4,479	-	4,479
Deferred revenue:			
Succeeding year property tax	4,023,407	-	4,023,407
Other	28,689	-	28,689
Unearned revenue	-	4,231	4,231
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	305,000	-	305,000
Revenue bonds payable	370,000	-	370,000
Compensated absences	149,893	14,419	164,312
Portion due after one year:			
General obligation bonds payable	1,320,000	-	1,320,000
QZAB bonds payable	1,000,000	-	1,000,000
Revenue bonds payable	6,745,000	-	6,745,000
Other post employment benefits	202,458	1,117	203,575
TOTAL LIABILITIES	16,258,520	27,649	16,286,169
NET POSITION:			
Invested in capital assets, net of related debt	4,966,264	15,038	4,981,302
Restricted for:			
Categorical funding	350,566	-	350,566
Debt service	1,318,528	-	1,318,528
Management levy	124,838	-	124,838
Student activity	100,597	-	100,597
Public education and recreation levy	272	-	272
School infrastructure	1,017,414	-	1,017,414
Physical plant and equipment	172,053	-	172,053
Unrestricted	752,060	162,477	914,537
TOTAL NET POSITION	\$ 8,802,592	177,515	8,980,107

SEE NOTES TO FINANCIAL STATEMENTS.

**COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 3,959,071	98,003	154,970	-	(3,706,098)	-	(3,706,098)
Special	1,556,498	29,318	91,244	-	(1,435,936)	-	(1,435,936)
Other	1,631,904	95,945	619,304	-	(916,655)	-	(916,655)
	<u>7,147,473</u>	<u>223,266</u>	<u>865,518</u>	<u>-</u>	<u>(6,058,689)</u>	<u>-</u>	<u>(6,058,689)</u>
Support services:							
Student	336,467	-	-	-	(336,467)	-	(336,467)
Instructional staff	470,550	-	-	-	(470,550)	-	(470,550)
Administration	1,005,362	-	-	-	(1,005,362)	-	(1,005,362)
Operation and maintenance of plant	712,872	-	-	300,000	(412,872)	-	(412,872)
Transportation	393,278	-	-	-	(393,278)	-	(393,278)
	<u>2,918,529</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>(2,618,529)</u>	<u>-</u>	<u>(2,618,529)</u>
Non-instructional programs:							
Other enterprise operations	3,409	-	-	-	(3,409)	-	(3,409)
	<u>231,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(231,023)</u>	<u>-</u>	<u>(231,023)</u>
Long-term debt interest							
	<u>231,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(231,023)</u>	<u>-</u>	<u>(231,023)</u>
Other expenditures:							
AEA flowthrough	360,340	-	360,340	-	-	-	-
Depreciation (unallocated)*	353,341	-	-	-	(353,341)	-	(353,341)
	<u>713,681</u>	<u>-</u>	<u>360,340</u>	<u>-</u>	<u>(353,341)</u>	<u>-</u>	<u>(353,341)</u>
Total governmental activities	11,014,115	223,266	1,225,858	300,000	(9,264,991)	-	(9,264,991)
Business Type activities:							
Instruction:							
Other	777	817	-	-	-	40	40
Support services:							
Operation and maintenance of plant	7,324	-	-	-	-	(7,324)	(7,324)
Non-instructional programs:							
Nutrition services	500,718	118,655	426,755	-	-	44,692	44,692
Community services	28,712	8,394	8,000	-	-	(12,318)	(12,318)
Total business type activities	<u>537,531</u>	<u>127,866</u>	<u>434,755</u>	<u>-</u>	<u>-</u>	<u>25,090</u>	<u>25,090</u>
Total	\$ 11,551,646	351,132	1,660,613	300,000	(9,264,991)	25,090	(9,239,901)
General Revenues and Transfers:							
General revenues:							
Property tax levied for:							
General purposes				\$ 3,459,200	-		3,459,200
Debt service				357,030	-		357,030
Capital outlay				263,166	-		263,166
Income surtax				406,016	-		406,016
Statewide sales, services and use tax				758,675	-		758,675
Unrestricted state grants				4,833,245	-		4,833,245
Nonspecific program federal grants				15,968	-		15,968
Unrestricted investment earnings				18,947	29		18,976
Other				140,231	9,874		150,105
Transfers				(31,018)	31,018		-
Total general revenues and transfers				<u>10,221,460</u>	<u>40,921</u>		<u>10,262,381</u>
Changes in net position				956,469	66,011		1,022,480
Net position beginning of year				<u>7,846,123</u>	<u>111,504</u>		<u>7,957,627</u>
Net position end of year	\$	8,802,592	177,515				<u>8,980,107</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, 2013

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
ASSETS					
Cash and pooled investments:	\$ 2,311,960	1,166,630	1,641,986	214,570	5,335,146
Receivables:					
Property tax					
Delinquent	31,246	2,147	3,302	1,369	38,064
Succeeding year	3,257,416	226,945	358,742	180,304	4,023,407
Income surtax	381,716	-	-	-	381,716
Accounts	2,103	408,742	-	1,031	411,876
Due from other governments	164,639	-	-	-	164,639
TOTAL ASSETS	\$ 6,149,080	1,804,464	2,004,030	397,274	10,354,848
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 19,203	-	-	-	19,203
Accounts payable	221,491	544,976	322,281	1,618	1,090,366
Excess of warrants issued over bank balance	-	-	-	18	18
Salaries and benefits payable	1,000,007	-	-	-	1,000,007
Deferred revenue:					
Succeeding year property tax	3,257,416	226,945	358,742	180,304	4,023,407
Income surtax	381,716	-	-	-	381,716
Other	28,689	-	-	-	28,689
Total liabilities	4,908,522	771,921	681,023	181,940	6,543,406
Fund balances:					
Restricted for:					
Categorical funding	350,566	-	-	-	350,566
Debt service	-	-	1,323,007	-	1,323,007
Management levy purposes	-	-	-	124,838	124,838
Student activity	-	-	-	100,597	100,597
Public education and recreation levy	-	-	-	272	272
School infrastructure	-	1,017,414	-	-	1,017,414
Physical plant and equipment	-	172,053	-	-	172,053
Unassigned:					
General	889,992	-	-	-	889,992
Student activity	-	-	-	(10,373)	(10,373)
School infrastructure	-	(156,924)	-	-	(156,924)
Total fund balances	1,240,558	1,032,543	1,323,007	215,334	3,811,442
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,149,080	1,804,464	2,004,030	397,274	10,354,848

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances of governmental funds(page 20)	\$	3,811,442
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		14,706,264
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		381,716
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.		(4,479)
Long-term liabilities, including general obligation bonds, QZAB bonds, revenues bonds, termination benefits, 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.		(10,092,351)
		<hr style="border-top: 1px solid black;"/>
Net position of governmental activities(page 18)	\$	8,802,592
		<hr style="border-top: 3px double black;"/>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,780,407	990,823	357,030	146,454	5,274,714
Tuition	110,209	-	-	-	110,209
Other	90,003	315,394	13,441	179,324	598,162
Intermediate sources	2,987	-	-	-	2,987
State sources	5,495,851	7	11	-	5,495,869
Federal sources	550,288	-	-	-	550,288
Total revenues	<u>10,029,745</u>	<u>1,306,224</u>	<u>370,482</u>	<u>325,778</u>	<u>12,032,229</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	3,937,497	-	-	117,288	4,054,785
Special	1,478,820	-	-	-	1,478,820
Other	1,542,067	-	-	76,549	1,618,616
	<u>6,958,384</u>	<u>-</u>	<u>-</u>	<u>193,837</u>	<u>7,152,221</u>
Support services:					
Student	324,065	-	-	1,561	325,626
Instructional staff	425,481	32,176	-	531	458,188
Administration	917,155	21,209	-	39,576	977,940
Operation and maintenance of plant	743,955	-	-	43,605	787,560
Transportation	318,371	98,484	-	12,814	429,669
	<u>2,729,027</u>	<u>151,869</u>	<u>-</u>	<u>98,087</u>	<u>2,978,983</u>
Non-instructional programs:					
Other enterprise operations	3,409	-	-	-	3,409
Capital outlay	-	6,841,607	-	-	6,841,607
Long-term debt:					
Principal	-	-	520,000	-	520,000
Interest and fiscal charges	-	-	269,007	-	269,007
	<u>-</u>	<u>-</u>	<u>789,007</u>	<u>-</u>	<u>789,007</u>
Other expenditures:					
AEA flowthrough	360,340	-	-	-	360,340
Total expenditures	<u>10,051,160</u>	<u>6,993,476</u>	<u>789,007</u>	<u>291,924</u>	<u>18,125,567</u>
Excess(Deficiency) of revenues over(under) expenditures	(21,415)	(5,687,252)	(418,525)	33,854	(6,093,338)
Other financing sources(uses):					
Transfer in	-	1,019,216	604,042	-	1,623,258
Transfer out	-	(1,623,258)	-	(31,018)	(1,654,276)
Issuance of revenue bonds	-	1,140,000	-	-	1,140,000
Discount on revenue bonds	-	(18,864)	-	-	(18,864)
Total other financing sources(uses)	<u>-</u>	<u>517,094</u>	<u>604,042</u>	<u>(31,018)</u>	<u>1,090,118</u>
Change in fund balances	(21,415)	(5,170,158)	185,517	2,836	(5,003,220)
Fund balance beginning of year	1,261,973	6,202,701	1,137,490	212,498	8,814,662
Fund balance end of year	<u>\$ 1,240,558</u>	<u>1,032,543</u>	<u>1,323,007</u>	<u>215,334</u>	<u>3,811,442</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds(page 22) \$ (5,003,220)

*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	\$ 7,112,764	
Depreciation expense	(469,419)	
Loss on asset disposal	<u>(2,097)</u>	6,641,248

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 Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues and repayments are as follows:

Issued	\$ (1,140,000)	
Repaid	<u>520,000</u>	(620,000)

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

37,984

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

(30,627)

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.

Termination benefits	\$ 6,291	
Compensated absences	(11,625)	
Other postemployment benefits	<u>(63,582)</u>	<u>(68,916)</u>

Changes in net position of governmental activities(page 19) \$ 956,469

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	School Nutrition	Pool	Green- house	Total
ASSETS				
Current assets:				
Cash and pooled investments	\$ 81,538	71,717	2,307	155,562
Receivables:				
Accounts	506	-	-	506
Due from other funds	19,203	-	-	19,203
Due from other governments	3,627	-	-	3,627
Inventories	11,228	-	-	11,228
Capital assets, net of accumulated depreciation	15,038	-	-	15,038
TOTAL ASSETS	131,140	71,717	2,307	205,164
LIABILITIES				
Accounts payable	5,439	2,443	-	7,882
Unearned revenue	4,231	-	-	4,231
Compensated absences	14,419	-	-	14,419
Long-term liabilities:				
Net OPEB benefit payable	1,117	-	-	1,117
TOTAL LIABILITIES	25,206	2,443	-	27,649
NET POSITION				
Invested in capital assets	15,038	-	-	15,038
Unrestricted	90,896	69,274	2,307	162,477
TOTAL NET POSITION	\$ 105,934	69,274	2,307	177,515

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition	Pool	Green- house	Total
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 118,655	8,394	817	127,866
Contributions and donations	-	8,000	-	8,000
Miscellaneous	9,874	-	-	9,874
TOTAL OPERATING REVENUES	128,529	16,394	817	145,740
OPERATING EXPENSES:				
Current:				
Instruction:				
Other	-	-	777	777
Support services:				
Operation and maintenance of plant services	-	7,324	-	7,324
Non-instructional programs:				
Food service and community service operations:				
Salaries	186,493	18,577	-	205,070
Benefits	36,406	2,284	-	38,690
Services	7,913	-	-	7,913
Supplies	266,924	7,416	-	274,340
Depreciation	2,982	-	-	2,982
Other	-	435	-	435
TOTAL OPERATING EXPENSES	500,718	28,712	-	529,430
TOTAL OPERATING EXPENSES	500,718	36,036	777	537,531
OPERATING INCOME(LOSS)	(372,189)	(19,642)	40	(391,791)
NON-OPERATING REVENUES:				
State sources	4,688	-	-	4,688
Federal sources	422,067	-	-	422,067
Interest income	29	-	-	29
TOTAL NON-OPERATING REVENUES	426,784	-	-	426,784
Changes in net position before other financing sources	54,595	(19,642)	40	34,993
OTHER FINANCING SOURCES:				
Transfer in	-	31,018	-	31,018
Changes in net position	54,595	11,376	40	66,011
Net position beginning of year	51,339	57,898	2,267	111,504
Net position end of year	\$ 105,934	69,274	2,307	177,515

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 2013

	School Nutrition	Pool	Green- house	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 117,689	-	-	117,689
Cash received from miscellaneous operating activities	9,874	16,394	817	27,085
Cash payments to employees for services	(219,146)	(20,861)	-	(240,007)
Cash payments to suppliers for goods or services	(247,785)	(14,386)	(777)	(262,948)
Net cash provided by(used in) operating activities	(339,368)	(18,853)	40	(358,181)
Cash flows from non-capital financing activities:				
Payment to General Fund	(19,203)	-	-	(19,203)
Transfer from Public Education and Recreation Levy	-	31,018	-	31,018
State grants received	4,688	-	-	4,688
Federal grants received	392,052	-	-	392,052
Net cash provided by non-capital financing activities	377,537	31,018	-	408,555
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,329)	-	-	(1,329)
Cash flows from investing activities:				
Interest on investments	29	-	-	29
Net increase in cash and cash equivalents	36,869	12,165	40	49,074
Cash and cash equivalents at beginning of year	44,669	59,552	2,267	106,488
Cash and cash equivalents at end of year	\$ 81,538	71,717	2,307	155,562
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (372,189)	(19,642)	40	(391,791)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	26,388	-	-	26,388
Depreciation	2,982	-	-	2,982
Increase in inventories	(471)	-	-	(471)
Increase in accounts receivable	(506)	-	-	(506)
Increase in accounts payable	1,135	789	-	1,924
Decrease in unearned revenue	(460)	-	-	(460)
Increase in compensated absences payable	2,636	-	-	2,636
Increase in other post employment benefits	1,117	-	-	1,117
Net cash provided by(used in) operating activities	\$ (339,368)	(18,853)	40	(358,181)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2013, the District received Federal commodities valued at \$26,388.

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Private Purpose Trust</u>	<u>Agency</u>
	<u>Scholarship</u>	
ASSETS		
Cash and pooled investments	\$ 22,477	384
LIABILITIES		
Accounts payable	-	-
Due to other groups	-	384
TOTAL LIABILITIES	<u>-</u>	<u>384</u>
NET POSITION		
Restricted for scholarships	<u>\$ 22,477</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Contributions	<u>\$ 28,153</u>
Deductions:	
Support services:	
Scholarships awarded	<u>26,803</u>
Change in net position	1,350
Net position beginning of year	<u>21,127</u>
Net position end of year	<u><u>\$ 22,477</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

The Columbus Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Columbus Junction, Columbus City, Conesville, Cotter and Fredonia, Iowa, and the predominate agricultural territory in Louisa and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Government 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 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 Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the activities of the District, with omission of the fiduciary funds. 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

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

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

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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 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 Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The 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 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 position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust 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 position 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 - assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise 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 non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balance 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 taxes in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

Due from Other Governments - Due from other governments represents the 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 governmental 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, equipment, and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. 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 of depreciation 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 payroll taxes and benefits for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as a liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent federal grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be primarily paid by the General Fund and Enterprise, School Nutrition 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 Position.

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 preceding classifications.

Restricted Net Position - In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position 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.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

E, Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures in the other expenditures functional area exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$1 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.

Note 3. Due from Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Enterprise: Nutrition Fund	General Fund	\$ 19,203

The General Fund is repaying the Enterprise: Nutrition Fund for secretarial salaries incorrectly paid by the Enterprise: School Nutrition Fund during the year.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 521,867
Debt Service	Capital Projects: Physical Plant and Equipment Levy	82,175
Enterprise: Pool Fund	Public Education and Recreation Levy	31,018
Capital Projects: Construction	Capital Projects: Statewide Sales, Services and Use Tax	1,019,216
Total		\$ 1,654,276

The transfer from Capital Projects: Statewide Sales, Services and Use Tax to the Debt Service Fund was for bond principal and interest payments as well as to set up the required reserve account for the revenue bonds issued during the year.

The transfer from Capital Projects: Physical Plant and Equipment Levy to the Debt Service Fund was for the annual required transfer on the Districts QZAB indebtedness.

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

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 revenue bond proceeds received.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 406,285	-	-	406,285
Construction in progress	360,416	6,865,429	7,225,845	-
Total capital assets not being depreciated	<u>766,701</u>	<u>6,865,429</u>	<u>7,225,845</u>	<u>406,285</u>
Capital assets being depreciated:				
Buildings	11,200,511	7,256,926	-	18,457,437
Land improvements	1,124,479	12,571	2,977	1,134,073
Machinery and equipment	1,692,108	203,683	101,816	1,793,975
Total capital assets being depreciated	<u>14,017,098</u>	<u>7,473,180</u>	<u>104,793</u>	<u>21,385,485</u>
Less accumulated depreciation for:				
Buildings	4,552,520	309,724	-	4,862,244
Land improvements	786,748	43,617	2,977	827,388
Machinery and equipment	1,379,515	116,078	99,719	1,395,874
Total accumulated depreciation	<u>6,718,783</u>	<u>469,419</u>	<u>102,696</u>	<u>7,085,506</u>
Total capital assets being depreciated, net	<u>7,298,315</u>	<u>7,003,761</u>	<u>2,097</u>	<u>14,299,979</u>
Governmental activities capital assets, net	<u>\$ 8,065,016</u>	<u>13,869,190</u>	<u>7,227,942</u>	<u>14,706,264</u>
Business type activities:				
Machinery and equipment	\$ 102,342	1,329	-	103,671
Less accumulated depreciation	85,651	2,982	-	88,633
Business type activities capital assets, net	<u>\$ 16,691</u>	<u>(1,653)</u>	<u>-</u>	<u>15,038</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 41,867
Other	6,989
Support services:	
Administration	711
Operation and maintenance	3,711
Transportation	62,800
	<u>116,078</u>
Unallocated depreciation	<u>353,341</u>
	<u>\$ 469,419</u>
Business type activities:	
Food services	<u>\$ 2,982</u>

Note 6. Long-Term Debt

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 1,920,000	-	295,000	1,625,000	305,000
Revenue Bonds	6,200,000	1,140,000	225,000	7,115,000	370,000
Qualified Zone Academy Bonds	1,000,000	-	-	1,000,000	-
Termination Benefits	6,291	-	6,291	-	-
Compensated Absences	138,268	149,893	138,268	149,893	149,893
Other Postemployment Benefits	138,876	63,582	-	202,458	-
Total	<u>\$ 9,403,435</u>	<u>1,353,475</u>	<u>664,559</u>	<u>10,092,351</u>	<u>824,893</u>
Business type activities:					
Compensated absences	\$ 11,783	14,419	11,783	14,419	14,419
Other Postemployment Benefits	-	1,117	-	1,117	-
Total	<u>\$ 11,783</u>	<u>15,536</u>	<u>11,783</u>	<u>15,536</u>	<u>14,419</u>

General Obligation Bonds Payable

Details of the Districts June 30, 2013 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 28, 2009			
	Interest Rates	Principal	Interest	Total
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		<u>\$ 1,625,000</u>	<u>173,627</u>	<u>1,798,627</u>

Revenue Bonds Payable

Details of the District’s June 30, 2013 statewide sales and service tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of April 4, 2012			Bond Issue August 1, 2012			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2014	2.00 % \$	310,000	142,978	1.00 % \$	60,000	25,683	370,000	168,661	538,661
2015	2.00	315,000	136,778	1.00	65,000	25,082	380,000	161,860	541,860
2016	2.00	320,000	130,478	1.00	65,000	24,433	385,000	154,911	539,911
2017	2.00	330,000	124,078	1.70	65,000	23,782	395,000	147,860	542,860
2018	2.00	335,000	117,478	1.70	65,000	22,678	400,000	140,156	540,156
2019-2023	2.00-2.40	1,810,000	481,356	1.70-2.65	340,000	94,735	2,150,000	576,091	2,726,091
2024-2028	2.50-3.00	2,090,000	251,384	2.65-3.10	395,000	49,673	2,485,000	301,057	2,786,057
2029	3.00	465,000	13,950	3.10	85,000	2,635	550,000	16,585	566,585
Total		\$ 5,975,000	1,398,480		\$ 1,140,000	268,701	7,115,000	1,667,181	8,782,181

The District has pledged future statewide sales and service tax revenues to repay the \$6,200,000 bond issued April 1, 2012 and the \$1,140,000 bond issued August 1, 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 71.0 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$8,782,181. For the current year, principal of \$225,000 and interest of \$207,889 was paid on the bonds and total statewide sales and service tax revenues were \$758,675.

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

- a) \$569,222 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%.

Note 7. Other Postemployment Benefits(OPEB)

Plan Description – The District operates a single-employer health plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Columbus Community School District has 101 active and 8 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark. 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, 2013, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 79,766
Interest on net OPEB obligation	3,472
Adjustment to annual required contribution	(9,206)
Annual OPEB cost	<u>74,032</u>
Contributions made	(9,333)
Increase in net OPEB obligation	64,699
Net OPEB obligation beginning of year	<u>138,876</u>
Net OPEB obligation end of year	<u><u>\$ 203,575</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, 2013.

For the year ended June 30, 2013, the District contributed \$9,333 to the medical plan.

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, 2013 is summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 61,500	31.25%	\$ 86,734
2012	66,402	21.48%	138,876
2013	74,032	12.61%	203,575

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$582,876 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$582,876. The covered payroll (annual payroll of active employees covered by the plan) was \$4,956,353 and the ratio of the UAAL to covered payroll was 11.76%. As of June 30, 2013, 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, 2012 actuarial valuation date, the entry age actuarial cost 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 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. 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 5.78% of their annual salary and the District is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$551,162, \$527,397 and \$445,143 respectively, equal to the required contributions for each year.

Note 9. Risk Management

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District’s actual amount for this purpose totaled \$360,340 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2013, expenditures in other expenditures functional area exceeded the amount budgeted.

Note 12. Categorical Funding

The District’s restricted balance for categorical funding at June 30, 2013 is comprised of the following programs:

<u>Programs</u>	<u>Amount</u>
Limited english proficient weighting	\$ 79,260
At-Risk supplemental weighting	1,209
Gifted and talented	41,069
Dropout and dropout prevention	88,197
Beginning teacher mentoring	5,925
Teacher salary supplement	52,820
Model core curriculum, professional development	43,327
Professional development	23,439
Innovative at risk, K-3	15,320
Total categorical funding	<u>\$ 350,566</u>

Note 13. Deficit Unassigned Fund Balances

At June 30, 2013, there was a negative unassigned fund balance in the Student Activity Fund of \$10,373. The District also had a deficit unassigned fund balance in Capital Projects: Construction Fund of \$156,924 at year end.

Note 14. Reconciliation Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position are as follows:

	<u>Invested in Capital Assets</u>	<u>Debt Service</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	1,323,007	889,992
Capital assets, net of accumulated depreciation	14,706,264	-	-
General obligation bond capitalized indebtedness	(1,625,000)	-	-
Revenue bond capitalized indebtedness	(7,115,000)	-	-
Qualified zone academy bonds capitalized indebtedness	(1,000,000)	-	-
Accrued interest payable	-	(4,479)	-
Income surtax receivable	-	-	381,716
Compensated absences	-	-	(149,893)
Net OPEB liability	-	-	(202,458)
Unassigned for student activities	-	-	(10,373)
Unassigned for school infrastructure	-	-	(156,924)
Net position (Exhibit A)	<u>\$ 4,966,264</u>	<u>1,318,528</u>	<u>752,060</u>

Required Supplementary Information

COLUMBUS COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2013

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 5,983,085	145,769	6,128,854	5,772,320	5,772,320	356,534
Intermediate sources	2,987	-	2,987	5,000	5,000	(2,013)
State sources	5,495,869	4,688	5,500,557	6,046,244	6,046,244	(545,687)
Federal sources	550,288	422,067	972,355	598,800	598,800	373,555
Total revenues	12,032,229	572,524	12,604,753	12,422,364	12,422,364	182,389
Expenditures/Expenses:						
Instruction	7,152,221	777	7,152,998	7,726,181	7,726,181	573,183
Support services	2,978,983	7,324	2,986,307	3,538,658	3,538,658	552,351
Non-instructional programs	3,409	529,430	532,839	579,000	681,147	148,308
Other expenditures	7,990,954	-	7,990,954	6,731,421	7,681,421	(309,533)
Total expenditures/expenses	18,125,567	537,531	18,663,098	18,575,260	19,627,407	964,309
Excess(Deficiency) of revenues over(under) expenditures/expenses	(6,093,338)	34,993	(6,058,345)	(6,152,896)	(7,205,043)	1,146,698
Other financing sources(uses), net	1,090,118	31,018	1,121,136	-	-	1,121,136
Excess of revenues and other financing sources over expenditures/ expenses and other financing uses	(5,003,220)	66,011	(4,937,209)	(6,152,896)	(7,205,043)	2,267,834
Balance beginning of year	8,814,662	111,504	8,926,166	8,799,893	8,799,893	(126,273)
Balance end of year	\$ 3,811,442	177,515	3,988,957	2,646,997	1,594,850	2,141,561

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. 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 function 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 \$1,052,147.

During the year ended June 30, 2013, expenditures in the other expenditures functional area exceeded the budgeted amounts.

COLUMBUS COMMUNITY SCHOOL DISTRICT
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%
2013	July 1, 2012	-	582,876	582,876	0.00%	4,956,353	11.76%

See Note 7 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Supplementary Information

COLUMBUS COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue Funds			
	Manage- ment Levy	Student Activity	Public	Total
			Education and Recreation Levy	
ASSETS				
Cash and pooled investments	\$ 122,828	91,742	-	214,570
Receivables:				
Property tax:				
Delinquent	1,079	-	290	1,369
Succeeding year	150,000	-	30,304	180,304
Accounts	931	100	-	1,031
TOTAL ASSETS	\$ 274,838	91,842	30,594	397,274
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	1,618	-	1,618
Excess of warrants issued over bank balance	-	-	18	18
Deferred revenue:				
Succeeding year property tax	150,000	-	30,304	180,304
Total liabilities	150,000	1,618	30,322	181,940
Fund balances:				
Restricted for:				
Management levy purposes	124,838	-	-	124,838
Student activities	-	100,597	-	100,597
Public education and recreation levy	-	-	272	272
Unassigned	-	(10,373)	-	(10,373)
Total fund balances	124,838	90,224	272	215,334
TOTAL LIABILITIES AND FUND BALANCES	\$ 274,838	91,842	30,594	397,274

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Manage- ment Levy	Student Activity	Public	Total
			Education and Recreation Levy	
REVENUES:				
Local sources:				
Local tax	\$ 115,436	-	31,018	146,454
Other	71,709	107,615	-	179,324
TOTAL REVENUES	187,145	107,615	31,018	325,778
EXPENDITURES:				
Current:				
Instruction:				
Regular	117,288	-	-	117,288
Other	-	76,549	-	76,549
Support services:				
Student	1,561	-	-	1,561
Instructional staff	531	-	-	531
Administration	35,626	3,950	-	39,576
Operation and maintenance of plant	43,605	-	-	43,605
Transportation	12,814	-	-	12,814
TOTAL EXPENDITURES	211,425	80,499	-	291,924
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(24,280)	27,116	31,018	33,854
OTHER FINANCING USES:				
Transfers out	-	-	(31,018)	(31,018)
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	(24,280)	27,116	-	2,836
FUND BALANCE BEGINNING OF YEAR	149,118	63,108	272	212,498
FUND BALANCE END OF YEAR	\$ 124,838	90,224	272	215,334

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2013

	Capital Projects			
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 635,968	359,669	170,993	1,166,630
Receivables:				
Property tax:				
Delinquent	-	-	2,147	2,147
Succeeding year	-	-	226,945	226,945
Due from other governments	408,742	-	-	408,742
TOTAL ASSETS	\$ 1,044,710	359,669	400,085	1,804,464
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 27,296	516,593	1,087	544,976
Deferred revenue:				
Succeeding year property tax	-	-	226,945	226,945
Total liabilities	27,296	516,593	228,032	771,921
Fund balances:				
Restricted for:				
School infrastructure	1,017,414	-	-	1,017,414
Physical plant and equipment	-	-	172,053	172,053
Unassigned	-	(156,924)	-	(156,924)
Total fund balances	1,017,414	(156,924)	172,053	1,032,543
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,044,710	359,669	400,085	1,804,464

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, 2013

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ 758,675	-	232,148	990,823
Other	517	314,780	97	315,394
State sources	-	-	7	7
TOTAL REVENUES	759,192	314,780	232,252	1,306,224
EXPENDITURES:				
Current:				
Support services:				
Instructional staff	32,176	-	-	32,176
Administration	-	-	21,209	21,209
Transportation	-	-	98,484	98,484
Capital outlay	39,988	6,764,047	37,572	6,841,607
TOTAL EXPENDITURES	72,164	6,764,047	157,265	6,993,476
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	687,028	(6,449,267)	74,987	(5,687,252)
OTHER FINANCING SOURCES(USES):				
Transfer in	-	1,019,216	-	1,019,216
Transfers out	(1,541,083)	-	(82,175)	(1,623,258)
Issuance of revenue bonds	1,140,000	-	-	1,140,000
Discount on revenue bonds	(18,864)	-	-	(18,864)
TOTAL OTHER FINANCING SOURCES(USES)	(419,947)	1,019,216	(82,175)	517,094
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	267,081	(5,430,051)	(7,188)	(5,170,158)
FUND BALANCE BEGINNING OF YEAR	750,333	5,273,127	179,241	6,202,701
FUND BALANCE END OF YEAR	\$ 1,017,414	(156,924)	172,053	1,032,543

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
<u>Athletics:</u>					
General athletics	\$ 40,721	39,729	27,743	-	52,707
Football	3,667	3,236	1,234	-	5,669
Wrestling	123	620	599	-	144
Volleyball	1,413	3,834	2,406	-	2,841
Softball	730	-	-	-	730
Baseball	1,648	4,561	2,435	-	3,774
Cross country	738	1,841	2,067	-	512
Golf	490	2,370	1,709	-	1,151
Girls basketball	1,348	6,283	5,184	-	2,447
Boys basketball	575	-	383	-	192
MS Boys basketball	562	-	-	-	562
Boys track	25	1,240	850	-	415
Girls track	205	2,387	1,620	-	972
Boys soccer	1,501	-	-	-	1,501
Girls soccer	2,092	6,873	5,015	-	3,950
	<u>55,838</u>	<u>72,974</u>	<u>51,245</u>	<u>-</u>	<u>77,567</u>
<u>Extra curricular:</u>					
Extra curricular programs	1,555	3,335	1,892	-	2,998
Band	17	-	-	-	17
Cheerleading	627	105	47	-	685
Yearbook	(12,137)	4,544	4,543	1,763	(10,373)
Student council	2,721	1,662	1,658	-	2,725
Drama	320	4,461	3,267	-	1,514
Close up	2,838	-	-	-	2,838
	<u>(4,059)</u>	<u>14,107</u>	<u>11,407</u>	<u>1,763</u>	<u>404</u>
<u>Organizations:</u>					
FCCLA	2,961	4,719	4,832	-	2,848
Spanish Club	-	105	-	-	105
Indian slough project	58	-	-	-	58
NHS	-	252	114	-	138
BPA	1,243	3,047	3,419	-	871
Science and math	2,091	-	-	-	2,091
GSA	397	-	-	-	397
	<u>6,750</u>	<u>8,123</u>	<u>8,365</u>	<u>-</u>	<u>6,508</u>
<u>Miscellaneous:</u>					
Interest	791	177	-	-	968
HS pop	-	5,638	3,875	(1,763)	-
Class of 2015	-	3,700	1,740	-	1,960
Class of 2014	3,672	402	3,799	-	275
Special olympics	116	994	68	-	1,042
CFNBP	-	1,500	-	-	1,500
	<u>4,579</u>	<u>12,411</u>	<u>9,482</u>	<u>(1,763)</u>	<u>5,745</u>
Total	<u>\$ 63,108</u>	<u>107,615</u>	<u>80,499</u>	<u>-</u>	<u>90,224</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, 2013

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 365	157	138	384
LIABILITIES				
Due to other groups	\$ 365	157	138	384

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 5,274,714	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
Tuition	110,209	105,894	130,608	129,496	152,729	148,962	154,807	118,847	116,089	149,357
Other	598,162	338,398	268,772	361,685	425,405	454,548	398,975	481,653	393,851	417,144
Intermediate sources	2,987	9,815	18,251	-	5,858	1,800	-	-	-	-
State sources	5,495,869	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
Federal sources	550,288	746,748	833,838	1,154,070	593,828	510,736	570,722	1,061,740	1,042,930	937,005
Total	\$ 12,032,229	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
Expenditures:										
Instruction:										
Regular	\$ 4,054,785	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
Special	1,478,820	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
Other	1,618,616	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
Support services:										
Student	325,626	322,385	312,265	295,455	268,589	283,840	276,389	325,815	297,838	90,198
Instructional staff	458,188	561,451	553,689	613,208	593,888	462,139	521,660	484,429	488,836	402,674
Administration	977,940	916,184	821,405	828,144	803,911	798,256	738,172	658,865	597,866	609,438
Operation and maintenance										
of plant	787,560	900,113	910,855	792,188	776,964	788,611	713,261	712,201	716,645	685,785
Transportation	429,669	400,167	463,548	417,924	397,147	406,402	280,879	326,644	353,091	324,195
Other support	-	-	-	-	-	-	-	-	-	11,475
Non-instructional programs	3,409	2,650	1,727	2,924	2,800	6,796	1,406	-	-	174,882
Other expenditures:										
Capital outlay	6,841,607	521,436	239,671	635,909	423,397	206,438	532,969	1,616,647	1,436,015	45,838
Long-term debt:										
Principal	520,000	580,000	400,000	390,000	355,000	371,734	343,103	309,553	484,403	362,255
Interest and other charges	269,007	78,011	84,500	95,734	150,439	152,800	175,458	187,171	189,510	199,401
AEA flow-through	360,340	364,123	406,756	387,997	358,572	341,676	322,519	303,124	304,877	296,901
Total	\$ 18,125,567	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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

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 13	\$ 86,392
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 13	294,866 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 13	9,706
			<u>390,964</u>
 FRESH FRUIT AND VEGETABLE PROGRAM	 10.582	 FY 13	 <u>31,103</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 12	31,009
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G	152,285
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-GC	25,561
TITLE I GRANTS - SCHOOLS IN NEED OF ASSISTANCE	84.010	FY 13	12,619
			<u>221,474</u>
MIGRANT EDUCATION - BASIC STATE GRANTS PROGRAM	84.011	FY 13	<u>95,157</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 12	13,705
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 13	24,125
			<u>37,830</u>
ADVANCE PLACEMENT PROGRAM	84.330	FY 13	<u>116</u>
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR-UP)	84.334	FY 13	<u>46,310</u>
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 13	<u>34,496</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 13	<u>5,376</u>
EDUCATION JOB FUND	84.410	FY 11	12,892
EDUCATION JOB FUND	84.410	FY 12	3,076
			<u>15,968</u>
AREA EDUCATION AGENCY:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 13	<u>1,731</u>
TITLE III ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 12	<u>2,436</u>
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 13	<u>51,340</u>
TOTAL			<u>\$ 934,301</u>

* Includes \$26,388 in non-cash awards

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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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 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbus Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Columbus Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbus Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore material weaknesses or significant deficiencies may exist that were not 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 a material weakness and 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 a 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 on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-13 and II-C-13 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, 2013 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

Columbus Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Columbus Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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, 2014
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
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**Independent Auditor's Report on Compliance
for Each Major Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

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, 2013. Columbus Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Columbus Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each federal program. However, our audit does not provide a legal determination on Columbus Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Columbus Community School District complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

The management of Columbus Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Columbus Community School District's internal control over compliance with requirements with the type of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiency.

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-13 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-B-13 to be a significant deficiency.

Columbus Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Columbus Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



NOLTE, CORNMAN & JOHNSON, P.C.

February 25, 2014
Newton, Iowa

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weaknesses and significant deficiency in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed 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:
 - Clustered Programs:
 - 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 for Children
 - 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
 -
- (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.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

II-A-13 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Inventories - ordering, receiving, issuing and storing.
- 5) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 6) Financial reporting - preparing, reconciling and approving.
- 7) Computer systems - performing all general accounting functions and controlling all data input and output.
- 8) School lunch program - collecting, recording, journalizing, posting, reconciling, purchase order processing, check preparation, mailing and recording.

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

Response - The District is always looking for ways to improve our internal controls. The District will review its procedures and attempt to obtain maximum internal control possible given our limited number of staff.

Conclusion - Response accepted.

II-B-13 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 - Supervisors are currently approving timesheets for employees who use the electronic time system.

Conclusion - Response accepted.

II-C-13 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 have adopted the practice of recognizing revenue as meals are consumed beginning with the fiscal 2014 school year.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

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: 2013
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
Federal Award Year: 2012 & 2013
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-13 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Inventories - ordering, receiving, issuing and storing.
- 5) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 6) Financial reporting - preparing, reconciling and approving.
- 7) Computer systems - performing all general accounting functions and controlling all data input and output.
- 8) School lunch program - collecting, recording, journalizing, posting, reconciling, purchase order processing, check preparation, mailing and recording.

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

Response - The District is always looking for ways to improve our internal controls. The District will review its procedures and attempt to obtain maximum internal control possible given our limited number of staff.

Conclusion - Response accepted.

III-B-13 Title I Reporting - We noted during our audit that Title I reports submitted to the Iowa Department of Education were not reconciled to actual expenses reported in the District's general ledger, thus creating a carryover allocation that is in excess of the 15% of the original Title I budget allocation.

Recommendation - The District needs to reconcile Title I reports submitted to the Iowa Department of Education to actual expenses reported in the District's general ledger. Once this reconciliation is completed, the District should amend the Title I budget to be within a carryover amount that is 15% of the original Title I budget allocation. The District should contact the Iowa Department of Education to develop a workout plan for the amount of Title I claimed in excess of actual expenses.

Response - The District has contracted the Title I officials at the Iowa Department of Education. The District has received a waiver of excess funds for the carryover in excess of 15%. Going forward the District will reconcile Title I allocations to actual expenditures and work with Title I officials at the Iowa Department of Education to amend the final Title I budget when necessary.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget - District disbursements for the year ended June 30, 2013, exceeded the amounts budgeted in the other expenditures functional area.

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 - The District will monitor our expenditures more closely and make sure budgets are properly amended in accordance with Chapter 24.9 of the Code of Iowa.

Conclusion - Response accepted.

IV-B-13 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-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-13 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Tom Mendenhall, Custodian Owns Mendenhall, Inc.	Purchased services	\$ 2,579
Robert Edwards, Custodian Owns Robert Edwards Mowing	Purchased services	\$ 19,960

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-13 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-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-13 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Iowa Department of Education.

IV-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-13 Deposits and Investments - 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 were noted.

IV-J-13 Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely and we noted not significant deficiencies in the amounts reported.

IV-K-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-13 Financial Condition – During our audit we noted that the District had a negative account balance in the Special Revenue, Student Activity Fund totaling \$10,373. We also noted that the Capital Projects: Construction Fund had a deficit unassigned fund balance of \$156,924 at June 30, 2013.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits accounts. The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts.

Response - The District continues to monitor the Yearbook account within the Student Activity Fund to ensure it does not go further into debt. The deficit in the District's Capital Projects: Construction Fund was due to the timing of expenditures associated with the District's construction projects. This fund does not currently have a negative balance.

Conclusion - Response accepted.

IV-M-13 Statewide Sales, Services and Use 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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	750,333
Sales tax revenues	\$	758,675	
Other local revenues		517	
Sale of revenue bonds	<u>1,140,000</u>		<u>1,899,192</u>
Expenditures:			
School infrastructure construction	4,071		
Equipment	51,154		
Other	35,803		
Transfers to Other Funds:			
Debt service fund	521,867		
Other transfers	<u>1,019,216</u>		<u>1,632,111</u>
Ending balance		<u>\$</u>	<u>1,017,414</u>

For the year ended June 30, 2013 the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-N-13 Electronic Check Retention - Chapter 291.6 of the code of Iowa requires the Board Secretary to preserve and file all copies of pertinent paperwork related to the business of the District. Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. During our audit, we noted there were no electronic images or copies of the backs of checks written from District's construction fund bank account during fiscal 2013.

Recommendation - The District Secretary should be required by the Board of Directors of the District to preserve all copies of pertinent paperwork for the District to be in compliance with 291.6 of the Code of Iowa. The District could choose to retain electronic images of the front and back of each cancelled check to be in compliance with Chapter 554D.114 of the Code of Iowa.

Response - The District has contacted the bank and is now receiving images of both the fronts and backs of all checks as required by the Code of Iowa.

Conclusion - Response accepted.

IV-O-13 Non-certified Time Sheets - We noted during our audit that the District does not maintain documentation of hours worked by coaches who are non-certified staff. This creates a situation where calculating wage per hour amounts is not possible.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches. The District should then determine if wages paid comply with minimum wage and overtime requirements.

Response - The District has issued timesheets for coaches who are non-certified staff in order to comply with the Department of Labor requirements. The District is always working on improving communication to the coaches about this requirement.

Conclusion - Response accepted.