

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

June 30, 2005

## Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis (MD&A)		4-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16-17
Statement of Activities	B	18-19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	25
Statement of Revenues, Expenses, and Changes in Net Assets	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	28
Statement of Changes in Fiduciary Net Assets	K	29
Notes to Financial Statements		30-38
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		40
Notes to Required Supplementary Information - Budgetary Reporting		41
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	43
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	44
Nonmajor Enterprise Funds:		
Combining Schedule of Net Assets	3	45
Combining Schedule of Revenues, Expenses, and Changes in Net Assets	4	46
Combining Schedule of Cash Flows	5	47
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	6	48-49
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	7	50
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	8	51
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		52-53
Schedule of Findings		54-56



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Independent Auditor's Report

To the Board of Education of  
Clear Creek Amana Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District, Oxford, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2005, on our consideration of Clear Creek Amana Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 14 and 40 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clear Creek Amana Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004, (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

September 13, 2005

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Clear Creek Amana Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the district's financial statements, which follow.

The district began a transition to new reporting standards during fiscal year 2004 and completed the majority of the changes in account content and structure during fiscal year 2005. As a result, fiscal year 2005 creates a new baseline of accounts and this information is not easily comparable to prior years. The final fund content and structural changes will be completed in fiscal year 2006 and will allow future comparisons of the district's financial position in additional detail.

### 2005 FINANCIAL HIGHLIGHTS

Total General Fund revenues increased from \$9,321,990 in fiscal 2004 to \$10,224,442 in fiscal 2005. This represents a 9.68 percent (or 902,452 dollars) increase in revenue that occurred in part as the result of a modest increase in state funding and continued growth in student enrollment.

- The state allowable growth of 2% reversed a three year trend of declining state aide. During the 2004/2005 school year, the district received revenue for increased resident students (1,238 to 1,282), a change of 44 students. The change in student enrollment and the two percent increase in state allowable growth accounted for 327,233 dollars of increased revenue or a 5.64% growth in the general fund.
- In addition to increasing resident student enrollment, the district continued to have a net gain of students attending CCA schools as a result of the open enrollment law. The State of Iowa allows parents/guardians residing in an Iowa district to enroll their children into another Iowa school district through the open enrollment provisions in Iowa Code. The Clear Creek Amana schools have a greater number of students choosing to attend in the district under the open enrollment law than the number of students that choose to attend neighboring districts. For fiscal year 2004-2005, net open enrollment brought an additional 71.9 students at a state cost per pupil of \$4741 or \$340,878.

General Fund expenditures also increased from \$9,942,068 in fiscal 2004 to \$10,309,418 in fiscal 2005. This represents a 3.69 percent increase in expenditures. Even though the rate of expenditure growth was less than the rate of revenue growth, the general fund balance decreased from \$504,713 in fiscal 2004 to \$413,460 in fiscal 2005 (a 91,253 dollar shortfall). The decrease in the general fund balance occurred primarily as a result of two factors: 1) the increased costs associated with a growing student enrollment and 2) the impact of the expiration of the Instructional Support Levy.

- The State of Iowa allows districts to petition the School Budget Review Committee for authority to levy additional property taxes to provide revenue for increased student enrollment. Clear Creek Amana had thirteen additional resident students in the district to educate during fiscal 2005 at a cost of 62,101 dollars. The decision to utilize existing cash reserves rather than levy additional property taxes resulted in a decrease in the general fund balance.

- During fiscal year 2005, the expenses associated with the provision of the Instructional Support Program (ISP) exceeded the state and local funding provided. The ISP provides funding for critical instructional needs in the areas of reading, mathematics, technology support, curriculum textbook adoptions, and professional development. The Instructional Support Levy, (ISL) expired in June, 2003 and was not renewed until April, 2004. The actual revenue in fiscal 2005 accounted for 177,108 dollars of the 524,457 dollar program due to the interruption in income surtax receipts. The district chose to utilize three hundred thousand dollars from the cash reserve levy to fund the ISP with the remaining 47,349 dollars also decreasing the general fund balance.

## **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the district's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Clear Creek Amana 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 Clear Creek Amana 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 Clear Creek Amana Community School District acts solely as an agent or custodian for the benefit of those outside of school government.

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

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

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the district.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

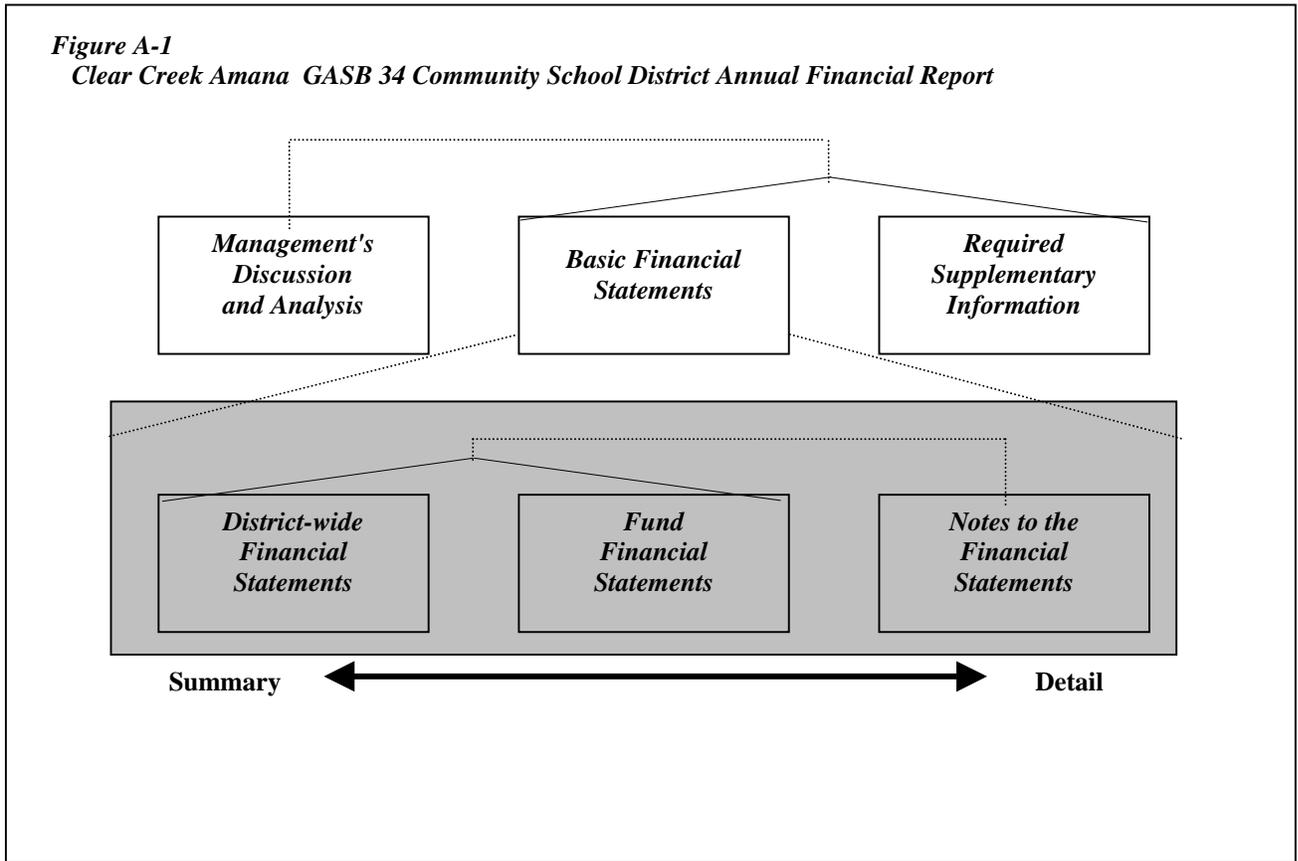


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, day care, public pool, and Amana and Springmier Library	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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the district's net assets and how they have changed. Net assets – the difference between the district's assets and liabilities – are one way to measure the district's financial health or financial position. Over time, increases or decreases in the district's net assets are an indicator of whether financial position is improving or deteriorating. To assess the district's overall health, additional non-financial factors, such as changes in the district's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

### *Fund Financial Statements*

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

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

The district has three kinds of funds:

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

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

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

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

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

3) *Fiduciary funds*: The district is the trustee, or fiduciary, for assets that belong to others. These funds include Restricted Purpose Trust and Agency Funds.

- Restricted Purpose Trust Fund – The district accounts for outside donations from the Springmier endowment for the purpose of supporting the high school library.
- Agency Funds – These are funds through which the district administers and accounts for certain donations collected for support of certain expenditures related to the operation of the curricular and extra-curricular programs of the district.

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

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2005 compared to June 30, 2004.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2004-2005
	Governmental Activities		Business-type Activities		Total School District		
	2005	2004	2005	2004	2005	2004	
	\$	\$	\$	\$	\$	\$	
Current and other assets	6,469,305	9,059,604	250,092	278,797	6,719,397	9,338,401	-28%
Capital assets	10,342,738	10,349,185	23,352	22,865	10,366,090	10,372,050	0%
<b>Total assets</b>	<b>16,812,043</b>	<b>19,408,789</b>	<b>273,444</b>	<b>301,662</b>	<b>17,085,487</b>	<b>19,710,451</b>	<b>-13%</b>
Long-term liabilities	4,833,761	5,140,439	-	-	4,833,761	5,140,439	-6%
Other liabilities	5,261,750	7,479,401	44,728	49,822	5,306,478	7,529,223	-30%
<b>Total liabilities</b>	<b>10,095,511</b>	<b>12,619,840</b>	<b>44,728</b>	<b>49,822</b>	<b>10,140,239</b>	<b>12,669,662</b>	<b>-20%</b>
Net Assets:							
Invested in capital assets, Net of related debt	5,837,738	5,624,185	23,352	22,865	5,861,090	5,647,050	4%
Restricted	390,460	565,778	-	-	390,460	565,778	-31%
Unrestricted	488,334	598,986	205,364	228,975	693,698	827,961	-16%
<b>TOTAL NET ASSETS</b>	<b>6,716,532</b>	<b>6,788,949</b>	<b>228,716</b>	<b>251,840</b>	<b>6,945,248</b>	<b>7,040,789</b>	<b>-1%</b>

The District's combined net assets decreased by about 1%, or approximately \$95,541, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$175,318 or 31% over the prior year. The decrease was primarily a result of increased expenditures in the Management Fund.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased approximately \$134,263, or 16%. This reduction in unrestricted net assets was a result of the District using carryover fund balance to meet its financial obligations during the year.

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

Figure A-4

	Change in Net Assets						Percentage Change 2004-2005
	Governmental Activities		Business-type Activities		Total School District		
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	
Revenues							
Program Revenues:							
Charges for services	1,259,805	1,190,918	742,993	763,355	2,002,798	1,954,273	2%
Operating grants & contributions	992,037	895,850	166,334	160,972	1,158,371	1,056,822	10%
Capital grants & contributions	75,509	79,857	-	-	75,509	79,857	-5%
General Revenues:							0%
Property taxes	4,519,219	4,410,174	-	-	4,519,219	4,410,174	2%
Income Surtax	149,528	465,946	-	-	149,528	465,946	-68%
Local option sales tax	-	-	-	-	-	-	0%
Unrestricted state grants	4,509,921	3,890,365	-	-	4,509,921	3,890,365	16%
Unrestricted investment earnings	33,210	20,245	3,533	2,005	36,743	22,250	65%
Other revenue	(13,232)	20,804	-	-	(13,232)	20,804	-164%
<b>Total Revenues</b>	<b>11,525,997</b>	<b>10,974,159</b>	<b>912,860</b>	<b>926,332</b>	<b>12,438,857</b>	<b>11,900,491</b>	<b>5%</b>
Expenses:							
Instruction	7,362,329	7,370,710	-	-	7,362,329	7,370,710	0%
Support services	3,397,334	2,975,281	-	-	3,397,334	2,975,281	14%
Non-instructional programs	21,792	29,507	935,984	918,930	957,776	948,437	1%
Other expenditures	816,959	1,097,120	-	-	816,959	1,097,120	-26%
<b>Total expenses</b>	<b>11,598,414</b>	<b>11,472,618</b>	<b>935,984</b>	<b>918,930</b>	<b>12,534,398</b>	<b>12,391,548</b>	<b>1%</b>
<b>Change in net assets before transfers</b>	<b>(72,417)</b>	<b>(498,459)</b>	<b>(23,124)</b>	<b>7,402</b>	<b>(95,541)</b>	<b>(491,057)</b>	<b>0%</b>
Transfers	-	-	-	-	-	-	0%
<b>CHANGE IN NET ASSETS</b>	<b>(72,417)</b>	<b>(498,459)</b>	<b>(23,124)</b>	<b>7,402</b>	<b>(95,541)</b>	<b>(491,057)</b>	<b>0%</b>
Net assets beginning of year	6,788,949	7,287,408	251,840	244,438	7,040,789	7,531,846	-7%
Net assets end of year	6,716,532	6,788,949	228,716	251,840	6,945,248	7,040,789	-1%

Property tax and unrestricted state grants account for 78% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 93% of the total expenses, up from 83% of expenses relating to instruction and support services in fiscal year 2004.

### Governmental Activities

Revenues for governmental activities were \$11,525,997 and expenses were \$11,598,414. The district improved from a change in net government assets of (498,459) dollars in fiscal 2004 to (72,417) dollars in fiscal 2005 by holding expenditures to 125,796 dollars or 1% growth relative to 551,838 dollars of increased revenue or 5% growth.

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

Figure A-5

### Total and Net Cost of Governmental Activities

	Total Cost of Services 2005 \$	Total Cost of Services 2004 \$	Net Cost of Services 2005 \$	Net Cost of Services 2004 \$
Instruction	7,362,329	7,370,710	5,514,780	5,664,882
Support Services	3,397,334	2,975,281	3,363,546	2,943,043
Non-instructional Programs	21,792	29,507	21,792	29,507
Other Expenses	816,959	1,097,120	370,945	668,561
<b>TOTAL</b>	<b>11,598,414</b>	<b>11,472,618</b>	<b>9,271,063</b>	<b>9,305,993</b>

- The cost financed by users of the District's programs was \$1,259,805.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,067,546.
- The net cost of governmental activities was financed with \$4,688,725 in property and other taxes and \$4,509,921 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities were \$912,860 and expenses were \$935,984. The District's business type activities include the School Food Nutrition, Day Care, Public Pool, Amana Library and Springmier Library Programs. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2005, the district chose not to increase meal prices, but to utilize fund reserves in the School Food Nutrition program. This resulted in a decrease in the School Nutrition Fund balance as recommended by the State Department of Education and in line with the district goal of fund balances not to exceed ten percent. Fiscal year 2005 ended with a balance of \$204,765 with expenditures of \$519,426. While the target for this fund is a balance of 30,000 to 50,000 dollars, the district will retain a balance up to twenty percent until a study of the district food service program is

completed in fiscal 2007. It is anticipated the study will recommend some upgrades/changes in procedures and equipment at an additional cost to the district.

## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$789,866. This represents a decrease of 447,095 dollars. Most significant in this decrease is a change in Debt service; (230,972) reduction in balance as a result of the district retiring bonds.

### **Governmental Fund Highlights**

The District's General Fund financial position is the result of many factors. Total General Fund revenues increased from \$9,321,990 in fiscal 2004 to \$10,224,442 in fiscal 2005. This represents a 9.68 percent (or 902,452 dollars) of increase in revenue that occurred in part as the result of a modest increase in state funding and continued growth in student enrollment.

General Fund expenditures also increased from \$9,942,068 in fiscal 2004 to \$10,309,418 in fiscal 2005. This represents a 3.69 percent increase in expenditures. Even though the rate of expenditure growth was less than the rate of revenue growth, the general fund balance decreased from \$504,713 in fiscal 2004 to \$413,460 in fiscal 2005 (a 91,253 dollar shortfall). The decrease in the general fund balance occurred primarily as a result of two factors: 1) the increased costs associated with a growing student enrollment and 2) the impact of the expiration of the Instructional Support Levy. (For additional detail, refer to audit highlights

### **Proprietary Fund Highlights**

School Nutrition Fund net assets changed from \$226,366 at June 30, 2004 to \$204,765 at June 30, 2005, representing a decrease of approximately 10%. This decrease was planned as noted in the discussion of Business Type Activities above.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Clear Creek Amana Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with increased costs in plant operations and maintenance and additional costs for the purchase of new buses.

The District's receipts were \$294,730 more than budgeted receipts, a variance of 2.4%. The most significant variance resulted from increased property tax receipts and state aid.

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

A change in the coding of expenditures required by the State of Iowa resulted in the certified budget exceeding the support services function. Dollars for technology services were budgeted within the

instructional services function but reported in the support services function. This change occurred after the certified budget amendment. Future budgets will reflect the change in coding.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2005, the District had invested \$10.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$409,657.

The original cost of the District's capital assets was \$15.23 million. Governmental funds account for \$15.18 million, with the remainder of \$0.05 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6

Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage Change 2004-2005
	Activities		Activities		School District		
	2005	2004	2005	2004	2005	2004	
	\$	\$	\$	\$	\$	\$	
Land	1,338,566	1,338,566	-	-	1,338,566	1,338,566	0%
Construction in progress	-	-	-	-	-	-	0%
Buildings	8,199,309	8,318,246	-	-	8,199,309	8,318,246	-1%
Improvements	240,437	152,694	-	-	240,437	152,694	57%
Equipment & Furniture	564,426	539,679	23,352	22,865	587,778	562,544	4%
<b>TOTAL</b>	<b>10,342,738</b>	<b>10,349,185</b>	<b>23,352</b>	<b>22,865</b>	<b>10,366,090</b>	<b>10,372,050</b>	<b>0%</b>

### Long-Term Debt

At June 30, 2005, the District had \$4,833,761 in general obligation and other long-term debt outstanding. This represents a decrease of from last year as the district is retiring general obligation bonds. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

Figure A-7

### Outstanding Long-Term Obligations

Total School District		Percentage
2005	2004	Change 2004-2005
\$	\$	

General Obligation Bonds	4,505,000	4,955,000	-9%
Early Retirement	316,424	174,580	81%
Compensated Absences	12,337	10,859	14%
	<u>4,833,761</u>	<u>5,140,439</u>	<u>-6%</u>

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- Clear Creek Amana has seen an average increase in total valuation of 5.8% per year over the past five years. Commercial and residential growth has escalated that rate for fiscal 2006 by 11.5% and another 15.61% for fiscal 2007. This is a positive trend for the district's financial health.
- School financing is highly dependent upon student enrollment. The District's September 2004 enrollment increased to 1295.6 students and the September 2005 enrollment increased to 1371.8 students. This growth continues a pattern of about 4% growth per year since 2001 and will result in increased revenue for the district's general fund.
- The District negotiated a new, two year agreement with the certified staff during fiscal 2005. This settlement of 4.2% for fiscal 2006 and 4.5% for fiscal 2007 is less than the increase in regular program funds of 5% and 10% respectively.
- During fiscal 2006, the district will once again have a fully funded Instructional Support Program. With revenue from a mix of property tax, state aid and income surtax, the district will no longer be required to utilize cash reserves to maintain these critical instructional services.
- During fiscal 2006, the district began receiving revenue from the one-cent local option sales tax in Iowa County. This tax has resulted in 76,000 dollars of revenue and will double during fiscal 2007.

## **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 Ms. Adelia Kern, Business Manager or Dr. Paula Vincent, Superintendent, 327 South Augusta Avenue, Oxford, IA 52322. Phone: (319) 828-4510.

## BASIC FINANCIAL STATEMENTS

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2005

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents	784,404	232,494	1,016,898
Receivables:			
Property tax:			
Delinquent	90,195	-	90,195
Succeeding year	4,923,681	-	4,923,681
Accounts	5,038	1,446	6,484
Accrued interest:			
ISCAP	335	-	335
Other	27	-	27
Due from other governments	665,625	-	665,625
Inventories	-	16,152	16,152
Capital assets, net of accumulated depreciation	10,342,738	23,352	10,366,090
	<u>16,812,043</u>	<u>273,444</u>	<u>17,085,487</u>
<b>Liabilities</b>			
Accounts payable	93,936	3,848	97,784
Salaries and benefits payable	77,855	33,235	111,090
Due to other governments	85,348	-	85,348
Accrued interest payable	16,057	-	16,057
Other current liabilities	64,873	-	64,873
Deferred revenue:			
Succeeding year property tax	4,923,681	-	4,923,681
Other	-	7,645	7,645
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	470,000	-	470,000
Early retirement	126,424	-	126,424
Compensated absences	12,337	-	12,337
Portion due after one year:			
General obligation bonds payable	4,035,000	-	4,035,000
Early retirement	190,000	-	190,000
	<u>10,095,511</u>	<u>44,728</u>	<u>10,140,239</u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2005

	Governmental Activities	Business Type Activities	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	5,837,738	23,352	5,861,090
Restricted for:			
Gifted and talented program	152,436	-	152,436
Other special revenue purposes	191,044	-	191,044
Debt service	46,980	-	46,980
Unrestricted	<u>488,334</u>	<u>205,364</u>	<u>693,698</u>
<b>Total net assets</b>	<u><u>6,716,532</u></u>	<u><u>228,716</u></u>	<u><u>6,945,248</u></u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2005

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental activities:</b>				
Instruction:				
Regular instruction	4,654,644	739,499	439,722	-
Special instruction	1,582,327	231,453	150,795	-
Other instruction	1,125,358	279,412	6,668	-
	<u>7,362,329</u>	<u>1,250,364</u>	<u>597,185</u>	<u>-</u>
Support services:				
Student services	212,790	-	22,106	-
Instructional staff services	471,945	-	-	-
Administration services	1,089,958	-	-	-
Operation and maintenance of plant services	998,798	4,079	-	-
Transportation services	623,843	5,362	2,241	-
	<u>3,397,334</u>	<u>9,441</u>	<u>24,347</u>	<u>-</u>
Non-instructional programs	<u>21,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	118,345	-	-	75,509
Long-term debt interest	90,182	-	-	-
AEA flowthrough	370,505	-	370,505	-
Depreciation (unallocated)*	237,927	-	-	-
	<u>816,959</u>	<u>-</u>	<u>370,505</u>	<u>75,509</u>
Total governmental activities	<u>11,598,414</u>	<u>1,259,805</u>	<u>992,037</u>	<u>75,509</u>
<b>Business type activities:</b>				
Non-instructional programs:				
Food service operations	519,426	336,795	157,794	-
Public pool	37,424	30,067	-	-
Daycare	320,043	328,592	6,848	-
Amana library	49,497	38,001	1,692	-
Springmier library	9,594	9,538	-	-
Total business-type activities	<u>935,984</u>	<u>742,993</u>	<u>166,334</u>	<u>-</u>
Total	<u>12,534,398</u>	<u>2,002,798</u>	<u>1,158,371</u>	<u>75,509</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

**Change in net assets**

Net assets beginning of year

Net assets end of year

\*This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2005

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
(3,475,423)	-	(3,475,423)
(1,200,079)	-	(1,200,079)
<u>(839,278)</u>	-	<u>(839,278)</u>
<u>(5,514,780)</u>	-	<u>(5,514,780)</u>
(190,684)	-	(190,684)
(471,945)	-	(471,945)
(1,089,958)	-	(1,089,958)
(994,719)	-	(994,719)
<u>(616,240)</u>	-	<u>(616,240)</u>
<u>(3,363,546)</u>	-	<u>(3,363,546)</u>
<u>(21,792)</u>	-	<u>(21,792)</u>
(42,836)	-	(42,836)
(90,182)	-	(90,182)
-	-	-
<u>(237,927)</u>	-	<u>(237,927)</u>
<u>(370,945)</u>	-	<u>(370,945)</u>
<u>(9,271,063)</u>	-	<u>(9,271,063)</u>
-	(24,837)	(24,837)
-	(7,357)	(7,357)
-	15,397	15,397
-	(9,804)	(9,804)
-	(56)	(56)
-	<u>(26,657)</u>	<u>(26,657)</u>
<u>(9,271,063)</u>	<u>(26,657)</u>	<u>(9,297,720)</u>
3,808,288	-	3,808,288
379,261	-	379,261
331,670	-	331,670
149,528	-	149,528
4,509,921	-	4,509,921
33,210	3,533	36,743
<u>(13,232)</u>	-	<u>(13,232)</u>
<u>9,198,646</u>	<u>3,533</u>	<u>9,202,179</u>
(72,417)	(23,124)	(95,541)
<u>6,788,949</u>	<u>251,840</u>	<u>7,040,789</u>
<u>6,716,532</u>	<u>228,716</u>	<u>6,945,248</u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2005

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
<b>Assets</b>				
Cash and pooled investments:	353,529	54,406	382,243	790,178
Receivables:				
Property tax:				
Delinquent	70,264	8,631	11,300	90,195
Succeeding year	3,681,968	616,049	625,664	4,923,681
Accounts	3,435	-	1,603	5,038
Accrued interest - ISCAP	335	-	-	335
Accrued interest - other	-	-	27	27
Due from other governments	535,501	-	130,124	665,625
<b>Total assets</b>	<b>4,645,032</b>	<b>679,086</b>	<b>1,150,961</b>	<b>6,475,079</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Warrants issued in excess of bank balance	-	-	5,774	5,774
Accounts payable	82,779	-	11,157	93,936
Salaries and benefits payable	77,855	-	-	77,855
Due to other governments	85,348	-	-	85,348
Deferred revenue:				
Succeeding year property tax	3,681,968	616,049	625,664	4,923,681
Other current liabilities	303,622	-	64,873	368,495
Total liabilities	<u>4,231,572</u>	<u>616,049</u>	<u>837,592</u>	<u>5,685,213</u>
Fund balances:				
Reserved for:				
Gifted and talented program	152,436	-	-	152,436
Debt service	-	63,037	-	63,037
Unreserved reported in:				
General fund	261,024	-	-	261,024
Special revenue funds	-	-	308,263	308,263
Capital projects funds	-	-	5,106	5,106
Total fund balances	<u>413,460</u>	<u>63,037</u>	<u>313,369</u>	<u>789,866</u>
<b>Total liabilities and fund balances</b>	<b>4,645,032</b>	<b>679,086</b>	<b>1,150,961</b>	<b>6,475,079</b>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2005

	\$
<b>Total fund balances of governmental funds (Exhibit C)</b>	789,866
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	10,342,738
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	433,746
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	(16,057)
Long-term liabilities, including bonds payable, compensated absences and early retirement benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(4,833,761)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>6,716,532</u></u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2005

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	3,633,593	379,261	655,893	4,668,747
Tuition	831,045	-	-	831,045
Other	198,655	4,213	288,037	490,905
State sources	5,261,802	183	282	5,262,267
Federal sources	299,347	-	-	299,347
Total revenues	<u>10,224,442</u>	<u>383,657</u>	<u>944,212</u>	<u>11,552,311</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	4,564,977	-	113,827	4,678,804
Special instruction	1,582,327	-	-	1,582,327
Other instruction	849,939	-	275,419	1,125,358
	<u>6,997,243</u>	<u>-</u>	<u>389,246</u>	<u>7,386,489</u>
Support services:				
Student services	212,790	-	-	212,790
Instructional staff services	471,945	-	-	471,945
Administration services	816,096	-	119,587	935,683
Operation and maintenance of plant services	894,581	-	204,867	1,099,448
Transportation services	546,258	-	119,536	665,794
	<u>2,941,670</u>	<u>-</u>	<u>443,990</u>	<u>3,385,660</u>
Non-instructional programs	-	-	21,792	21,792
Other expenditures:				
Facilities acquisition	-	-	223,868	223,868
Long-term debt:				
Principal	-	450,000	-	450,000
Interest and fiscal charges	-	164,629	-	164,629
AEA flowthrough	370,505	-	-	370,505
	<u>370,505</u>	<u>614,629</u>	<u>223,868</u>	<u>1,209,002</u>
Total expenditures	<u>10,309,418</u>	<u>614,629</u>	<u>1,078,896</u>	<u>12,002,943</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,976)</u>	<u>(230,972)</u>	<u>(134,684)</u>	<u>(450,632)</u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2005

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
Other financing sources (uses):				
Compensation for loss of fixed assets	3,487	-	-	3,487
Sales of materials and equipment	50	-	-	50
Operating transfers in	-	-	9,814	9,814
Operating transfers out	(9,814)	-	-	(9,814)
Total other financing sources (uses)	<u>(6,277)</u>	<u>-</u>	<u>9,814</u>	<u>3,537</u>
Net change in fund balances	(91,253)	(230,972)	(124,870)	(447,095)
Fund balances beginning of year	<u>504,713</u>	<u>294,009</u>	<u>438,239</u>	<u>1,236,961</u>
Fund balances end of year	<u><u>413,460</u></u>	<u><u>63,037</u></u>	<u><u>313,369</u></u>	<u><u>789,866</u></u>

## CLEAR CREEK AMANA 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, 2005

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		(447,095)
<b><i>Amounts reported for governmental activities in the Statement of Activities are different because:</i></b>		
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 Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the year as follows:		
Expenditures for capital assets	428,827	
Loss on disposal of equipment	(29,851)	
Depreciation expense	<u>(405,423)</u>	(6,447)
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		450,000
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.		74,447
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, as follows:		
Early retirement		(141,844)
Compensated absences		<u>(1,478)</u>
<b>Changes in net assets of governmental activities (Exhibit B)</b>		<u><u>(72,417)</u></u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2005

	<u>Total Nonmajor Enterprise Funds</u>
<b>Assets</b>	
Cash and cash equivalents	232,494
Accounts receivable	1,446
Inventories	16,152
Capital assets, net of accumulated depreciation	<u>23,352</u>
<b>Total assets</b>	<u>273,444</u>
<b>Liabilities</b>	
Accounts payable	3,848
Salaries and benefits payable	33,235
Deferred revenue	<u>7,645</u>
<b>Total liabilities</b>	<u>44,728</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	23,352
Unrestricted	<u>205,364</u>
<b>Total net assets</b>	<u><u>228,716</u></u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds

Year ended June 30, 2005

	Total Nonmajor Enterprise Funds
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for service	<u>742,993</u>
Operating expenses:	
Non-instructional programs:	
Salaries	438,081
Benefits	121,353
Purchased services	34,525
Supplies	337,791
Depreciation	<u>4,234</u>
	<u>935,984</u>
Operating gain (loss)	<u>(192,991)</u>
Non-operating revenue:	
State sources	8,397
Federal sources	157,937
Interest income	<u>3,533</u>
Total non-operating revenue	<u>169,867</u>
Change in net assets	(23,124)
Net assets beginning of year	<u>251,840</u>
Net assets end of year	<u><u>228,716</u></u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2005

	Total Nonmajor Enterprise Funds
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	337,437
Cash received from other services	406,584
Cash payments to employees for services	(563,071)
Cash payments to suppliers for goods or services	(351,652)
Net cash used by operating activities	<u>(170,702)</u>
Cash flows from non-capital financing activities:	
State grants received	8,397
Federal grants received	134,742
Net cash provided by non-capital financing activities	<u>143,139</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(4,721)</u>
Cash flows from investing activities:	
Interest on investments	<u>3,533</u>
Net increase (decrease) in cash and cash equivalents	(28,751)
Cash and cash equivalents at beginning of year	<u>261,245</u>
Cash and cash equivalents at end of year	<u><u>232,494</u></u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>	
Operating gain (loss)	(192,991)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	23,195
Depreciation	4,234
Decrease (increase) in inventories	(1,244)
Decrease (increase) in accounts receivable	1,198
(Decrease) increase in accounts payable	(2,427)
(Decrease) increase in salaries and benefits payable	(2,497)
(Decrease) increase in deferred revenue	(170)
Net cash used in operating activities	<u><u>(170,702)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2005, the District received \$23,195 of federal commodities.

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2005

	Private Purpose Trust Scholarship	Agency
	\$	\$
<b>Assets</b>		
Cash and pooled investments	2,000	2,863
Accounts receivable	-	620
	<u>2,000</u>	<u>3,483</u>
<b>Total assets</b>	<u>2,000</u>	<u>3,483</u>
<b>Liabilities</b>		
Accounts payable	-	120
Other payables	-	3,363
	<u>-</u>	<u>3,483</u>
<b>Total liabilities</b>	<u>-</u>	<u>3,483</u>
<b>Net Assets</b>		
Reserved for scholarships	<u>2,000</u>	<u>-</u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2005

	Private Purpose Trust Scholarship <u>          </u> \$
Additions:	
Local sources:	
Gifts and contributions	5,000
Deductions:	
Support services:	
Scholarships awarded	<u>3,421</u>
Change in net assets	1,579
Net assets beginning of year	<u>421</u>
Net assets end of year	<u><u>2,000</u></u>

# CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2005

### 1. Summary of Significant Accounting Policies

Clear Creek Amana 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 Coralville, North Liberty, Tiffin, Oxford and the Seven Villages of the Amana Colonies, Iowa and the predominately agricultural territory in a portion of Iowa and Johnson Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Clear Creek Amana 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 Clear Creek Amana Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The District's proprietary fund consists of Enterprise Funds for the Food Nutrition, Day Care, Public Pool, Amana Library and Springmier Library Programs.

The District also reports fiduciary funds, which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

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

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and 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 judgements, 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 the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the

District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004, through June 30, 2005, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2004.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-25 years
Furniture and equipment	3-20 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds, amounts received in advance for meal sales and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements in the support services function exceeded the amount budgeted.

## 2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 40.

### 3. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	1,338,566	-	-	1,338,566
Capital assets being depreciated:				
Buildings	11,397,282	105,523	35,000	11,467,805
Improvements other than buildings	639,033	101,210	-	740,243
Furniture and equipment	1,547,715	222,094	133,306	1,636,503
Total capital assets being deprec.	<u>13,584,030</u>	<u>428,827</u>	<u>168,306</u>	<u>13,844,551</u>
Less accumulated depreciation for:				
Buildings	3,079,036	224,460	35,000	3,268,496
Improvements other than buildings	486,339	13,467	-	499,806
Furniture and equipment	1,008,036	167,496	103,455	1,072,077
Total accumulated depreciation	<u>4,573,411</u>	<u>405,423</u>	<u>138,455</u>	<u>4,840,379</u>
Total capital assets being depreciated, net	<u>9,010,619</u>	<u>23,404</u>	<u>29,851</u>	<u>9,004,172</u>
Governmental activities capital assets, net	<u>10,349,185</u>	<u>23,404</u>	<u>29,851</u>	<u>10,342,738</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	50,483	4,721	2,678	52,526
Less accumulated depreciation	<u>27,618</u>	<u>4,234</u>	<u>2,678</u>	<u>29,174</u>
Business type activities capital assets, net	<u>22,865</u>	<u>487</u>	<u>-</u>	<u>23,352</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	37,161
Support Services:	-
Administration services	12,431
Operation and maintenance of plant services	560
Transportation	117,344
	167,496
Unallocated depreciation	237,927
	405,423
Business type activities:	3,365
Food service	869
Public pool	4,234
	4,234

#### 4. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds	4,955,000	-	450,000	4,505,000	470,000
Compensated Absences	10,859	12,337	10,859	12,337	12,337
Early retirement	174,580	168,432	26,588	316,424	126,424
	5,140,439	180,769	487,447	4,833,761	608,761
Total	5,140,439	180,769	487,447	4,833,761	608,761

##### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed twelve years of full-time service to the District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement incentives are based on salary in year of retirement.

##### General Obligation Bonds Payable

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

<b>AMANA BONDS</b>				
Year ended June 30,	Interest Rate	Bond Issue of November 1992		
		Principal	Interest	Total
	%	\$	\$	\$
2006	5.375	95,000	9,506	104,506
2007	5.500	80,000	4,400	84,400
		175,000	13,906	188,906

**CLEAR CREEK AMANA BONDS**

Year ended June 30,	Bond Issue of August 1, 2002			
	Interest Rate	Principal	Interest	Total
	%	\$	\$	\$
2006	2.8	90,000	29,085	119,085
2007	3.0	95,000	26,565	121,565
2008	3.2	95,000	23,715	118,715
2009	3.4	100,000	20,675	120,675
2010	3.6	105,000	17,275	122,275
2010-2013	3.8-4.1	<u>340,000</u>	<u>27,525</u>	<u>367,525</u>
		<u>825,000</u>	<u>144,840</u>	<u>969,840</u>

Year Ending June 30,	Refunding Bond Issue August 2003			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2006	2.5	285,000	106,558	391,558
2007	2.5	315,000	99,432	414,432
2008	2.5	325,000	91,558	416,558
2009	3.0	335,000	83,433	418,433
2010	3.0	345,000	73,383	418,383
2011-2015	3.5	<u>1,900,000</u>	<u>197,665</u>	<u>2,097,665</u>
Total		<u>3,505,000</u>	<u>652,029</u>	<u>4,157,029</u>

**5. 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 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$377,626, \$359,501, and \$338,827 respectively, equal to the required contributions for each year.

**6. Risk Management**

The District is a member in the Iowa School Employee Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental, vision and prescription drugs.

In July 2004, the Association converted from a self-funded pool to a fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. In December 2004, ISEBA issued assessments necessary to cover run-out claims received when the program converted from self-insured to fully-insured coverage. ISEBA is recovering the shortfall through a combination of assessments, deficit recovery charges and administrative cost reduction measures. Members continuing membership in the Association had their deficit recovery assessment included in their annual premium for the 2004-2005 and 2005-2006 plan years. The deficit recovery is equal to 2% of the annual premium. The total amount of the deficit recoveries of current members is estimated to be \$2.2 million. The District's share of this assessment was \$40,588, of which \$20,294 was paid with the 2004-2005 premiums and

\$20,294 is a liability as of June 30, 2005 and will be paid with the 2005-2006 premiums. Since the program is now fully insured, there will be no additional assessments due to claims exceeding premiums charged to members.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2005 were \$1,056,495.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

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

## **7. 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 \$370,505 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## **8. Financial Condition**

The Special Revenue, Physical Plant and Equipment Levy Fund has a \$50 deficit fund balance at June 30, 2005.

REQUIRED SUPPLEMENTARY INFORMATION

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2005

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$		\$	\$
Revenues:						
Local sources	5,990,697	746,526	6,737,223	6,419,590	6,419,590	317,633
Intermediate sources	-	-	-	-	-	-
State sources	5,262,267	8,397	5,270,664	5,337,698	5,337,698	(67,034)
Federal sources	299,347	157,937	457,284	397,300	397,300	59,984
Total Revenues	<u>11,552,311</u>	<u>912,860</u>	<u>12,465,171</u>	<u>12,154,588</u>	<u>12,154,588</u>	<u>310,583</u>
Expenditures:						
Instruction	7,386,489	-	7,386,489	7,444,930	7,600,000	213,511
Support services	3,385,660	-	3,385,660	3,078,610	3,000,000	(385,660)
Non-instructional programs	21,792	935,984	957,776	901,353	1,000,000	42,224
Other expenditures	1,209,002	-	1,209,002	924,164	1,500,000	290,998
Total expenditures	<u>12,002,943</u>	<u>935,984</u>	<u>12,938,927</u>	<u>12,349,057</u>	<u>13,100,000</u>	<u>161,073</u>
Excess (deficiency) of revenues over (under) expenditures	(450,632)	(23,124)	(473,756)	(194,469)	(945,412)	471,656
Other financing sources (uses) net	<u>3,537</u>	<u>-</u>	<u>3,537</u>	<u>5,000</u>	<u>5,000</u>	<u>(1,463)</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	(447,095)	(23,124)	(470,219)	(189,469)	(940,412)	470,193
Balance beginning of year	<u>1,236,961</u>	<u>251,840</u>	<u>1,488,801</u>	<u>2,032,639</u>	<u>2,032,639</u>	<u>(543,838)</u>
Balance end of year	<u><u>789,866</u></u>	<u><u>228,716</u></u>	<u><u>1,018,582</u></u>	<u><u>1,843,170</u></u>	<u><u>1,092,227</u></u>	<u><u>(73,645)</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2005

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, 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 modified accrual and accrual basis. Encumbrances are not recognized on the cash 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 or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by the 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 disbursements by \$750,943.

During the year ended June 30, 2005, disbursements in the support services function exceeded the amount budgeted.

This was primarily the result of fund reclassification from instruction to support services, particularly the change in technology costs from one fund to the other.

OTHER SUPPLEMENTARY INFORMATION

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2005

Assets	Special Revenue Funds					Total
	Management	Student	Physical	Library	Capital	
	Levy	Activity	Plant and	Fund	Projects	
		Equipme		Fund		
	\$	\$	nt Levy	\$	\$	\$
Cash and pooled investments	117,140	178,525	-	16,599	69,979	382,243
Receivables:						
Property tax:						
Delinquent	2,956	-	7,524	820	-	11,300
Succeeding year	225,000	-	378,637	22,027	-	625,664
Accounts	-	1,603	-	-	-	1,603
Accrued interest	-	27	-	-	-	27
Due from other governments	-	-	130,124	-	-	130,124
<b>Total assets</b>	<b>345,096</b>	<b>180,155</b>	<b>516,285</b>	<b>39,446</b>	<b>69,979</b>	<b>1,150,961</b>
<b>Liabilities &amp; Fund Balances</b>						
Liabilities:						
Excess of warrants issued over bank balance	-	-	5,774	-	-	5,774
Accounts payable	2,827	6,530	1,800	-	-	11,157
Deferred revenue:						
Succeeding year property tax	225,000	-	378,637	22,027	-	625,664
Other	-	-	130,124	-	-	130,124
Other current liabilities	-	-	-	-	64,873	64,873
Total liabilities	<u>227,827</u>	<u>6,530</u>	<u>516,335</u>	<u>22,027</u>	<u>64,873</u>	<u>837,592</u>
Fund balances:						
Unreserved reported in:						
Special revenue funds	117,269	173,625	(50)	17,419	-	308,263
Capital projects fund	-	-	-	-	5,106	5,106
Total fund balances	<u>117,269</u>	<u>173,625</u>	<u>(50)</u>	<u>17,419</u>	<u>5,106</u>	<u>313,369</u>
<b>Total liabilities and fund balances</b>	<b>345,096</b>	<b>180,155</b>	<b>516,285</b>	<b>39,446</b>	<b>69,979</b>	<b>1,150,961</b>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2005

	Special Revenue Funds					Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Library Fund	Capital Projects Fund	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	152,841	-	481,198	21,854	-	655,893
Other	4,106	272,972	10,209	83	667	288,037
State sources	101	-	159	22	-	282
Total revenues	<u>157,048</u>	<u>272,972</u>	<u>491,566</u>	<u>21,959</u>	<u>667</u>	<u>944,212</u>
Expenditures:						
Current:						
Instruction:						
Regular instruction	113,827	-	-	-	-	113,827
Other instruction	-	275,419	-	-	-	275,419
Support services:						
Administration services	119,587	-	-	-	-	119,587
Operation and maintenance of plant services	45,769	-	159,098	-	-	204,867
Transportation services	23,758	-	95,778	-	-	119,536
Non-instructional programs	-	-	-	21,792	-	21,792
Other expenditures:						
Facilities acquisition	-	-	218,759	-	5,109	223,868
Total expenditures	<u>302,941</u>	<u>275,419</u>	<u>473,635</u>	<u>21,792</u>	<u>5,109</u>	<u>1,078,896</u>
Excess (deficiency) of revenues over (under) expenditures	(145,893)	(2,447)	17,931	167	(4,442)	(134,684)
Other financing sources (uses):						
Operating transfers in	-	9,814	-	-	-	9,814
Net change in fund balances	(145,893)	7,367	17,931	167	(4,442)	(124,870)
Fund balances beginning of year	<u>263,162</u>	<u>166,258</u>	<u>(17,981)</u>	<u>17,252</u>	<u>9,548</u>	<u>438,239</u>
Fund balances end of year	<u>117,269</u>	<u>173,625</u>	<u>(50)</u>	<u>17,419</u>	<u>5,106</u>	<u>313,369</u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Net Assets  
Nonmajor Enterprise Funds

June 30, 2005

	Enterprise Funds					Total
	School Nutrition	Daycare	Public Pool	Amana Library	Springmier Library	
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Cash and cash equivalents	172,561	37,466	11,670	5,258	5,539	232,494
Accounts receivable	1,097	349	-	-	-	1,446
Inventories	16,152	-	-	-	-	16,152
Capital assets, net of accumulated depreciation	22,818	-	534	-	-	23,352
<b>Total assets</b>	<u>212,628</u>	<u>37,815</u>	<u>12,204</u>	<u>5,258</u>	<u>5,539</u>	<u>273,444</u>
<b>Liabilities</b>						
Accounts payable	218	3,510	90	30	-	3,848
Salaries and benefits payable	-	25,319	6,365	1,205	346	33,235
Deferred revenue	7,645	-	-	-	-	7,645
<b>Total liabilities</b>	<u>7,863</u>	<u>28,829</u>	<u>6,455</u>	<u>1,235</u>	<u>346</u>	<u>44,728</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	22,818	-	534	-	-	23,352
Unrestricted	181,947	8,986	5,215	4,023	5,193	205,364
<b>Total net assets</b>	<u>204,765</u>	<u>8,986</u>	<u>5,749</u>	<u>4,023</u>	<u>5,193</u>	<u>228,716</u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenses, and Changes in Net Assets  
Nonmajor Enterprise Funds

Year ended June 30, 2005

	Enterprise Funds					Total
	School Nutrition	Daycare	Public Pool	Amana Library	Springmier Library	
	\$	\$	\$	\$	\$	\$
Operating revenue:						
Local sources:						
Charges for service	<u>336,795</u>	<u>328,592</u>	<u>30,067</u>	<u>38,001</u>	<u>9,538</u>	<u>742,993</u>
Operating expenses:						
Non-instructional programs:						
Salaries	161,183	221,154	21,146	27,354	7,244	438,081
Benefits	56,008	53,278	2,402	8,694	971	121,353
Purchased services	14,831	12,612	5,410	1,577	95	34,525
Supplies	284,039	32,999	7,597	11,872	1,284	337,791
Depreciation	3,365	-	869	-	-	4,234
	<u>519,426</u>	<u>320,043</u>	<u>37,424</u>	<u>49,497</u>	<u>9,594</u>	<u>935,984</u>
Operating gain (loss)	<u>(182,631)</u>	<u>8,549</u>	<u>(7,357)</u>	<u>(11,496)</u>	<u>(56)</u>	<u>(192,991)</u>
Non-operating revenue:						
State sources	6,705	-	-	1,692	-	8,397
Federal sources	151,089	6,848	-	-	-	157,937
Interest income	<u>3,236</u>	<u>79</u>	<u>78</u>	<u>98</u>	<u>42</u>	<u>3,533</u>
Total non-operating revenue	<u>161,030</u>	<u>6,927</u>	<u>78</u>	<u>1,790</u>	<u>42</u>	<u>169,867</u>
Change in net assets	(21,601)	15,476	(7,279)	(9,706)	(14)	(23,124)
Net assets beginning of year	<u>226,366</u>	<u>(6,490)</u>	<u>13,028</u>	<u>13,729</u>	<u>5,207</u>	<u>251,840</u>
Net assets end of year	<u>204,765</u>	<u>8,986</u>	<u>5,749</u>	<u>4,023</u>	<u>5,193</u>	<u>228,716</u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Cash Flows  
Nonmajor Enterprise Funds

Year ended June 30, 2005

	Enterprise Funds					Total \$
	School Nutrition	Daycare	Public Pool	Amana Library	Springmier Library	
	\$	\$	\$	\$	\$	
<b>Cash flows from operating activities:</b>						
Cash received from sale of lunches and breakfasts	337,437	-	-	-	-	337,437
Cash received from other services	-	328,585	30,067	38,362	9,570	406,584
Cash payments to employees for services	(220,549)	(277,023)	(21,704)	(35,580)	(8,215)	(563,071)
Cash payments to suppliers for goods or services	(275,563)	(45,356)	(13,408)	(15,810)	(1,515)	(351,652)
Net cash provided by (used by) operating activities	<u>(158,675)</u>	<u>6,206</u>	<u>(5,045)</u>	<u>(13,028)</u>	<u>(160)</u>	<u>(170,702)</u>
<b>Cash flows from non-capital financing activities:</b>						
State grants received	6,705	-	-	1,692	-	8,397
Federal grants received	127,894	6,848	-	-	-	134,742
Net cash provided by non-capital financing activities	<u>134,599</u>	<u>6,848</u>	<u>-</u>	<u>1,692</u>	<u>-</u>	<u>143,139</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition of capital assets	(4,721)	-	-	-	-	(4,721)
<b>Cash flows from investing activities:</b>						
Interest on investments	3,236	79	78	98	42	3,533
Net increase (decrease) in cash and cash equivalents	(25,561)	13,133	(4,967)	(11,238)	(118)	(28,751)
Cash and cash equivalents at beginning of year	198,122	24,333	16,637	16,496	5,657	261,245
Cash and cash equivalents at end of year	<u>172,561</u>	<u>37,466</u>	<u>11,670</u>	<u>5,258</u>	<u>5,539</u>	<u>232,494</u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>						
Operating gain (loss)	(182,631)	8,549	(7,357)	(11,496)	(56)	(192,991)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:						
Commodities used	23,195	-	-	-	-	23,195
Depreciation	3,365	-	869	-	-	4,234
Decrease (increase) in inventories	(1,244)	-	-	-	-	(1,244)
Decrease (increase) in accounts receivable	812	(7)	-	361	32	1,198
(Decrease) increase in accounts payable	111	255	(401)	(2,361)	(31)	(2,427)
(Decrease) increase in salaries and benefits payable	(2,113)	(2,591)	1,844	468	(105)	(2,497)
(Decrease) increase in deferred revenue	(170)	-	-	-	-	(170)
Net cash used in operating activities	<u>(158,675)</u>	<u>6,206</u>	<u>(5,045)</u>	<u>(13,028)</u>	<u>(160)</u>	<u>(170,702)</u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2005

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Interest	1,731	2,990	4,739	(18)
Memory books	201	206	168	239
MS student activities	1,841	417	218	2,040
JH bigger faster stronger	-	758	179	579
Class of 2005	7,762	116	3,401	4,477
Class of 2006	-	36,318	27,913	8,405
Class of 2007	-	88	65	23
Class of 2008	-	-	530	(530)
Amana student activities	2,459	1,083	458	3,084
Amana fund raiser	6,056	10,829	10,443	6,442
Elementary library fundraiser	2,385	9,015	7,324	4,076
Elementary student act.	4,353	3,859	2,513	5,699
Elem. clipper care fund	1,832	48	18	1,862
Jump for heart	17	-	-	17
Drama	4,059	960	-	5,019
JH drama	59	614	494	179
Art club	1,481	1,340	775	2,046
MS art club	49	1,174	802	421
CC Elementary art club	463	4,559	3,938	1,084
HS chorus	2,065	33	821	1,277
MS show choir	262	7	-	269
HS band	(406)	873	229	238
HS concessions	-	11,395	10,523	872
HS student activities	2,158	1,434	893	2,699
Win with wellness	352	525	428	449
Amana fund raising	11,803	1,524	81	13,246
Athletics	10,286	60,963	55,159	16,090
JH athletics	129	12,007	12,136	-
JH athletic club	6,334	4,838	3,966	7,206
Volleyball clinic	1,622	43	-	1,665
Girls track club	2,111	5,284	6,380	1,015
Golf club	905	413	465	853
Boys basketball clinic	1,136	6,268	6,358	1,046
Football clinic	727	4,879	3,406	2,200
Soccer club	80	99	76	103
Baseball club	1,669	1,041	4,805	(2,095)
Boys track club	743	939	1,319	363
Wrestling club	6,336	3,881	1,408	8,809
Girls basketball clinic	8	500	786	(278)
Softball club	931	11,791	12,341	381
German club	17	93	17	93

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2005

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Publications	7,811	2,450	-	10,261
Annual	18,366	11,624	13,380	16,610
Fall cheerleaders	609	1,260	1,912	(43)
JH cheerleading club	897	189	435	651
Close up	3,873	6,158	7,082	2,949
Amana elementary music	13	-	-	13
NHS	418	1,301	1,489	230
Safe	58	1,773	1,191	640
Student assistance team	518	422	732	208
Science club	701	-	-	701
Spanish club	26	1,503	926	603
Student council	9,043	11,714	13,945	6,812
MS student council	30,480	30,893	34,916	26,457
CC elementary student council	300	146	221	225
Weight club	6,097	2,095	4,509	3,683
Academic dacathlon	-	513	-	513
Pom squad	2,942	6,871	8,443	1,370
Staff wellness program	-	670	573	97
Beginning accruals	90	-	90	-
Totals	<u>166,258</u>	<u>282,786</u>	<u>275,419</u>	<u>173,625</u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund

Year ended June 30, 2005

	Elementary Parent Group	Booster Club	Fame	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance beginning of year	356	56	78	490
Additions:				
Collections	11,861	2,178	6,818	20,857
Deductions:				
Miscellaneous	<u>8,910</u>	<u>2,178</u>	<u>6,896</u>	<u>17,984</u>
Balance end of year	<u><u>3,307</u></u>	<u><u>56</u></u>	<u><u>-</u></u>	<u><u>3,363</u></u>

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2005	2004	2003	2002
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	4,668,747	4,850,577	4,556,233	4,550,737
Tuition	831,045	785,051	784,239	642,070
Other	490,905	434,175	544,556	520,023
State sources	5,262,267	4,611,848	5,950,151	4,608,084
Federal sources	299,347	254,224	242,148	190,449
	<u>11,552,311</u>	<u>10,935,875</u>	<u>12,077,327</u>	<u>10,511,363</u>
Expenditures:				
Instruction:				
Regular instruction	4,678,804	4,479,844	4,188,073	4,099,142
Special instruction	1,582,327	1,961,733	1,857,494	1,514,580
Other instruction	1,125,358	785,614	724,473	647,570
Support services:				
Student services	212,790	209,324	150,674	186,468
Instructional staff services	471,945	280,685	307,835	272,231
Administration services	935,683	984,215	889,882	890,120
Operation and maintenance of plant services	1,099,448	846,508	803,091	672,771
Transportation services	665,794	683,940	588,483	499,579
Non-instructional programs	21,792	29,507	22,835	24,824
Other expenditures:				
Facilities acquisition	223,868	1,006,732	1,611,434	382,902
Long-term debt:				
Principal	450,000	450,000	391,368	332,862
Interest and other charges	164,629	164,198	244,578	233,326
AEA flowthrough	370,505	348,702	361,382	342,497
	<u>12,002,943</u>	<u>12,231,002</u>	<u>12,141,602</u>	<u>10,098,872</u>

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  
Clear Creek Amana Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 13, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clear Creek Amana Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items 05-I-A and 05-I-B are material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clear Creek Amana 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 II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clear Creek Amana Community School District and other parties to whom Clear Creek Amana Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clear Creek Amana 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.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

September 13, 2005

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2005

Part I: Findings related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Reportable Conditions:

05-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

District Response: The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion: Response accepted.

05-I-B Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The stamps are under the care, custody and control of the administrative office. This practice negates the internal control procedure established by requiring two signatures on a check

Recommendation: We recommend that this practice cease. The board may designate a person other than the board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2005

Part II: Other Findings Related to Statutory Reporting:

05-II-A Official Depositories: Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.

05-II-B Certified Budget: Disbursements for the year ended June 30, 2005, exceeded the amount budgeted in the support services 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.

District Response: The District budget was amended as noted in the required supplementary information (p.48) The support services funds had greater disbursement than revenue primarily as a result of fund reclassification during the year.

Conclusion: Response accepted.

05-II-C Questionable Expenditures: We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

05-II-D Travel Expenses: 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.

05-II-E Business Transactions: We noted no transactions between the District and District officials or employees.

05-II-F Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.

05-II-G Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.

05-II-H Certified Enrollment: We noted no variances in the basic enrollment data certified to the Department of Education.

05-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

05-II-J Certified Annual Report (CAR): We reviewed a draft copy of the CAR and noted no significant deficiencies in the amounts reported.

05-II-K Financial Condition: The District has a deficit fund balance in the Special Revenue, Physical Plant and Equipment Levy Fund of \$50 at June 30, 2005. The Student Activity Fund also has a few accounts with deficit balances at June 30, 2005.

Recommendation: The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits.

District Response: The Board has established a policy that sets a budget target for all funds to retain a six to ten percent balance, beginning with fiscal 2006. It is anticipated that the District will reach this target within a three year period.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2005

Part II: Other Findings Related to Statutory Reporting (continued):

Conclusion: Response accepted.

05-II-L Reclassification of Student Activity Fund Accounts: The Student Activity Fund is to be used only for extracurricular student activities. There are some accounts, such as the interest, in the Student Activity Fund that may belong more appropriately in other funds.

Recommendation: We recommend these accounts be reviewed and transferred to the proper fund.

District Response: We will review the accounts and make any necessary adjustments.

Conclusion: Response accepted.