

**COLLEGE COMMUNITY SCHOOL DISTRICT  
Cedar Rapids, Iowa**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
FINDINGS AND QUESTIONED COSTS  
June 30, 2006**

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**COLLEGE COMMUNITY SCHOOL DISTRICT**

**OFFICIALS**

**June 30, 2006**

| <u>Name</u>                             | <u>Title</u>  | <u>Term Expires</u> |
|---|---|---------------------|
| <b><u>Board of Education</u></b>        |   |                     |
| <b>(Before September 2005 Election)</b> |   |                     |
| Randy Bauer                             | President   | 2004                |
| Norm Zahradnik                          | Board Member  | 2004                |
| Kris Ruprecht                           | Board Member  | 2004                |
| Shirley Exline                          | Board Member  | 2005                |
| Mark Hunt                               | Board Member  | 2005                |
| Lauri Hughes                            | Board Member  | 2006                |
| Sandy Flatgard                          | Board Member  | 2006                |
| <b>(After September 2005 Election)</b>  |   |                     |
| Randy Bauer                             | President   | 2007                |
| Greg Kelsey                             | Board Member  | 2008                |
| Shirley Exline                          | Board Member  | 2008                |
| Brian Farmer                            | Board Member  | 2007                |
| Norm Zahradnik                          | Board Member  | 2007                |
| Sandy Flatgard                          | Board Member  | 2006                |
| Lauri Hughes                            | Board Member  | 2006                |
| <b><u>School Officials</u></b>          |   |                     |
| Richard Whitehead                       | Superintendent  | 2006                |
| James A. Rotter, Jr.                    | District Secretary - Treasurer<br>and Director of Business Services | Indefinite          |

## Independent Auditor's Report

To the Board of Education of the  
College Community School District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the College Community School District, Cedar Rapids, Iowa, as of and for the year ended June 30, 2006, 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 auditing standards generally accepted in the United States of America 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 that 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, business-type activities, each major fund, and the aggregate remaining fund information of the College Community School District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2006 on our consideration of College Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 17 and 54 through 56 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 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 College 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, 2005 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, 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.

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
September 22, 2006

## **Management Discussion and Analysis**

This section of the College Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ending June 30, 2006. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Efforts have been made to provide comparison to prior year data when such data is available. Comparison to prior year data will be provided for all key financial information.

### **Financial Highlights**

- The State of Iowa allowed a 4% growth for the 2005-06 school year. This increase, along with the addition of 131.5 resident students formulated an increase of revenue of \$1,134,170 in the General Fund. The 131.5 student increase represents a 3.7% increase in the Districts resident enrollment.
- The District successfully passed a two project Bond Referendum on January 24, 2006 for a total \$38.5 Million. \$31 Million is for the construction of a new 7-9 building and the necessary land. \$7.5 Million is for the construction of a 1,000 seat Performing Arts Auditorium to be attached to the High School. \$28.5 Million General Obligation Bonds were sold and invested on June 1, 2006 with a favorable investment rate of 5.49%. The remaining \$10 Million Bonds are scheduled to be sold in the spring of 2007. Total General Obligation Bond Principal totaled \$65.2 Million as of June 30, 2006.
- The General Fund ending fund balance increased from \$3.10 Million on June 30, 2005 to \$3.19 Million on June 30, 2006. This equates to a 18.53% solvency ratio which is slightly up from a 12.15% ratio one year ago.
- Interest rates continued their upward trend during the course of the year from a public fund investment rate of 1.35% in July, 2005 to 1.90% in June, 2006. These rates yielded \$128,749 in revenue compared to the meager \$72,455 in 2004-05.
- The District continued during the fiscal year the mandatory account conversions and application directed by the State. The application of the new accounts was required to complete the electronic CAR upload. The changes will continue to make it difficult to conduct specific account comparisons of previous years to the current.

### **Overview of the Financial Statements**

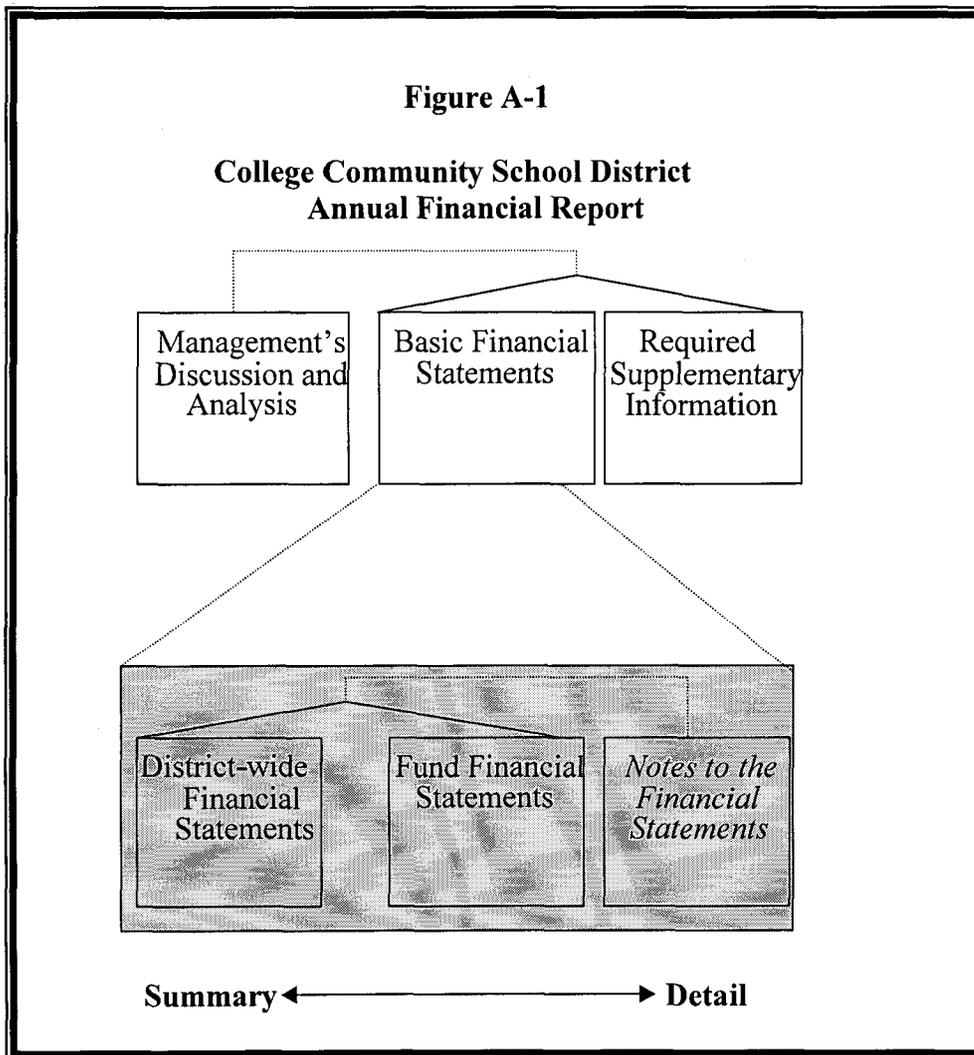
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related 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. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.



## District-Wide Financial Statements

| <b>Figure A-2: Major Features of the District Wide and Fund Financial Statements</b> |  |   |  |   |
|--|--|---|--|---|
|  | District-wide Statements   | Fund Financial 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 is included here                 | Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies   |
| Required financial statements  | <ul style="list-style-type: none"> <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 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 focus   | Accrual accounting and economic resources focus  | Accrual accounting and economic resources focus   |
| Type of asset/liability information  | All assets and liabilities, both financial and capital, short-term and long-term                               | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                     | All assets and liabilities, both financial and capital, and short-term and long-term                           | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                   |
| Type of inflow/outflow information   | All revenues and expenses during year, regardless of when cash is received or paid                             | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | 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   |

The District-wide 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 District-wide statements report the District's *net assets* and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-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 taxes and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be 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 repaying its long-term debts) or to show that it is properly using certain revenues, (such as federal grants).

The District has three kinds of funds:

- *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 funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *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 District-wide 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. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District utilizes a print shop fund for this purpose.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

Net assets; The District's net assets are evidenced below in Figure A-3. *Combined* total assets have increased by 37.1% percent or \$28.9 Million while combined total liabilities have increased 52.5% percent or \$29.8 Million. Fiscal year 2005-06 marks the 4th year of District implementation of the GASB-34 financial reporting model.

|                             | CONDENSED STATEMENT OF NET ASSETS |           |               |        |              |           |           |  |
|-----------------------------|-----------------------------------|-----------|---------------|--------|--------------|-----------|-----------|--|
|                             | EXPRESSED IN THOUSANDS            |           |               |        |              |           |           |  |
|                             | GOVERNMENTAL                      |           | BUSINESS-TYPE |        | TOTAL SCHOOL |           | TOTAL     |  |
|                             | ACTIVITIES                        |           | ACTIVITIES    |        | DISTRICT     |           | CHANGE    |  |
|                             | 2006                              | 2005      | 2006          | 2005   | 2006         | 2005      | 2005-2006 |  |
| CURRENT AND OTHER ASSETS    | \$ 51,769                         | \$22,228  | \$ 262        | \$ 243 | \$52,031     | \$22,471  | 131.5%    |  |
| CAPITAL ASSETS              | 54,552                            | 55,104    | 407           | 470    | 54,959       | 55,574    | -1.1%     |  |
| TOTAL ASSETS                | 106,321                           | 77,332    | 669           | 713    | 106,990      | 78,045    | 37.1%     |  |
| LONG-TERM OBLIGATIONS       | 63,557                            | 36,750    | -             | -      | 63,557       | 36,750    | 72.9%     |  |
| OTHER LIABILITIES           | 23,115                            | 20,093    | 120           | 87     | 23,235       | 20,180    | 15.1%     |  |
| TOTAL LIABILITIES           | 86,672                            | 56,843    | 120           | 87     | 86,792       | 56,930    | 52.5%     |  |
| NET ASSETS:                 |                                   |           |               |        |              |           |           |  |
| INVESTED IN CAPITAL ASSETS, |                                   |           |               |        |              |           |           |  |
| NET OF RELATED DEBT         | 16,460                            | 17,254    | 407           | 470    | 16,867       | 17,724    | -4.8%     |  |
| RESTRICTED                  | 501                               | 469       | -             | -      | 501          | 469       | 6.8%      |  |
| UNRESTRICTED                | 2,688                             | 2,766     | 142           | 156    | 2,830        | 2,922     | -3.1%     |  |
| TOTAL NET ASSETS            | \$ 19,649                         | \$ 20,489 | \$ 549        | \$ 626 | \$ 20,198    | \$ 21,115 | -4.3%     |  |

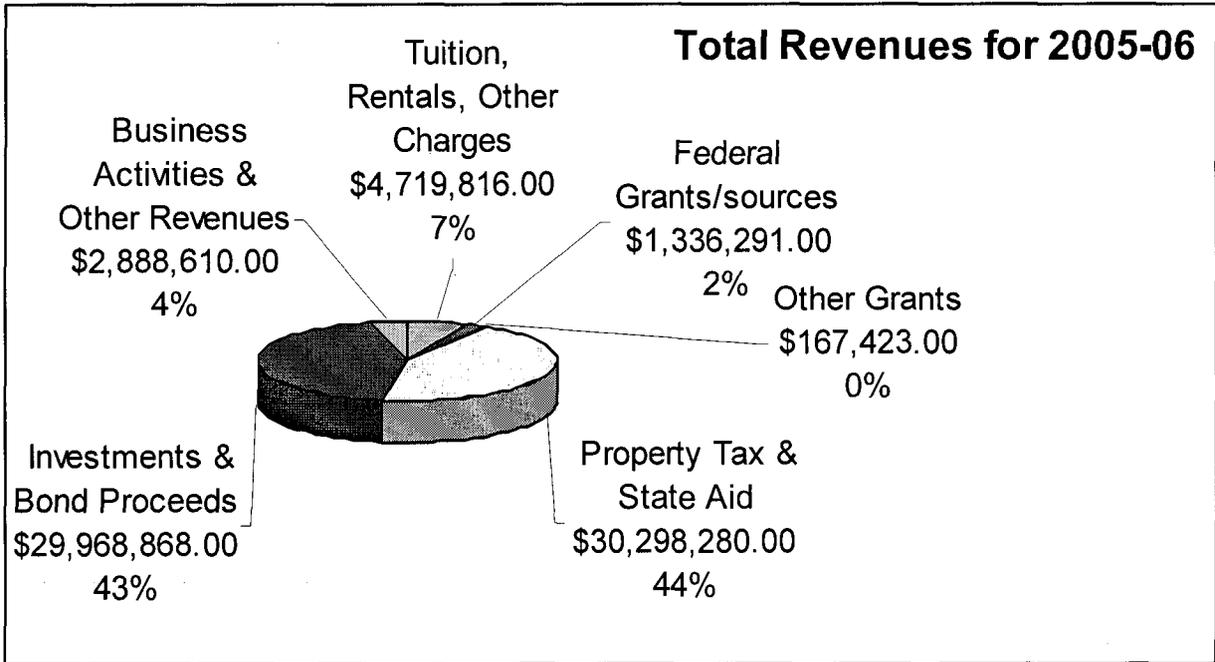
Figure A-4 below reflects totals from the 2005-06 fiscal year ending June 30, 2006.

Figure A-4

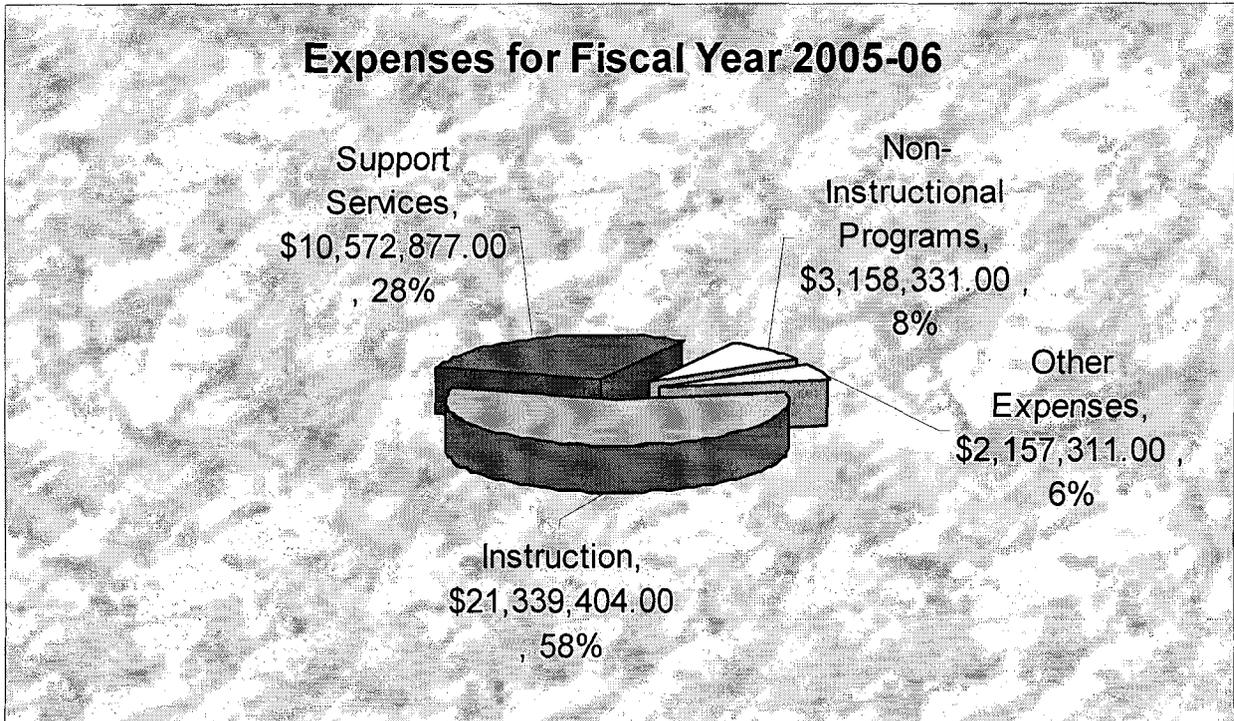
**CHANGES IN NET ASSETS  
(EXPRESSED IN THOUSANDS)**

|   | <u>Governmental<br/>Activities</u> |               | <u>Business-type<br/>Activities</u> |                 | <u>Total School<br/>District</u> |               |
|---|------------------------------------|---------------|-------------------------------------|-----------------|----------------------------------|---------------|
|   | <u>2006</u>                        | <u>2005</u>   | <u>2006</u>                         | <u>2005</u>     | <u>2006</u>                      | <u>2005</u>   |
| Revenues:   |                                    |               |                                     |                 |                                  |               |
| Program Revenues:   |                                    |               |                                     |                 |                                  |               |
| Charges for service and sales                               | \$ 4,986                           | \$ 4,965      | \$ 2,614                            | \$ 2,432        | \$ 7,600                         | \$ 7,397      |
| Operating grants, contributions,<br>and restricted interest | 3,142                              | 2,325         | 559                                 | 531             | 3,701                            | 2,856         |
| Capital grants, contributions,<br>and restricted interest   | -                                  | 4             | -                                   | -               | -                                | 4             |
| General Revenues:   |                                    |               |                                     |                 |                                  |               |
| Property tax  | 17,100                             | 27,073        | -                                   | -               | 17,100                           | 27,073        |
| Unrestricted state grants                                   | 11,171                             | 300           | -                                   | 3               | 11,171                           | 303           |
| Unrestricted investment earnings                            | 276                                | 80            | 5                                   | -               | 281                              | 80            |
| Other   | 46                                 | 76            | 1                                   | -               | 47                               | 76            |
| Total revenues  | <u>36,721</u>                      | <u>34,823</u> | <u>3,179</u>                        | <u>2,966</u>    | <u>39,900</u>                    | <u>37,789</u> |
| Program Expenses:   |                                    |               |                                     |                 |                                  |               |
| Governmental activities:                                    |                                    |               |                                     |                 |                                  |               |
| Instruction   | 21,887                             | 20,579        | -                                   | -               | 21,887                           | 20,579        |
| Support services  | 10,583                             | 9,538         | -                                   | -               | 10,583                           | 9,538         |
| Non-instructional programs                                  | -                                  | -             | 3,255                               | 3,084           | 3,255                            | 3,084         |
| Other expenses  | 5,092                              | 4,079         | -                                   | -               | 5,092                            | 4,079         |
| Total expenses  | <u>37,562</u>                      | <u>34,196</u> | <u>3,255</u>                        | <u>3,084</u>    | <u>40,817</u>                    | <u>37,280</u> |
| Change in net assets  | <u>\$ (841)</u>                    | <u>\$ 627</u> | <u>\$ (76)</u>                      | <u>\$ (118)</u> | <u>\$ (917)</u>                  | <u>\$ 509</u> |

The Districts Total Revenues were up \$2.11 Million from the previous year while Total Expenditures increased \$3.54 Million. Total Net Assets of the District decreased \$917,000. This decrease is mostly attributed to the Districts Governmental Activities which had 36.72 Million in Revenues and \$38.52 Million in Expenditures. Both Program and General Revenues increased in the Governmental Activities compared to a year ago with increased student enrollment and allowable growth having a significant role on revenues generated by the District. During the 2002-03 school year Open Enrollment and Tuition in generated \$3,342,244, in 2003-04 it generated \$3,284,466, in 2004-05 it generated \$3,516,543, in 2005-06 it generated \$3,713,077. Business Activities had growth in both the Revenue and Expenditures with a resulting decrease of \$76,000 in Net Assets. This trend is discussed further in the "Financial Analysis of Funds" section later in this report. Increased program expenses are primarily attributed to the Districts commitment to lower class size with total FTE of staff growth from 244.28 in 2001-02 to 291.98 at the end of the 2005-06 school year. This calculates to an average of 11.93 FTE positions added per year. Student enrollment during this time increased from 3,155 students in September, 2001 to 3,656 in September, 2005. This calculates to an average of 125 students per year.



The chart above illustrates total Revenues for the 2005-06 school year. Due to the large Bond Sale in June, Bond Proceeds account for a large portion of the Revenue. The chart below illustrates total Expenses which indicates the greatest portion of dollars are spent on Instruction and Support Services. The "Other Expenses" category is primarily made up of expenses in Long Term Debt, Depreciation, & Capital Projects. Non-Instructional expenses would include lunch program and Daycare.



## Governmental Activities

The District continues to experience increases in the overall property tax base. Taxable Valuation increased from \$980,774,642 in 1998 to \$1,271,906,979 in 2004. This 30% increase over the seven year period averages to 4.29% per year. The increase from 2004 to 2005 was 3.68%.

The overall District tax rate increased from a total levy of \$15.11 per thousand in the 2004-05 year to a total levy of \$15.22 in the 2005-06 school year. The slight increase can be attributed to increased enrollment of 131 students as this directly affects the state foundation formula.

Figure A-5 presents the cost of three District activities: Instruction, Support Services, and Other Expenses. The table shows each activity's *net cost*, (total costs less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

### TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)

Figure A-5

|                  | <u>TOTAL COST<br/>OF SERVICES</u> | <u>NET COST<br/>OF SERVICES</u> |
|------------------|-----------------------------------|---------------------------------|
| INSTRUCTION      | \$ 21,887                         | \$ 15,727                       |
| SUPPORT SERVICES | 10,583                            | 9,682                           |
| OTHER EXPENSES   | 5,092                             | 4,024                           |
| TOTALS           | <u>\$ 37,562</u>                  | <u>\$ 29,433</u>                |

- The cost of all governmental activities this year was \$37.56 Million compared to \$34.1 Million a year ago.
- Some of the cost was financed by the users of the District's programs, \$4.98 Million, while \$4.97 Million was collected a year ago for the same services.
- The federal and state governments subsidized certain programs with grants and contributions of \$3.14 Million. This is slightly more than the \$2.63 Million last year.
- Most of the District's costs, \$28.3 Million, were financed by District and state taxpayers. These costs totaled \$26.5 Million a year ago. This portion of governmental activities was financed with \$17.1 Million in property taxes and \$11.2 Million in state aid.

## Business-Type Activities

Revenues of the District's business-type activities were \$3.18 Million while expenses were \$3.25 Million. (Refer to Figure A-4.) Although these activities are not in place to make a profit, they are organized and structured to operate at a revenue/expenditure neutral position. The additional cost above expenditures can be attributed to increased employee cost and the District's efforts to contain cost for the families served. At the present time, the two main funds that make up the Business Type Activities are the Food and Nutrition Fund and the Daycare Fund.

## **Financial Analysis of the District's Funds**

### **Business-Type Fund Highlights**

- The Food and Nutrition Fund balance decreased from \$428,399 to \$359,618 over the past fiscal year. This marks the 3<sup>rd</sup> consecutive year that a decrease in fund balance has occurred. The District is reversing this trend by reducing cost and increasing revenue through increased lunch prices and a negotiated lower starting wage rate for nutritional staff employees. Currently, the program has equipment valued at \$970,277 with total accumulated depreciation of \$618,119.
- The Daycare Fund balance declined by \$48,304, to (\$23,280). The decline prompted the district to implement minimal increases in wages of 2% and the elimination of one of its supervisory positions with duties being assumed by other staff. Other changes include an increase in fees for the daycare and summer programs to more accurately reflect the market.

### **Governmental Fund Highlights**

Overall, the District's Governmental Fund combined fund balances decreased slightly from \$4.14 Million in fiscal year 2005 to \$4.04 Million for fiscal year 2006 excluding the \$27.0 Million balance in the Capital Projects Fund due to the Bond Sale in June. A closer look at each individual Governmental Fund reveals the following:

- The Capital Projects Fund(s) balance increased significantly from a balance of \$219,823 to \$27.1 Million as bonds were sold for the new Auditorium and 7-9 Building Projects. Other activity in the funds included Benton County SILO Fund expenditures and final expenditures of the Maintenance Building and Concession Stand Projects.
- The Management Fund balance decreased significantly from \$326,842 to \$77,566. The District pays for its Liability, property, fleet, workers compensation insurance, and early separation programs out of the Management Fund. The result of a relatively large number of small value claims and the state wide experience multiplier continue to increase the Workers Compensation premium. The District also realized a large number (13) of certified staff who took advantage of the early separation program, the largest number since the inception of the program. Local property taxes have been increased (\$.24 per thousand) in fiscal year 2006-07 to compensate for the additional costs of the early separation and insurance programs and to begin replenishing the fund.
- The Physical Plant and Equipment Levy, (PPEL) Fund balance increased from \$99,649 to \$163,388. PPEL fund dollars were utilized to buy 4 new busses, make payment on the \$2.3 Million Capital Loan Note, purchase Technology and complete general maintenance projects. Included was an electronic upgrade to the District's heating and cooling systems. The carryover balance is welcomed and may be utilized to help complete necessary site work and offset bids that may come in higher than expected, due to economic factors and world events, on its upcoming capital improvement projects. With its current assessed valuation base, the district is able to generate approximately \$1.3 Million annually in this fund.
- The "Other" Governmental Funds balance (the Activity Fund), increased from \$315,703 to \$380,375 from the previous fiscal year. The primary activity in this fund includes the Athletic account which continues to generate substantial revenue through Family Passes and Activity Tickets.

- The General Fund balance increased slightly from \$3.10 Million to \$3.19 Million during the fiscal year. This increase will need to be upheld as the district positions itself to open a new building in the fall of 2009. The District should position itself to achieve and maintain a minimum fund balance of 18% of current General Fund Expenditures, or \$5.5 Million by the end of the 2008-09 fiscal year. This will require careful planning and fiscal restraint when planning on the number of new staff hired over the next two fiscal years.

### **General Fund Budgetary Highlights**

Of all Governmental Funds, the General Fund is by far the largest, comprising 82 percent of all Governmental Fund expenses in the fiscal year. The General Fund Expenditures are updated monthly to monitor expenditures and reflect any changes in staffing and non-staffing costs. A comparison of General Fund budgeted to actual expenditures shows actual expenditures of \$30.53 Million which was slightly less than the original budgeted line item amount of \$31.17 Million approved at the October meeting. Expenditures included utilizing fund balance reserves carried over from previous years. This trend must be reversed to achieve the desired fund balance necessary to open and staff the new building in the fall of 2009.

The General Fund balance at year-end was 10.4% of fund expenditures, down from 12.2% from a year ago. This remains a reasonable balance to provide for any unexpected emergencies although the trend must be reversed. The Board of Education has supported action to make sure District General Fund cash reserves are adequate utilizing local property taxes as necessary to fund the growth of the district. This will need to continue as the student population continues to grow.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

By the end of 2006, the District had invested net of depreciation, \$54.9 Million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) This amount represents a net decrease of \$615,000 from a year ago. The slight decrease is due to the depreciation of buildings and equipment.

Excluding depreciation, the District has \$78.17 Million in capital assets. Governmental funds account for all of these assets with the exception of \$1.18 Million which is accounted for in the Food and Nutritional Fund, Print Shop Fund, and Student Built House Fund.

This chart will change dramatically over the next 3 years as the large capital asset projects currently under way will be completed and realized as capital assets of the district. Depreciation of the those assets will continue to reduce/offset those totals.

Figure A-6

**CAPITAL ASSETS, NET OF DEPRECIATION  
(EXPRESSED IN THOUSANDS)**

|                                      | GOVERNMENTAL<br>ACTIVITIES |                 | BUSINESS-<br>TYPE<br>ACTIVITIES |              | TOTAL SCHOOL<br>DISTRICT |                 | TOTAL<br>CHANGE |
|--------------------------------------|----------------------------|-----------------|---------------------------------|--------------|--------------------------|-----------------|-----------------|
|                                      | 2006                       | 2005            | 2006                            | 2005         | 2006                     | 2005            | 2005-2006       |
| LAND                                 | \$ 1,113                   | \$ 472          | \$ -                            | \$ -         | \$ 1,113                 | \$472           | 135.8%          |
| CONSTRUCTION IN PROGRESS             | 1,074                      | 1,080           | -                               | -            | 1,074                    | 1,080           | -.06%           |
| BUILDINGS                            | 48,551                     | 49,701          | -                               | -            | 48,551                   | 49,701          | -2.3%           |
| IMPROVEMENTS OTHER THAN<br>BUILDINGS | 2,197                      | 2,310           | -                               | -            | 2,197                    | 2,310           | -4.9%           |
| FURNITURE AND EQUIPMENT              | 1,617                      | 1,541           | 404                             | 470          | 2,024                    | 2,011           | .06%            |
| TOTALS                               | <u>\$54,552</u>            | <u>\$55,104</u> | <u>\$407</u>                    | <u>\$470</u> | <u>\$54,959</u>          | <u>\$55,574</u> | <u>-1.1%</u>    |

**Long-Term Debt**

At year-end, the District had \$66.15 Million in general obligation bonds and other long-term debt outstanding. This represents an increase of \$27.44 Million over the previous fiscal year as can be seen in Figure A-7 below.

Figure A-7

**OUTSTANDING  
LONG-TERM  
OBLIGATIONS  
(EXPRESSED IN THOUSANDS)**

|                          | TOTAL<br>SCHOOL DISTRICT |                 | TOTAL<br>CHANGE |
|--------------------------|--------------------------|-----------------|-----------------|
|                          | 2006                     | 2005            | 2006-<br>2005   |
| GENERAL OBLIGATION BONDS | \$62,955                 | \$36,020        | 74.8%           |
| NOTES PAYABLE            | 2,270                    | 2,050           | 10.7%           |
| EARLY RETIREMENT         | 920                      | 641             | 43.5%           |
|                          | <u>\$66,145</u>          | <u>\$38,711</u> | <u>70.9%</u>    |

Changes in the Debt Schedule are primarily due to the payment on general obligation bonds and the passage of new bond issues. The District realized a substantial increase in long term debt liability due to the successful passage of \$38.5 Million dollar referendums approved by the voters in January. The district had positioned itself by reducing its previous debt through advanced refunding of its issues. Despite these measures, the resulting passage and subsequent sale of \$28.5 Million in bonds in June resulted in a \$ .95 increase to the Debt Service Levy. The District will likely realize an additional levy increase when the remaining \$10 Million in Bonds are sold during the 2006-07 fiscal year. The exact amount will not be known until valuations are received from the County Assessors office.

## **Factors Bearing on the District's Future**

- Financial Solvency of the District needs to be of the utmost importance as the District continues to grow and prepare to open a new building in the Fall of 2009. As mentioned earlier in this report, additional FTE of certified staff the past 3 years has outpaced student growth and has required the District to spend down its unspent balance and authority. This trend must be reversed in order for the District to be prepared to add the staff necessary for the new building. 1.0 FTE staff have been hired for each 10.5 students on average the past 4 years. The addition of new FTE should be viewed with an eye on class size, class offerings, and a shift from current offerings and future offerings.
- State funding growth for public schools for fiscal year 2006-07 was a reasonable 4% with projected increased funding for the 2007-08 year at an additional 4%. At the time of this report, it is hopeful that the state will be able to provide the increases necessary and promised as the cost of operating local school districts continues to rise. It is possible that funding may grow at a faster pace given the current legislative makeup. While the growth is certainly welcome, it will also put pressure on the local tax levy. The state funding formula and property tax equity continue to be topics of discussion at both the local and state level. These are factors that the College Community School District will monitor closely as both topics may have a large impact on the district levy.
- Additional funding for infrastructure needs may be realized through a local option sales tax in Linn and Johnson Counties. It is this Administrations understanding that the question of a SILO tax will be brought to the voters of both counties in early 2007. If passed in both counties, revenue would be significant and help reduce current debt, and provide funding to help minimize future tax revenue needs for expansion of capital projects.
- District certified enrollment increased in fiscal year 2002-2003 by 112 students, 110 students in 2003-2004, 149 students in 2004-05, 130 students in 2005-06, and 165 student in the current fiscal year. These increases represent 3.5%, 3.3%, 3.9%, 3.7%, and 4.5% increases respectively. Under Iowa's school funding formula, District funding is highly dependant upon District enrollments. Given the above mentioned increases it has become essential to Levy for on-time funding to cover the additional costs associated with the increased enrollment. This growth is in line with projections which indicate the District will continue to grow by an average 3.5% per year for the next 8-10 years.
- The District successfully passed two bond referendums in January. One for a \$31.0 Million 7-9 School Building, the other for a \$7.5 Million Performing Arts Center to be attached to the High School. The transition planning and costs associated with transition will be substantial and are ongoing. The District will need to position itself financially for the additional costs associated with staffing and operating a new facility.

## **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 of the money it receives. If you have questions about this report or need additional financial information, contact James Rotter Jr., Executive Director of Business Services, College Community School District, 401 76<sup>th</sup> Avenue SW, Cedar Rapids, Iowa 52404.

## **FINANCIAL STATEMENTS**

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Statement of Net Assets**

**June 30, 2006**

|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>       |
|--|------------------------------------|-------------------------------------|--------------------|
| <b>ASSETS</b>                                      |                                    |                                     |                    |
| Cash and cash equivalents                          | \$ 5,570,320                       | \$ 227,108                          | \$ 5,797,428       |
| Receivables:                                       |                                    |                                     |                    |
| Property tax:                                      |                                    |                                     |                    |
| Delinquent   | 155,721                            | -                                   | 155,721            |
| Succeeding year                                    | 18,699,842                         | -                                   | 18,699,842         |
| Accounts   | 73,957                             | 9,432                               | 83,389             |
| Accrued interest                                   | 122,771                            | 414                                 | 123,185            |
| Due from other governments                         | 1,643,736                          | -                                   | 1,643,736          |
| Inventories  | 262                                | 25,735                              | 25,997             |
| Prepaid expenses                                   | 2,570                              | -                                   | 2,570              |
| Restricted cash and cash equivalents               | 25,500,000                         | -                                   | 25,500,000         |
| Capital assets, net of accumulated<br>depreciation | <u>54,551,872</u>                  | <u>406,778</u>                      | <u>54,958,650</u>  |
| Total assets                                       | <u>106,321,051</u>                 | <u>669,467</u>                      | <u>106,990,518</u> |
| <br><b>LIABILITIES</b>                             |                                    |                                     |                    |
| Accounts payable                                   | 102,090                            | 44,670                              | 146,760            |
| Accrued expenses                                   | 942,797                            | 27,268                              | 970,065            |
| Salaries and benefits payable                      | 366,556                            | 47,857                              | 414,413            |
| Due to other governments                           | 286,656                            | -                                   | 286,656            |
| Accrued interest payable                           | 122,240                            | -                                   | 122,240            |
| Deferred revenue                                   | 7,296                              | -                                   | 7,296              |
| Deferred revenue - succeeding year<br>property tax | 18,699,842                         | -                                   | 18,699,842         |
| Long-term liabilities:                             |                                    |                                     |                    |
| Portion due within one year:                       |                                    |                                     |                    |
| Bonds payable                                      | 1,710,000                          | -                                   | 1,710,000          |
| Notes payable                                      | 386,000                            | -                                   | 386,000            |
| Early retirement                                   | 492,165                            | -                                   | 492,165            |
| Portion due after one year:                        |                                    |                                     |                    |
| Bonds payable                                      | 61,245,000                         | -                                   | 61,245,000         |
| Notes payable                                      | 1,884,000                          | -                                   | 1,884,000          |
| Early retirement                                   | <u>427,788</u>                     | <u>-</u>                            | <u>427,788</u>     |
| Total liabilities                                  | <u>86,672,430</u>                  | <u>119,795</u>                      | <u>86,792,225</u>  |

**Exhibit A**

|   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>                    |
|---|------------------------------------|-------------------------------------|---------------------------------|
| <b>NET ASSETS</b>                               |                                    |                                     |                                 |
| Invested in capital assets, net of related debt | \$ 16,460,156                      | \$ 406,778                          | \$ 16,866,934                   |
| Restricted for:                                 |                                    |                                     |                                 |
| Physical plant and equipment levy               | 163,388                            | -                                   | 163,388                         |
| Other special revenue purposes                  | 380,372                            | -                                   | 380,372                         |
| Debt service                                    | (42,590)                           | -                                   | (42,590)                        |
| Unrestricted                                    | <u>2,687,295</u>                   | <u>142,894</u>                      | <u>2,830,189</u>                |
| <br><b>TOTAL NET ASSETS</b>                     | <br><u><u>\$ 19,648,621</u></u>    | <br><u><u>\$ 549,672</u></u>        | <br><u><u>\$ 20,198,293</u></u> |

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Statement of Activities**

**June 30, 2006**

| FUNCTIONS/PROGRAMS                          | Expenses             | Program Revenues    |  |   |
|---|----------------------|---------------------|--|---|
|   |                      | Charges for Service | Operating Grants, Contributions, and Restricted Interest | Capital Grants Contributions, and Restricted Interest |
| Governmental activities:                    |                      |                     |  |   |
| Instruction:                                |                      |                     |  |   |
| Regular instruction                         | \$ 13,700,228        | \$ 1,925,129        | \$ 727,285   | \$ -  |
| Special instruction                         | 5,253,803            | 1,840,028           | 182,079  | -   |
| Other instruction                           | 2,932,608            | 1,142,281           | 343,197  | -   |
|   | <u>21,886,639</u>    | <u>4,907,438</u>    | <u>1,252,561</u>   | <u>-</u>  |
| Support services:                           |                      |                     |  |   |
| Student services                            | 970,198              | -                   | 274,239  | -   |
| Instructional staff services                | 2,105,658            | -                   | 504,787  | -   |
| Administration services                     | 2,837,345            | -                   | -  | -   |
| Operation and maintenance of plant services | 2,856,153            | 75,602              | 13,144   | -   |
| Transportation services                     | 1,813,374            | 3,155               | 29,483   | -   |
|   | <u>10,582,728</u>    | <u>78,757</u>       | <u>821,653</u>   | <u>-</u>  |
| Other expenditures:                         |                      |                     |  |   |
| Facilities acquisition                      | 565,609              | -                   | -  | -   |
| Long-term debt interest                     | 1,555,565            | -                   | 29,129   | -   |
| AEA flowthrough                             | 1,039,137            | -                   | 1,039,137  | -   |
| Loss on disposal of assets                  | 3,025                | -                   | -  | -   |
| Discount on Bonds issued                    | 408,055              | -                   | -  | -   |
| Depreciation (unallocated)                  | 1,520,657            | -                   | -  | -   |
|   | <u>5,092,048</u>     | <u>-</u>            | <u>1,068,266</u>   | <u>-</u>  |
| Total governmental activities               | <u>37,561,415</u>    | <u>4,986,195</u>    | <u>3,142,480</u>   | <u>-</u>  |
| Business-type activities:                   |                      |                     |  |   |
| Non-instructional programs:                 |                      |                     |  |   |
| Nutrition services                          | 1,707,150            | 1,136,032           | 499,202  | -   |
| Daycare services                            | 1,066,686            | 956,896             | 59,603   | -   |
| Concession services                         | 109,977              | 102,159             | -  | -   |
| Print services                              | 134,727              | 179,275             | -  | -   |
| Student built house                         | 235,947              | 239,159             | -  | -   |
|   | <u>3,254,487</u>     | <u>2,613,521</u>    | <u>558,805</u>   | <u>-</u>  |
| Total business-type activities              | <u>3,254,487</u>     | <u>2,613,521</u>    | <u>558,805</u>   | <u>-</u>  |
| <b>Total</b>                                | <u>\$ 40,815,902</u> | <u>\$ 7,599,716</u> | <u>\$ 3,701,285</u>                                      | <u>\$ -</u>   |

**Net (Expense) Revenue  
and Changes in Net Assets**

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |
|------------------------------------|-------------------------------------|---------------------|
| \$ (11,047,814)                    | \$ -                                | \$ (11,047,814)     |
| (3,231,696)                        | -                                   | (3,231,696)         |
| (1,447,130)                        | -                                   | (1,447,130)         |
| <u>(15,726,640)</u>                | <u>-</u>                            | <u>(15,726,640)</u> |
| (695,959)                          | -                                   | (695,959)           |
| (1,600,871)                        | -                                   | (1,600,871)         |
| (2,837,345)                        | -                                   | (2,837,345)         |
| (2,767,407)                        | -                                   | (2,767,407)         |
| (1,780,736)                        | -                                   | (1,780,736)         |
| <u>(9,682,318)</u>                 | <u>-</u>                            | <u>(9,682,318)</u>  |
| (565,609)                          | -                                   | (565,609)           |
| (1,526,436)                        | -                                   | (1,526,436)         |
| -                                  | -                                   | -                   |
| (3,025)                            | -                                   | (3,025)             |
| (408,055)                          | -                                   | (408,055)           |
| (1,520,657)                        | -                                   | (1,520,657)         |
| <u>(4,023,782)</u>                 | <u>-</u>                            | <u>(4,023,782)</u>  |
| <u>(29,432,740)</u>                | <u>-</u>                            | <u>(29,432,740)</u> |
| -                                  | (71,916)                            | (71,916)            |
| -                                  | (50,187)                            | (50,187)            |
| -                                  | (7,818)                             | (7,818)             |
| -                                  | 44,548                              | 44,548              |
| -                                  | 3,212                               | 3,212               |
| <u>-</u>                           | <u>(82,161)</u>                     | <u>(82,161)</u>     |
| \$ (29,432,740)                    | \$ (82,161)                         | \$ (29,514,901)     |

(continued)

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Statement of Activities**

**June 30, 2006**

|                                  | <u>Expenses</u> | <u>Charges for<br/>Service</u> | <u>Program Revenues</u>   |  |
|----------------------------------|-----------------|--------------------------------|---|--|
|                                  |                 |                                | <u>Operating Grants,<br/>Contributions, and<br/>Restricted Interest</u> | <u>Capital Grants<br/>Contributions, and<br/>Restricted Interest</u> |
| <b>GENERAL REVENUES</b>          |                 |                                |   |  |
| Property tax levied for:         |                 |                                |   |  |
| General purposes                 |                 |                                |   |  |
| Debt service                     |                 |                                |   |  |
| Capital outlay                   |                 |                                |   |  |
| Unrestricted state grants        |                 |                                |   |  |
| Unrestricted investment earnings |                 |                                |   |  |
| Other                            |                 |                                |   |  |
| <br>Total general revenues       |                 |                                |   |  |
| <br>Change in net assets         |                 |                                |   |  |
| Net assets, beginning of year    |                 |                                |   |  |
| Net assets, end of year          |                 |                                |   |  |

**Net (Expense) Revenue  
and Changes in Net Assets**

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>  |
|------------------------------------|-------------------------------------|---------------|
| \$ 12,799,242                      | \$ -                                | \$ 12,799,242 |
| 3,038,572                          | -                                   | 3,038,572     |
| 1,262,418                          | -                                   | 1,262,418     |
| 11,170,778                         | -                                   | 11,170,778    |
| 275,973                            | 4,469                               | 280,442       |
| 45,377                             | 1,449                               | 46,826        |
| 28,592,360                         | 5,918                               | 28,598,278    |
| (840,380)                          | (76,243)                            | (916,623)     |
| 20,489,001                         | 625,915                             | 21,114,916    |
| \$ 19,648,621                      | \$ 549,672                          | \$ 20,198,293 |

This financial statement should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Balance Sheet  
Governmental Funds**

**June 30, 2006**

|   | <u>General</u>              | <u>Special<br/>Revenue-<br/>Management</u> | <u>Debt<br/>Service</u>     |
|---|-----------------------------|--|-----------------------------|
| <b>ASSETS</b>                                 |                             |  |                             |
| Cash and pooled investments                   | \$ 3,074,823                | \$ 407,228                                 | \$ 50,014                   |
| Receivables:                                  |                             |  |                             |
| Property tax:                                 |                             |  |                             |
| Delinquent                                    | 110,865                     | 6,868                                      | 27,485                      |
| Succeeding year                               | 12,397,464                  | 911,924                                    | 4,153,905                   |
| Accounts                                      | 73,957                      | -  | -                           |
| Accrued interest                              | 252                         | 435  | 2,151                       |
| Due from other governments                    | 1,564,985                   | -  | -                           |
| Inventories                                   | 262                         | -  | -                           |
| Prepaid expenses                              | 2,570                       | -  | -                           |
| Restricted cash and pooled investments        | -                           | -  | -                           |
|   | <u>                    </u> | <u>                    </u>                | <u>                    </u> |
| <b>Total assets</b>                           | <b><u>\$ 17,225,178</u></b> | <b><u>\$ 1,326,455</u></b>                 | <b><u>\$ 4,233,555</u></b>  |
| <b>LIABILITIES AND FUND BALANCES</b>          |                             |  |                             |
| Liabilities:                                  |                             |  |                             |
| Accounts payable                              | \$ 31,053                   | \$ 639                                     | \$ -                        |
| Accrued expenses                              | 942,797                     | -  | -                           |
| Salaries and benefits payable                 | 366,556                     | 336,326                                    | -                           |
| Due to other governments                      | 286,656                     | -  | -                           |
| Deferred revenue                              | 7,296                       | -  | -                           |
| Deferred revenue-succeeding year property tax | 12,397,464                  | 911,924                                    | 4,153,905                   |
|   | <u>                    </u> | <u>                    </u>                | <u>                    </u> |
| <b>Total liabilities</b>                      | <b><u>14,031,822</u></b>    | <b><u>1,248,889</u></b>                    | <b><u>4,153,905</u></b>     |
| Fund balances:                                |                             |  |                             |
| Reserved for:                                 |                             |  |                             |
| Debt service                                  | -                           | -  | 79,650                      |
| Unreserved                                    | 3,193,356                   | 77,566                                     | -                           |
|   | <u>                    </u> | <u>                    </u>                | <u>                    </u> |
| <b>Total fund balances</b>                    | <b><u>3,193,356</u></b>     | <b><u>77,566</u></b>                       | <b><u>79,650</u></b>        |
|   | <u>                    </u> | <u>                    </u>                | <u>                    </u> |
| <b>Total liabilities and fund balances</b>    | <b><u>\$ 17,225,178</u></b> | <b><u>\$ 1,326,455</u></b>                 | <b><u>\$ 4,233,555</u></b>  |

| <b>Capital<br/>Projects-<br/>\$38.5M MS/AUD</b> | <b>Nonmajor</b>     | <b>Total</b>         |
|---|---------------------|----------------------|
| \$ 1,383,658                                    | \$ 654,597          | \$ 5,570,320         |
| -   | 10,503              | 155,721              |
| -   | 1,236,549           | 18,699,842           |
| -   | -                   | 73,957               |
| 118,903   | 1,030               | 122,771              |
| -   | 78,751              | 1,643,736            |
| -   | -                   | 262                  |
| -   | -                   | 2,570                |
| <u>25,500,000</u>                               | <u>-</u>            | <u>25,500,000</u>    |
| <u>\$ 27,002,561</u>                            | <u>\$ 1,981,430</u> | <u>\$ 51,769,179</u> |
| \$ 23,000                                       | \$ 47,398           | \$ 102,090           |
| -   | -                   | 942,797              |
| -   | -                   | 702,882              |
| -   | -                   | 286,656              |
| -   | -                   | 7,296                |
| <u>-</u>  | <u>1,236,549</u>    | <u>18,699,842</u>    |
| <u>23,000</u>                                   | <u>1,283,947</u>    | <u>20,741,563</u>    |
| -   | -                   | 79,650               |
| <u>26,979,561</u>                               | <u>697,483</u>      | <u>30,947,966</u>    |
| <u>26,979,561</u>                               | <u>697,483</u>      | <u>31,027,616</u>    |
| <u>\$ 27,002,561</u>                            | <u>\$ 1,981,430</u> | <u>\$ 51,769,179</u> |

This financial statement should be read only in connection with the accompanying notes to financial statements.

COLLEGE COMMUNITY SCHOOL DISTRICT

Exhibit D

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

June 30, 2006

|   |                             |
|---|-----------------------------|
| Total fund balances of governmental funds (page 26)   | \$ 31,027,616               |
| <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.  | 54,551,872                  |
| Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.                          | (122,240)                   |
| Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | <u>(65,808,627)</u>         |
| Net assets of governmental activities (page 20)   | <u><u>\$ 19,648,621</u></u> |

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

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

**Year Ended June 30, 2006**

|  | <u>General</u> | <u>Special<br/>Revenue-<br/>Management</u> | <u>Debt<br/>Service</u> |
|--|----------------|--|-------------------------|
| Revenues:  |                |  |                         |
| Local sources:   |                |  |                         |
| Local tax  | \$ 11,956,792  | \$ 695,405                                 | \$ 3,037,579            |
| Tuition  | 3,716,232      | -  | -                       |
| Other  | 789,868        | 31,241                                     | 29,147                  |
| State sources  | 13,318,583     | 253  | 974                     |
| Federal sources  | 841,765        | -  | -                       |
|  | <hr/>          | <hr/>                                      | <hr/>                   |
| Total revenues   | 30,623,240     | 726,899                                    | 3,067,700               |
|  | <hr/>          | <hr/>                                      | <hr/>                   |
| Expenditures:  |                |  |                         |
| Instruction:   |                |  |                         |
| Regular instruction  | 12,741,251     | 558,655                                    | -                       |
| Special instruction  | 5,217,708      | 18,695                                     | -                       |
| Other instruction  | 2,212,706      | 1,756                                      | -                       |
|  | <hr/>          | <hr/>                                      | <hr/>                   |
| 20,171,665   | 20,171,665     | 579,106                                    | -                       |
|  | <hr/>          | <hr/>                                      | <hr/>                   |
| Support services:  |                |  |                         |
| Student services   | 970,198        | -  | -                       |
| Instructional staff services                                 | 1,554,630      | 69,628                                     | -                       |
| Administrative services                                      | 2,902,527      | 54,633                                     | -                       |
| Operation and maintenance of plant<br>services               | 2,633,867      | 200,019                                    | -                       |
| Transportation services                                      | 1,261,318      | 72,789                                     | -                       |
|  | <hr/>          | <hr/>                                      | <hr/>                   |
| 9,322,540  | 9,322,540      | 397,069                                    | -                       |
|  | <hr/>          | <hr/>                                      | <hr/>                   |
| Other expenditures:  |                |  |                         |
| Facilities acquisition                                       | -              | -  | -                       |
| Long-term debt:  |                |  |                         |
| Principal  | -              | -  | 1,939,000               |
| Interest and fiscal charges                                  | -              | -  | 1,565,105               |
| AEA flowthrough  | 1,039,137      | -  | -                       |
|  | <hr/>          | <hr/>                                      | <hr/>                   |
| 1,039,137  | 1,039,137      | -  | 3,504,105               |
|  | <hr/>          | <hr/>                                      | <hr/>                   |
| Total expenditures   | 30,533,342     | 976,175                                    | 3,504,105               |
|  | <hr/>          | <hr/>                                      | <hr/>                   |
| Excess (deficiency) of revenues over (under)<br>expenditures | 89,898         | (249,276)                                  | (436,405)               |
|  | <hr/>          | <hr/>                                      | <hr/>                   |

| <b>Capital<br/>Projects-<br/>\$38.5M MS/AUD</b> | <b>Nonmajor</b>  | <b>Total</b>       |
|---|------------------|--------------------|
| \$ -  | \$ 1,262,013     | \$ 16,951,789      |
| -   | -                | 3,716,232          |
| 132,960   | 907,818          | 1,891,034          |
| -   | 405              | 13,320,215         |
| -   | -                | 841,765            |
| <u>132,960</u>                                  | <u>2,170,236</u> | <u>36,721,035</u>  |
| -   | -                | 13,299,906         |
| -   | -                | 5,236,403          |
| -   | 684,648          | 2,899,110          |
| <u>-</u>  | <u>684,648</u>   | <u>21,435,419</u>  |
| -   | -                | 970,198            |
| -   | 335,368          | 1,959,626          |
| 65,650  | 1,958            | 3,024,768          |
| -   | -                | 2,833,886          |
| -   | 258,149          | 1,592,256          |
| <u>65,650</u>                                   | <u>595,475</u>   | <u>10,380,734</u>  |
| 1,179,694                                       | 977,619          | 2,157,313          |
| -   | -                | 1,939,000          |
| -   | -                | 1,565,105          |
| -   | -                | 1,039,137          |
| <u>1,179,694</u>                                | <u>977,619</u>   | <u>6,700,555</u>   |
| <u>1,245,344</u>                                | <u>2,257,742</u> | <u>38,516,708</u>  |
| <u>(1,112,384)</u>                              | <u>(87,506)</u>  | <u>(1,795,673)</u> |

(continued)

**COLLEGE COMMUNITY SCHOOL DISTRICT**

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

**Year Ended June 30, 2006**

|   | <u>General</u>             | <u>Special<br/>Revenue-<br/>Management</u> | <u>Debt<br/>Service</u> |
|---|----------------------------|--|-------------------------|
| Other financing sources (uses):               |                            |  |                         |
| Operating transfers in                        | \$ -                       | \$ -                                       | \$ 444,186              |
| Operating transfers out                       | -                          | -  | -                       |
| General obligation bonds issued               | -                          | -  | -                       |
| Discount on Bonds issued                      | -                          | -  | -                       |
|   | <hr/>                      | <hr/>                                      | <hr/>                   |
| Total other financing sources (uses)          | -                          | -  | 444,186                 |
|   | <hr/>                      | <hr/>                                      | <hr/>                   |
| Net change in fund balances                   | 89,898                     | (249,276)                                  | 7,781                   |
| Fund balances beginning of year (as restated) | <u>3,103,458</u>           | <u>326,842</u>                             | <u>71,869</u>           |
| Fund balances end of year                     | <u><u>\$ 3,193,356</u></u> | <u><u>\$ 77,566</u></u>                    | <u><u>\$ 79,650</u></u> |

| <b>Capital<br/>Projects-<br/>\$38.5M MS/AUD</b> | <b>Nonmajor</b>   | <b>Total</b>         |
|---|-------------------|----------------------|
| \$ -  | \$ 120,358        | \$ 564,544           |
| -   | (564,544)         | (564,544)            |
| 28,500,000                                      | 594,000           | 29,094,000           |
| (408,055)                                       | -                 | (408,055)            |
| <u>28,091,945</u>                               | <u>149,814</u>    | <u>28,685,945</u>    |
| 26,979,561                                      | 62,308            | 26,890,272           |
| -   | 635,175           | 4,137,344            |
| <u>\$ 26,979,561</u>                            | <u>\$ 697,483</u> | <u>\$ 31,027,616</u> |

This financial statement should be read only in connection with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Exhibit F**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities**

**Year Ended June 30, 2006**

**Net change in fund balances - total governmental funds (page 31)** \$ 26,890,272

*Amounts reported for governmental activities in the  
statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as a depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposition of assets in the year are as follows:

|                      |                |           |
|----------------------|----------------|-----------|
| Capital outlays      | \$ 1,591,704   |           |
| Depreciation expense | (2,140,706)    |           |
| Loss on dispositions | <u>(3,025)</u> | (552,027) |

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 1,939,000

Some expenses in the Statement of Activities differ from the amount reported in the governmental funds because they are recorded as an expenditure in the funds when due. In the Statement of Activities, they are recognized as the expense accrues, regardless of when it is due.

|                            |                 |          |
|----------------------------|-----------------|----------|
| Interest on long-term debt | 9,540           |          |
| Early retirement           | <u>(33,165)</u> | (23,625) |

Proceeds on the issuance of debt is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Assets. (29,094,000)

**Change in net assets of governmental activities (page 24)** \$ (840,380)

These financial statements should be read only in connection  
with the accompanying notes to the financial statements.

COLLEGE COMMUNITY SCHOOL DISTRICT

Exhibit G

Statement of Net Assets

Proprietary Funds

Year Ended June 30, 2006

|   | <u>Nonmajor<br/>Funds</u> |
|---|---------------------------|
| <b>Assets</b>                                   |                           |
| Cash and cash equivalents                       | \$ 227,108                |
| Accounts receivable                             | 9,432                     |
| Accrued interest receivable                     | 414                       |
| Inventories                                     | 25,735                    |
| Capital assets, net of accumulated depreciation | <u>406,778</u>            |
| <b>Total assets</b>                             | <u>669,467</u>            |
| <br><b>LIABILITIES</b>                          |                           |
| Accounts payable                                | 44,670                    |
| Accrued expenses                                | 27,268                    |
| Salaries and benefits payable                   | <u>47,857</u>             |
| <b>Total liabilities</b>                        | <u>119,795</u>            |
| <br><b>NET ASSETS</b>                           |                           |
| Invested in capital assets, net of related debt | 406,778                   |
| Unrestricted                                    | <u>142,894</u>            |
| <b>Total net assets</b>                         | <u><u>\$ 549,672</u></u>  |

This financial statement should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Exhibit H**

**Statement of Revenues, Expenses and Changes in Net Assets**

**Proprietary Funds**

**Year Ended June 30, 2006**

|                               | <b>Nonmajor<br/>Funds</b> |
|-------------------------------|---------------------------|
| Operating revenues:           |                           |
| Local sources:                |                           |
| Charges for services          | \$ 2,606,970              |
| State sources                 | 59,603                    |
|                               | <hr/>                     |
| Total operating revenues      | 2,666,573                 |
|                               | <hr/>                     |
| Operating expenses:           |                           |
| Salaries                      | 1,376,437                 |
| Benefits                      | 265,879                   |
| Purchased supplies            | 49,689                    |
| Supplies                      | 1,471,357                 |
| Depreciation                  | 91,125                    |
| Other                         | -                         |
|                               | <hr/>                     |
| Total operating expenses      | 3,254,487                 |
|                               | <hr/>                     |
| Operating loss                | (587,914)                 |
|                               | <hr/>                     |
| Nonoperating revenues:        |                           |
| Local sources                 | 8,000                     |
| State sources                 | 17,820                    |
| Federal sources               | 481,382                   |
| Interest income               | 4,469                     |
|                               | <hr/>                     |
| Total nonoperating revenues   | 511,671                   |
|                               | <hr/>                     |
| Net loss                      | (76,243)                  |
|                               | <hr/>                     |
| Net assets, beginning of year | 625,915                   |
|                               | <hr/>                     |
| Net assets, end of year       | \$ 549,672                |
|                               | <hr/> <hr/>               |

This financial statement should be read only in connection  
with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**STATEMENTS OF CASH FLOWS**

**Proprietary Funds**

**Year Ended June 30, 2006**

|   | <b><u>Nonmajor<br/>Funds</u></b> |
|---|----------------------------------|
| Cash flows from operating activities:                     |                                  |
| Cash received from sale of lunches and breakfasts         | \$ 1,137,589                     |
| Cash received from day care activities                    | 1,017,115                        |
| Cash received from printing                               | 169,843                          |
| Cash received from concession sales                       | 102,158                          |
| Cash received from student-built houses                   | 242,531                          |
| Cash payments to employees for services                   | (1,636,215)                      |
| Cash payments to suppliers for goods or services          | (1,498,381)                      |
|   | <u>(465,360)</u>                 |
| Net cash used in operating activities                     |                                  |
| Cash flows from non-capital financing activities:         |                                  |
| Other local revenue                                       | 8,000                            |
| State grants received                                     | 17,820                           |
| Federal grants received                                   | 481,382                          |
|   | <u>507,202</u>                   |
| Net cash provided by non-capital financing activities     |                                  |
| Cash flows from capital and related financing activities: |                                  |
| Acquisition of capital assets                             | <u>(27,770)</u>                  |
| Cash flows from investing activities:                     |                                  |
| Interest on investments                                   | <u>4,160</u>                     |
| Net increase in cash and cash equivalents                 | 18,232                           |
| <b>Cash and cash equivalents, beginning of year</b>       | <u>208,876</u>                   |
| <b>Cash and cash equivalents, end of year</b>             | <u><u>\$ 227,108</u></u>         |

**Exhibit I**

|   | <b>Nonmajor<br/>Funds</b> |
|---|---------------------------|
| <b>Reconciliation of operating loss to net cash used in operating activities:</b> |                           |
| Operating loss  | \$ (587,914)              |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                           |
| Depreciation  | 91,125                    |
| Increase in inventories   | (4,206)                   |
| Decrease in accounts receivable   | 2,663                     |
| Increase in accounts payable  | 24,722                    |
| Increase in salaries and benefits payable   | 6,101                     |
| Increase in accrued expenses  | 2,149                     |
|   | <hr/>                     |
| Net cash used in operating activities   | <u>\$ (465,360)</u>       |

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

During the year ended June 30, 2006, the District received \$71,693 of federal commodities.

This financial statement should be read only in connection with the accompanying notes to financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Exhibit J**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**June 30, 2006**

|                                       | <u>Agency</u>            |
|---------------------------------------|--------------------------|
| <b>ASSETS</b>                         |                          |
| Cash                                  | \$ 164,951               |
| Receivables:                          |                          |
| Accrued interest                      | <u>2,727</u>             |
| Total assets                          | <u><u>\$ 167,678</u></u> |
| <br><b>LIABILITIES AND NET ASSETS</b> |                          |
| Liabilities:                          |                          |
| Accounts payable                      | \$ 4,788                 |
| Other payables                        | 162,890                  |
| Net Assets                            | <u>-</u>                 |
| Total liabilities and net assets      | <u><u>\$ 167,678</u></u> |

This financial statement should be read only in connection  
with the accompanying notes to financial statements.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2006

### (1) Summary of Significant Accounting Policies

The College Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the southern portion of Cedar Rapids, Iowa and the rural areas of southern Linn, northern Johnson and eastern Benton counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

#### A. Reporting Entity

For financial reporting purposes, College 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 College Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

#### B. Basis of Presentation

District-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.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2006

### (1) Summary of Significant Accounting Policies (continued)

#### B. Basis of Presentation (continued)

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

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

The District reports the following major governmental funds:

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

Management Fund - The Management Fund is used to account for the payment of District insurance costs and early separation benefits.

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

\$38.5M MS/AUD Capital Projects Fund - The Capital Projects Fund is used to account for all resources used in acquisition and construction of capital facilities.

The District's proprietary funds are the School Nutrition, Daycare, Resale, Student-Built House, and Print Shop Funds. These funds are used to account for business activities of the District.

The Agency Funds are 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.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2006

### (1) Summary of Significant Accounting Policies (continued)

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

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply 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.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2006

### (1) Summary of Significant Accounting Policies (continued)

#### C. Measurement Focus and Basis of Accounting (continued)

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 Funds are 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 modified accrual basis.

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

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

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

Property Tax Receivable - Property tax in governmental fund types are accounted for using the modified accrual basis of accounting. Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 1/2% per month penalty for delinquent payment; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2005.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2006

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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. 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 District-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

|                                 |    |       |
|---------------------------------|----|-------|
| Furniture and equipment:        |    |       |
| School Nutrition Fund equipment | \$ | 500   |
| Other furniture and equipment   |    | 1,000 |

No threshold exists for land, buildings, or improvements.

Property, furniture, and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

|                                   |          |
|-----------------------------------|----------|
| Buildings                         | 50 years |
| Improvements other than buildings | 20 years |
| Furniture and equipment           | 5 years  |
| Computers                         | 3 years  |

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year have been paid as of June 30, 2006.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2006

### (1) Summary of Significant Accounting Policies (continued)

#### D. Assets, Liabilities and Fund Equity (continued)

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in 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, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the Management Fund.

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

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

Restricted Net Assets - In the District-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.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2006, the District had investments in the Iowa Schools Joint Investment Trust as follows:

|                       | <u>Amortized Cost</u> |
|-----------------------|-----------------------|
| Diversified Portfolio | <u>\$4,907,652</u>    |

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

| <u>Transfer to</u>                                       | <u>Transfer from</u>                                  | <u>Amount</u>     |
|--|---|-------------------|
| Debt Service   | Special Revenue:<br>Physical Plant and Equipment Levy | \$ 444,186        |
| Special Revenue:<br>Physical Plant and<br>Equipment Levy | Capital Projects:<br>Benton County SILO               | <u>120,358</u>    |
| <b>Total</b>   |   | <u>\$ 564,544</u> |

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

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2006 is as follows:

|   | <b><u>Balance<br/>Beginning<br/>of Year</u></b> | <b><u>Increases</u></b> | <b><u>Decreases</u></b> | <b><u>Balance<br/>End<br/>of Year</u></b> |
|---|---|-------------------------|-------------------------|---|
| <b>Governmental activities:</b>                 |   |                         |                         |   |
| Capital assets not being depreciated:           |   |                         |                         |   |
| Land  | \$ 471,782                                      | \$ 641,242              | \$ -                    | \$ 1,113,024                              |
| Construction in progress                        | <u>1,079,962</u>                                | <u>239,422</u>          | <u>245,526</u>          | <u>1,073,858</u>                          |
| Total capital assets<br>not being depreciated   | <u>1,551,744</u>                                | <u>880,664</u>          | <u>245,526</u>          | <u>2,186,882</u>                          |
| Capital assets being depreciated:               |   |                         |                         |   |
| Buildings                                       | 62,604,383                                      | 204,325                 | 3,025                   | 62,805,683                                |
| Improvements other than<br>buildings            | 2,939,181                                       | 35,096                  | -                       | 2,974,277                                 |
| Furniture and equipment                         | <u>9,584,864</u>                                | <u>717,145</u>          | <u>98,558</u>           | <u>10,203,451</u>                         |
| Total capital assets<br>being depreciated       | <u>75,128,428</u>                               | <u>956,566</u>          | <u>101,583</u>          | <u>75,983,411</u>                         |
| Less accumulated depreciation for:              |   |                         |                         |   |
| Buildings                                       | 12,902,894                                      | 1,351,295               | -                       | 14,254,189                                |
| Improvements other than<br>buildings            | 629,725   | 147,836                 | -                       | 777,561                                   |
| Furniture and equipment                         | <u>8,043,654</u>                                | <u>641,575</u>          | <u>98,558</u>           | <u>8,586,671</u>                          |
| Total accumulated<br>depreciation               | <u>21,576,273</u>                               | <u>2,140,706</u>        | <u>98,558</u>           | <u>23,618,421</u>                         |
| Total capital assets being<br>depreciated, net  | <u>53,552,155</u>                               | <u>(1,184,140)</u>      | <u>3,025</u>            | <u>52,364,990</u>                         |
| Governmental activities capital<br>assets, net  | <u>\$55,103,899</u>                             | <u>\$ (303,476)</u>     | <u>\$ 248,551</u>       | <u>\$54,551,872</u>                       |
| <b>Business-Type Activities:</b>                |   |                         |                         |   |
| Furniture and equipment                         | \$ 1,169,893                                    | \$ 27,770               | \$ 16,290               | \$ 1,181,373                              |
| Less accumulated depreciation                   | <u>699,760</u>                                  | <u>91,125</u>           | <u>16,290</u>           | <u>774,595</u>                            |
| Business-type activities capital<br>assets, net | <u>\$ 470,133</u>                               | <u>\$ (63,355)</u>      | <u>\$ -</u>             | <u>\$ 406,778</u>                         |

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

**(4) Capital Assets (continued)**

Depreciation expense was charged to the governmental functions of the District as follows:

|                                    |  |                     |
|------------------------------------|--|---------------------|
| Governmental activities:           |  |                     |
| Instruction:                       |  |                     |
| Regular                            |  | \$ 260,530          |
| Special                            |  | 17,400              |
| Other                              |  | 33,498              |
| Support services:                  |  |                     |
| Instructional staff                |  | 25,206              |
| Administration                     |  | 59,349              |
| Operation and maintenance of plant |  | 2,948               |
| Transportation                     |  | <u>221,118</u>      |
|                                    |  | 620,049             |
| Unallocated depreciation           |  | <u>1,520,657</u>    |
|                                    |  | <u>\$ 2,140,706</u> |
| Business-type activities:          |  |                     |
| Nutrition services                 |  | \$ 64,888           |
| Student-built house                |  | 533                 |
| Day care                           |  | 354                 |
| Enterprise/resale                  |  | 2,887               |
| Print services                     |  | <u>22,463</u>       |
|                                    |  | <u>\$ 91,125</u>    |

**(5) Long-term Debt**

Changes in long-term liabilities for the year ended June 30, 2006 are summarized as follows:

|                             | <u>Balance<br/>Beginning<br/>of Year</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Balance<br/>End of<br/>Year</u> | <u>Due Within<br/>One Year</u> |
|-----------------------------|--|---------------------|---------------------|------------------------------------|--------------------------------|
| General obligation<br>bonds | \$36,020,000                             | \$28,500,000        | \$ 1,565,000        | \$62,955,000                       | \$ 1,710,000                   |
| Notes payable               | 2,050,000                                | 594,000             | 374,000             | 2,270,000                          | 386,000                        |
| Early retirement            | <u>641,364</u>                           | <u>519,517</u>      | <u>240,928</u>      | <u>919,953</u>                     | <u>492,165</u>                 |
| <b>Total</b>                | <u>\$38,711,364</u>                      | <u>\$29,613,517</u> | <u>\$ 2,179,928</u> | <u>\$66,144,953</u>                | <u>\$ 2,588,165</u>            |

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

**(4) Long-term Debt (continued)**

**A. Early Retirement**

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are available for all employees except bus drivers and is based on classification of employee. At June 30, 2006, the District has obligations to thirty-nine participants with a total liability of \$919,953. Actual early retirement expenditures for the year ended June 30, 2006 totaled \$240,928. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund.

**B. Bonds Payable**

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

| <b>Year Ending<br/>June 30,</b> | <b>Bond Issue of 2001</b> |                      |                     | <b>Bond Issue of 2002A</b> |                     |                     |
|---------------------------------|---------------------------|----------------------|---------------------|----------------------------|---------------------|---------------------|
|                                 | <b>Interest<br/>Rates</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Interest<br/>Rates</b>  | <b>Principal</b>    | <b>Interest</b>     |
| 2007                            | 4.85%                     | \$ -                 | \$ 496,976          | 4.60%                      | \$ -                | \$ 209,100          |
| 2008                            | 4.85%                     | -                    | 496,976             | 4.60%                      | -                   | 209,100             |
| 2009                            | 4.85%                     | -                    | 496,976             | 4.60%                      | -                   | 209,100             |
| 2010                            | 4.85%                     | -                    | 496,976             | 4.60%                      | -                   | 209,100             |
| 2011                            | 4.85%                     | -                    | 496,976             | 4.60%                      | -                   | 209,100             |
| 2012                            | 4.85%                     | -                    | 496,976             | 4.60%                      | -                   | 209,100             |
| 2013                            | 4.85%                     | -                    | 496,976             | 4.60%                      | 1,100,000           | 209,100             |
| 2014                            | 4.85%                     | -                    | 496,976             | 4.63%                      | 1,200,000           | 158,500             |
| 2015                            | 4.85%                     | -                    | 496,976             | 4.65%                      | 1,300,000           | 103,000             |
| 2016                            | 4.85%                     | 100,000              | 496,976             | 4.65%                      | 300,000             | 42,550              |
| 2017                            | 4.90%                     | 2,175,000            | 492,126             | 4.75%                      | 400,000             | 28,600              |
| 2018                            | 4.95%                     | 1,400,000            | 385,550             | 4.80%                      | 200,000             | 9,600               |
| 2019                            | 5.00%                     | 1,600,000            | 316,250             | -                          | -                   | -                   |
| 2020                            | 5.00%                     | 1,750,000            | 236,250             | -                          | -                   | -                   |
| 2021                            | 5.00%                     | <u>2,975,000</u>     | <u>148,750</u>      | -                          | -                   | -                   |
| <b>Total</b>                    |                           | <b>\$ 10,000,000</b> | <b>\$ 6,548,686</b> |                            | <b>\$ 4,500,000</b> | <b>\$ 1,805,950</b> |

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

(5) **Long-term Debt** (continued)

B. Bonds Payable (continued)

| <b>Year Ending<br/>June 30,</b> | <b>Bond Issue of 2002B</b> |                     |                   | <b>Bond Issue of 2003A</b> |                     |                   |
|---------------------------------|----------------------------|---------------------|-------------------|----------------------------|---------------------|-------------------|
|                                 | <b>Interest<br/>Rates</b>  | <b>Principal</b>    | <b>Interest</b>   | <b>Interest<br/>Rates</b>  | <b>Principal</b>    | <b>Interest</b>   |
| 2007                            | 3.90%                      | \$ 675,000          | \$ 110,366        | 2.00%                      | \$ 455,000          | \$ 103,670        |
| 2008                            | 3.90%                      | 680,000             | 84,040            | 2.10%                      | 445,000             | 94,570            |
| 2009                            | 4.00%                      | 700,000             | 57,520            | 2.50%                      | 435,000             | 85,226            |
| 2010                            | 4.10%                      | 720,000             | 29,520            | 2.80%                      | 425,000             | 74,350            |
| 2011                            | -                          | -                   | -                 | 3.00%                      | 1,015,000           | 62,450            |
| 2012                            | -                          | -                   | -                 | 3.20%                      | 1,000,000           | 32,000            |
| <b>Total</b>                    |                            | <b>\$ 2,775,000</b> | <b>\$ 281,446</b> |                            | <b>\$ 3,775,000</b> | <b>\$ 452,266</b> |

| <b>Year Ending<br/>June 30,</b> | <b>Bond Issue of 2003C</b> |                     |                   | <b>Bond Issue of 2004</b> |                     |                     |
|---------------------------------|----------------------------|---------------------|-------------------|---------------------------|---------------------|---------------------|
|                                 | <b>Interest<br/>Rates</b>  | <b>Principal</b>    | <b>Interest</b>   | <b>Interest<br/>Rates</b> | <b>Principal</b>    | <b>Interest</b>     |
| 2007                            | 2.00%                      | \$ 25,000           | \$ 99,350         | 2.50%                     | \$ 45,000           | \$ 244,594          |
| 2008                            | 2.25%                      | 25,000              | 98,850            | 3.00%                     | 45,000              | 243,468             |
| 2009                            | 2.50%                      | 25,000              | 98,288            | 3.00%                     | 45,000              | 242,118             |
| 2010                            | 2.75%                      | 25,000              | 97,664            | 3.00%                     | 45,000              | 240,768             |
| 2011                            | 2.90%                      | 25,000              | 96,976            | 3.25%                     | 45,000              | 239,418             |
| 2012                            | 3.05%                      | 25,000              | 96,250            | 3.38%                     | 50,000              | 237,956             |
| 2013                            | 3.25%                      | 25,000              | 95,488            | 3.50%                     | 1,050,000           | 236,268             |
| 2014                            | 3.50%                      | 30,000              | 94,676            | 3.63%                     | 1,035,000           | 199,518             |
| 2015                            | 3.50%                      | 655,000             | 93,626            | 4.00%                     | 395,000             | 162,000             |
| 2016                            | 3.50%                      | 2,020,000           | 70,700            | 4.00%                     | 20,000              | 146,200             |
| 2017                            | -                          | -                   | -                 | 4.00%                     | 20,000              | 145,400             |
| 2018                            | -                          | -                   | -                 | 4.00%                     | 1,120,000           | 144,600             |
| 2019                            | -                          | -                   | -                 | 4.10%                     | 1,210,000           | 99,800              |
| 2020                            | -                          | -                   | -                 | 4.20%                     | 1,195,000           | 50,190              |
| <b>Total</b>                    |                            | <b>\$ 2,880,000</b> | <b>\$ 941,868</b> |                           | <b>\$ 6,320,000</b> | <b>\$ 2,632,298</b> |

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

(5) **Long-term Debt** (continued)

B. Bonds Payable (continued)

| <b>Year Ending<br/>June 30,</b> | <b>Bond Issue of 2005A</b> |                     |                   | <b>Bond Issue of 2006</b> |                      |                      |
|---------------------------------|----------------------------|---------------------|-------------------|---------------------------|----------------------|----------------------|
|                                 | <b>Interest<br/>Rates</b>  | <b>Principal</b>    | <b>Interest</b>   | <b>Interest<br/>Rates</b> | <b>Principal</b>     | <b>Interest</b>      |
| 2007                            | 3.50%                      | \$ 510,000          | \$ 140,980        | 4.50%                     | \$ -                 | \$ 1,290,050         |
| 2008                            | 3.50%                      | 535,000             | 123,130           | 4.50%                     | 510,000              | 1,290,050            |
| 2009                            | 3.75%                      | 615,000             | 104,406           | 4.50%                     | 275,000              | 1,267,100            |
| 2010                            | 3.75%                      | 660,000             | 81,342            | 4.50%                     | 445,000              | 1,254,725            |
| 2011                            | 2.95%                      | 900,000             | 56,592            | 4.50%                     | 425,000              | 1,234,700            |
| 2012                            | 3.05%                      | 985,000             | 30,042            | 4.50%                     | 435,000              | 1,215,575            |
| 2013                            | -                          | -                   | -                 | 4.00%                     | 415,000              | 1,196,000            |
| 2014                            | -                          | -                   | -                 | 4.00%                     | 440,000              | 1,179,400            |
| 2015                            | -                          | -                   | -                 | 4.50%                     | 480,000              | 1,161,800            |
| 2016                            | -                          | -                   | -                 | 4.50%                     | 515,000              | 1,140,200            |
| 2017                            | -                          | -                   | -                 | 4.50%                     | 485,000              | 1,117,025            |
| 2018                            | -                          | -                   | -                 | 4.50%                     | 520,000              | 1,095,200            |
| 2019                            | -                          | -                   | -                 | 4.50%                     | 580,000              | 1,071,800            |
| 2020                            | -                          | -                   | -                 | 4.50%                     | 615,000              | 1,045,700            |
| 2021                            | -                          | -                   | -                 | 4.50%                     | 760,000              | 1,018,025            |
| 2022                            | -                          | -                   | -                 | 4.50%                     | 3,925,000            | 983,825              |
| 2023                            | -                          | -                   | -                 | 4.50%                     | 4,115,000            | 807,200              |
| 2024                            | -                          | -                   | -                 | 4.50%                     | 4,310,000            | 622,025              |
| 2025                            | -                          | -                   | -                 | 4.50%                     | 4,520,000            | 428,075              |
| 2026                            | -                          | -                   | -                 | 4.75%                     | 4,730,000            | 224,675              |
| <b>Total</b>                    |                            | <b>\$ 4,205,000</b> | <b>\$ 536,492</b> |                           | <b>\$ 28,500,000</b> | <b>\$ 20,643,150</b> |

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

(5) **Long-term Debt** (continued)

B. Bonds Payable (continued)

| <b>Year Ending<br/>June 30,</b> | <b>Total</b>                |                             |
|---------------------------------|-----------------------------|-----------------------------|
|                                 | <b><u>Principal</u></b>     | <b><u>Interest</u></b>      |
| 2007                            | \$ 1,710,000                | \$ 2,695,086                |
| 2008                            | 2,240,000                   | 2,640,184                   |
| 2009                            | 2,095,000                   | 2,560,734                   |
| 2010                            | 2,320,000                   | 2,484,445                   |
| 2011                            | 2,410,000                   | 2,396,212                   |
| 2012                            | 2,495,000                   | 2,317,899                   |
| 2013                            | 2,590,000                   | 2,233,832                   |
| 2014                            | 2,705,000                   | 2,129,070                   |
| 2015                            | 2,830,000                   | 2,017,402                   |
| 2016                            | 2,955,000                   | 1,896,626                   |
| 2017                            | 3,080,000                   | 1,783,151                   |
| 2018                            | 3,240,000                   | 1,634,950                   |
| 2019                            | 3,390,000                   | 1,487,850                   |
| 2020                            | 3,560,000                   | 1,332,140                   |
| 2021                            | 3,735,000                   | 1,166,775                   |
| 2022                            | 3,925,000                   | 983,825                     |
| 2023                            | 4,115,000                   | 807,200                     |
| 2024                            | 4,310,000                   | 622,025                     |
| 2025                            | 4,520,000                   | 428,075                     |
| 2026                            | <u>4,730,000</u>            | <u>224,675</u>              |
| <b>Total</b>                    | <b><u>\$ 62,955,000</u></b> | <b><u>\$ 33,842,156</u></b> |

C. Capital Loan Note Payable

The District has two capital loans outstanding to provide funds for construction projects and the purchase of land. The notes bear interest ranging between 2.0% and 3.6% and are payable from the Capital Projects Funds. Details of the District's indebtedness under these agreements at June 30, 2006 are as follows:

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2006**

**(5) Long-term Debt (continued)**

C. Capital Loan Note Payable (continued)

| <b>Year<br/>Ending<br/>June 30,</b> | <b>Series 2003B</b> |                     | <b>Series 2005</b> |                  | <b>Total</b>        |                     |
|-------------------------------------|---------------------|---------------------|--------------------|------------------|---------------------|---------------------|
|                                     | <b>Principal</b>    | <b>Interest</b>     | <b>Principal</b>   | <b>Interest</b>  | <b>Principal</b>    | <b>Interest</b>     |
| 2007                                | \$ 330,000          | \$ 372,350          | \$ 56,000          | \$ 18,936        | \$ 386,000          | \$ 391,286          |
| 2008                                | 340,000             | 375,420             | 58,000             | 16,902           | 398,000             | 392,322             |
| 2009                                | 350,000             | 378,280             | 61,000             | 14,796           | 411,000             | 393,076             |
| 2010                                | 355,000             | 374,880             | 63,000             | 12,582           | 418,000             | 387,462             |
| 2011                                | 355,000             | 365,296             | 65,000             | 10,296           | 420,000             | 375,592             |
| 2012                                | -                   | -                   | 67,000             | 7,938            | 67,000              | 7,938               |
| 2013                                | -                   | -                   | 170,000            | 5,490            | 170,000             | 5,490               |
| <b>Total</b>                        | <b>\$ 1,730,000</b> | <b>\$ 1,866,226</b> | <b>\$ 540,000</b>  | <b>\$ 86,940</b> | <b>\$ 2,270,000</b> | <b>\$ 1,953,166</b> |

During the year ended June 30, 2006, the District issued \$28,500,000 in General Obligation Bonds with an average interest rate of 4.5%.

**(6) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$1,227,768, \$1,134,636 and \$1,060,104 respectively, equal to the required contributions for each year.

**(7) Risk Management**

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

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2006

### (8) 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 \$1,039,137 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

### (9) Construction and Other Commitments

The District entered into various contracts totaling \$780,589 for additions to several facilities. As of June 30, 2006, costs of \$245,526 had been incurred on the contracts. The balance remaining at June 30, 2006 of \$535,063 will be paid when work on the projects progresses.

### (10) New Pronouncements

As of June 30, 2006, the Governmental Accounting Standards Board had issued the following statements not yet implemented by the District. The statements, which might impact the District, are as follows:

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued April 2004, will be effective for the District beginning with its year ending June 30, 2008. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB) and supercedes existing guidance.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the District beginning with its year ending June 30, 2009. This Statement requires governments to report any liability associated with providing employees benefits other than pensions subsequent to their employment with the District that have not been fully funded.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

### (11) Deficit Balance

The Proprietary - Day Care Fund had a deficit balance of \$23,283 at June 30, 2006. The District has increased fees to accommodate for deficit.

### (12) Restatement

Beginning fund balances were restated due to entry in prior period that was booked entirely to the General Fund when in fact it should have been spread over the General, Management, Physical Plant and Equipment Levy, and Debt Service Funds.

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COLLEGE COMMUNITY SCHOOL DISTRICT**

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

**Year Ended June 30, 2006**

|   | <u>Governmental<br/>Fund Types<br/>Actual</u> | <u>Proprietary<br/>Fund Types<br/>Actual</u> | <u>Total<br/>Actual</u> |
|---|---|--|-------------------------|
| <b>REVENUES:</b>  |   |  |                         |
| Local sources   | \$ 22,559,055                                 | \$ 2,619,439                                 | \$ 25,178,494           |
| Intermediate sources  | -   | -  | -                       |
| State sources   | 13,320,215                                    | 77,423                                       | 13,397,638              |
| Federal sources   | 841,765                                       | 481,382                                      | 1,323,147               |
|   | <u>36,721,035</u>                             | <u>3,178,244</u>                             | <u>39,899,279</u>       |
| Total receipts  |   |  |                         |
| <b>EXPENDITURES:</b>  |   |  |                         |
| Instruction   | 21,435,419                                    | -  | 21,435,419              |
| Support services  | 10,380,734                                    | -  | 10,380,734              |
| Non-instructional programs  | -   | 3,254,487                                    | 3,254,487               |
| Other expenditures  | 6,700,555                                     | -  | 6,700,555               |
|   | <u>38,516,708</u>                             | <u>3,254,487</u>                             | <u>41,771,195</u>       |
| Total disbursements   |   |  |                         |
| <b>EXCESS(DEFICIENCY) OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b>                                 | (1,795,673)                                   | (76,243)                                     | (1,871,916)             |
| <b>OTHER FINANCING SOURCES, NET</b>   | <u>28,685,945</u>                             | <u>-</u>                                     | <u>28,685,945</u>       |
| <b>EXCESS(DEFICIENCY) OF REVENUES AND<br/>OTHER FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES</b> | 26,890,272                                    | (76,243)                                     | 26,814,029              |
| <b>BALANCES, BEGINNING OF YEAR</b>  | <u>4,137,344</u>                              | <u>625,915</u>                               | <u>4,763,259</u>        |
| <b>BALANCES, END OF YEAR</b>  | <u>\$ 31,027,616</u>                          | <u>\$ 549,672</u>                            | <u>\$ 31,577,288</u>    |

| <b>Budgeted Amounts</b> |                       | <b>Final to Actual</b>                   |
|-------------------------|-----------------------|--|
| <b>Original</b>         | <b>Final</b>          | <b>Variance-Positive/<br/>(Negative)</b> |
| \$ 24,414,438           | \$ 24,414,438         | \$ 764,056                               |
| 4,100                   | 4,100                 | (4,100)                                  |
| 13,339,376              | 13,339,376            | 58,262                                   |
| 897,833                 | 897,833               | 425,314                                  |
| <u>38,655,747</u>       | <u>38,655,747</u>     | <u>1,243,532</u>                         |
| 21,660,941              | 23,479,126            | 2,043,707                                |
| 8,956,603               | 10,702,567            | 321,833                                  |
| 2,801,425               | 3,338,287             | 83,800                                   |
| 5,325,263               | 8,172,305             | 1,471,750                                |
| <u>38,744,232</u>       | <u>45,692,285</u>     | <u>3,921,090</u>                         |
| (88,485)                | (7,036,538)           | 5,164,622                                |
| <u>-</u>                | <u>-</u>              | <u>28,685,945</u>                        |
| (88,485)                | (7,036,538)           | 33,850,567                               |
| <u>4,854,499</u>        | <u>4,854,499</u>      | <u>(91,240)</u>                          |
| <u>\$ 4,766,014</u>     | <u>\$ (2,182,039)</u> | <u>\$ 33,759,327</u>                     |

See accompanying independent auditor's report.

## **COLLEGE COMMUNITY SCHOOL DISTRICT**

### **Notes to Required Supplementary Information- Budgetary Reporting**

**Year Ended June 30, 2006**

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides 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 \$6,948,053.

During the year ended June 30, 2006, no disbursements in the functional areas exceeded the amounts budgeted.

**OTHER SUPPLEMENTARY INFORMATION**

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Combining Balance Sheet  
Nonmajor Governmental Funds**

**June 30, 2006**

|   | <u>Special<br/>Revenue-<br/>Student<br/>Activity</u> | <u>Special<br/>Revenue-<br/>Physical Plant<br/>and Equipment<br/>Levy</u> | <u>Capital<br/>Projects-<br/>Road/Sewer</u> |
|---|--|---|---|
| <b>ASSETS</b>                                 |  |   |   |
| Cash and pooled investments                   | \$ 388,698   | \$ 191,051  | \$ 17,983                                   |
| Receivables:                                  |  |   |   |
| Property tax:                                 |  |   |   |
| Delinquent                                    | -  | 10,503  | -   |
| Succeeding year                               | -  | 1,236,549   | -   |
| Accounts receivable                           | -  | -   | -   |
| Accrued interest                              | 622  | 284   | 38  |
| Due from other governments                    | -  | -   | -   |
|   | <u>          </u>                                    | <u>          </u>   | <u>          </u>                           |
| Total assets                                  | <u>\$ 389,320</u>                                    | <u>\$ 1,438,387</u>   | <u>\$ 18,021</u>                            |
| <b>LIABILITIES AND FUND EQUITY</b>            |  |   |   |
| Liabilities:                                  |  |   |   |
| Accounts payable                              | \$ 8,948   | \$ 38,450   | \$ -  |
| Deferred revenue-succeeding year property tax | -  | 1,236,549   | -   |
|   | <u>          </u>                                    | <u>          </u>   | <u>          </u>                           |
| Total liabilities                             | <u>8,948</u>   | <u>1,274,999</u>  | <u>-</u>                                    |
| Fund Equity:                                  |  |   |   |
| Unreserved fund balances                      | <u>380,372</u>                                       | <u>163,388</u>  | <u>18,021</u>                               |
| Total liabilities and fund equity             | <u>\$ 389,320</u>                                    | <u>\$ 1,438,387</u>   | <u>\$ 18,021</u>                            |

Schedule 1

| <u>Capital<br/>Projects-<br/>Elementary</u> | <u>Capital<br/>Projects-<br/>Benton Co. Silo</u> | <u>Total</u>        |
|---|--|---------------------|
| \$ -  | \$ 56,865  | \$ 654,597          |
| -   | -  | 10,503              |
| -   | -  | 1,236,549           |
| -   | -  | -                   |
| -   | 86   | 1,030               |
| -   | 78,751   | 78,751              |
| <u>\$ -</u>                                 | <u>\$ 135,702</u>                                | <u>\$ 1,981,430</u> |
| \$ -  | \$ -   | \$ 47,398           |
| -   | -  | 1,236,549           |
| <u>-</u>                                    | <u>-</u>   | <u>1,283,947</u>    |
| -   | 135,702  | 697,483             |
| <u>\$ -</u>                                 | <u>\$ 135,702</u>                                | <u>\$ 1,981,430</u> |

See accompanying independent auditor's report.

**COLLEGE COMMUNITY SCHOOL DISTRICT**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**

Year Ended June 30, 2006

|  | <u>Student<br/>Activity</u> | <u>Physical Plant<br/>and Equipment<br/>Levy</u> | <u>Capital<br/>Projects-<br/>Road/Sewer</u> |
|--|-----------------------------|--|---|
| <b>Revenues:</b>   |                             |  |   |
| Local sources:   |                             |  |   |
| Local tax  | \$ -                        | \$ 1,262,013                                     | \$ -  |
| Other  | 749,317                     | 14,397   | 852   |
| State sources  | -                           | 405  | -   |
|  | <u>749,317</u>              | <u>1,276,815</u>                                 | <u>852</u>                                  |
| Total revenues   |                             |  |   |
|  | <u>749,317</u>              | <u>1,276,815</u>                                 | <u>852</u>                                  |
| <b>Expenditures:</b>   |                             |  |   |
| Instruction:   |                             |  |   |
| Other instruction  | 684,648                     | -  | -   |
| Support services:  |                             |  |   |
| Instructional staff services   | -                           | 335,368  | -   |
| Administrative services  | -                           | 1,958  | -   |
| Operation and maintenance of plant services  | -                           | -  | -   |
| Transportation services  | -                           | 258,149  | -   |
| Other expenditures:  |                             |  |   |
| Facilities acquisition   | -                           | 887,773  | 47,476                                      |
|  | <u>684,648</u>              | <u>1,483,248</u>                                 | <u>47,476</u>                               |
| Total expenditures   |                             |  |   |
|  | <u>684,648</u>              | <u>1,483,248</u>                                 | <u>47,476</u>                               |
| Excess (deficiency) of revenues over (under) expenditures                          | <u>64,669</u>               | <u>(206,433)</u>                                 | <u>(46,624)</u>                             |
| Other financing sources (uses):  |                             |  |   |
| Operating transfers in   | -                           | 120,358  | -   |
| Operating transfers out  | -                           | (444,186)  | -   |
| Capital Notes issued   | -                           | 594,000  | -   |
|  | <u>-</u>                    | <u>270,172</u>                                   | <u>-</u>                                    |
| Total other financing sources (uses)   |                             |  |   |
|  | <u>-</u>                    | <u>270,172</u>                                   | <u>-</u>                                    |
| Excess (deficiency) of revenues over (under) expenditures and other financing uses | 64,669                      | 63,739   | (46,624)                                    |
| Fund balances, beginning of year (as restated)                                     | <u>315,703</u>              | <u>99,649</u>                                    | <u>64,645</u>                               |
| Fund balances, end of year   | <u>\$ 380,372</u>           | <u>\$ 163,388</u>                                | <u>\$ 18,021</u>                            |

Schedule 2

| <u>Capital<br/>Projects-<br/>Elementary</u> | <u>Capital<br/>Projects-<br/>Benton Co. Silo</u> | <u>Total</u>      |
|---|--|-------------------|
| \$ -  | \$ -   | \$ 1,262,013      |
| 50  | 143,202  | 907,818           |
| -   | -  | 405               |
| <u>50</u>                                   | <u>143,202</u>                                   | <u>2,170,236</u>  |
| -   | -  | 684,648           |
| -   | -  | 335,368           |
| -   | -  | 1,958             |
| -   | -  | -                 |
| -   | -  | 258,149           |
| <u>24,912</u>                               | <u>17,458</u>                                    | <u>977,619</u>    |
| <u>24,912</u>                               | <u>17,458</u>                                    | <u>2,257,742</u>  |
| <u>(24,862)</u>                             | <u>125,744</u>                                   | <u>(87,506)</u>   |
| -   | -  | 120,358           |
| -   | (120,358)  | (564,544)         |
| -   | -  | 594,000           |
| <u>-</u>                                    | <u>(120,358)</u>                                 | <u>149,814</u>    |
| (24,862)                                    | 5,386  | 62,308            |
| <u>24,862</u>                               | <u>130,316</u>                                   | <u>635,175</u>    |
| <u>\$ -</u>                                 | <u>\$ 135,702</u>                                | <u>\$ 697,483</u> |

See accompanying independent auditor's report.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Schedule of Changes in Individual Student Activity Accounts**

**Year Ended June 30, 2006**

|                           | <u>Balance,<br/>Beginning<br/>of Year</u> | <u>Revenues</u> | <u>Expenditures</u> | <u>Balance,<br/>End of Year</u> |
|---------------------------|---|-----------------|---------------------|---------------------------------|
| Student activity account: |   |                 |                     |                                 |
| Athletic:                 |   |                 |                     |                                 |
| General                   | \$ 43,573                                 | \$ 116,616      | \$ 117,849          | \$ 42,339                       |
| Student clubs:            |   |                 |                     |                                 |
| Advisory                  | 35,441                                    | 65,092          | 41,276              | 59,257                          |
| Co-curricular activities: |   |                 |                     |                                 |
| High school               | 685                                       | 2,750           | 2,681               | 754                             |
| Middle school             | 3,068                                     | 17,987          | 13,492              | 7,563                           |
| Prairie Crest             | 8,654                                     | 12,969          | 12,894              | 8,729                           |
| Prairie Heights           | 22,075                                    | 29,869          | 31,087              | 20,856                          |
| Prairie Ridge             | 4,046                                     | 12,524          | 8,487               | 8,083                           |
| Prairie View              | 22,244                                    | 11,525          | 6,335               | 27,434                          |
| Prairie Oaks              | 327                                       | 237             | 279                 | 285                             |
| Student Council           | 13,992                                    | 23,696          | 16,550              | 21,138                          |
| Class of:                 |   |                 |                     |                                 |
| 2005                      | 4,323                                     | -               | 4,235               | 88                              |
| 2006                      | 276                                       | -               | 276                 | -                               |
| 2007                      | 1,500                                     | 14,136          | 9,764               | 5,872                           |
| Baseball Club             | 1,700                                     | 7,274           | 7,880               | 1,094                           |
| Softball Club             | 4,273                                     | 3,587           | 5,095               | 2,765                           |
| Productions - Theatrical  | 758                                       | 2,409           | 3,167               | -                               |
| Performing Arts Club      | 1,229                                     | 14,259          | 13,575              | 1,913                           |
| Special Olympics          | 104                                       | -               | -                   | 104                             |
| 04-05 Yearbook            | 20,133                                    | 7,960           | 27,285              | 808                             |
| 05-06 Yearbook            | 480                                       | 3,757           | 2                   | 4,235                           |
| SADD Organization         | 140                                       | -               | -                   | 140                             |
| Spring and Fall Plays     | -   | 1,420           | 1,208               | 212                             |
| Student club              | 4,060                                     | 366             | 304                 | 4,122                           |
| German Club               | 4,652                                     | 5,264           | 8,914               | 1,002                           |
| Student Vending           | 2,019                                     | 24,129          | 21,460              | 4,688                           |
| Student Shake Break       | 3,812                                     | -               | 233                 | 3,579                           |
| Letterman's Club          | 7,529                                     | 11,009          | 7,521               | 11,017                          |
| State Tournaments         | 2,101                                     | -               | -                   | 2,101                           |
| Girls Track Club          | 41  | 4,805           | 4,538               | 308                             |
| Boys Track Club           | 3,889                                     | 8,368           | 11,198              | 1,060                           |
| Volleyball Club           | 6,708                                     | 25,677          | 23,259              | 9,127                           |
| Art Activity              | 415                                       | 644             | 582                 | 477                             |
| Competition Cheerleading  | 1,878                                     | 3,030           | 2,784               | 2,124                           |

|                                       | <u>Balance,<br/>Beginning<br/>of Year</u> | <u>Revenues</u>   | <u>Expenditures</u> | <u>Balance,<br/>End of Year</u> |
|---------------------------------------|---|-------------------|---------------------|---------------------------------|
| Student activity account (continued): |   |                   |                     |                                 |
| Student clubs (continued):            |   |                   |                     |                                 |
| Instrumental Music                    | \$ 1,611                                  | \$ 9,598          | \$ 9,440            | \$ 1,768                        |
| Cheerleading                          | 1,222                                     | 20,520            | 20,742              | 1,000                           |
| Football Club                         | 13,946                                    | 18,101            | 17,415              | 14,633                          |
| Business Prof./America                | 4,740                                     | 39,398            | 33,183              | 10,954                          |
| Boys Tennis Club                      | -   | 264               | 216                 | 48                              |
| Girls Tennis Club                     | 661                                       | 702               | 629                 | 734                             |
| Thompson Activity                     | 50  | 418               | 110                 | 358                             |
| McWilliams Activity                   | 1,780                                     | 2,198             | 1,785               | 2,192                           |
| Boys Soccer Club                      | 4,400                                     | 2,043             | 5,114               | 1,328                           |
| Girls Soccer Club                     | 416                                       | 3,791             | 3,890               | 316                             |
| Wrestling Club                        | 8,429                                     | 27,002            | 21,336              | 14,095                          |
| Music Trip                            | 31,689                                    | 31,156            | 20,609              | 42,236                          |
| SAVE                                  | 1,830                                     | 3,299             | 3,644               | 1,485                           |
| Prairie Dance Team                    | 12,103                                    | 14,654            | 25,271              | 1,486                           |
| Instrumental Activity                 | 1,424                                     | 13,557            | 14,981              | -                               |
| Hawk Talk - General                   | 2,078                                     | 3,625             | 3,179               | 2,524                           |
| Electric Car Club                     | 5,884                                     | 2,100             | 1,685               | 6,299                           |
| Washington Trip                       | 4,170                                     | 38,348            | 38,508              | 4,010                           |
| Girls Basketball Club                 | 1,344                                     | 13,607            | 9,473               | 5,478                           |
| Boys Basketball Club                  | 3,338                                     | 11,614            | 11,980              | 2,973                           |
| Vocal Music                           | 5,638                                     | 36,848            | 36,639              | 5,848                           |
| Musical                               | 982                                       | 905               | 14                  | 1,873                           |
| Video Club                            | 36  | -                 | -                   | 36                              |
| National Honor Society                | 1,861                                     | 2,009             | 3,646               | 224                             |
| One and Two Act Plays                 | 812                                       | 447               | 417                 | 842                             |
| Girls Golf Club                       | 113                                       | 1,027             | 1,052               | 88                              |
| Band Uniforms                         | (21,872)                                  | 12,000            | (9,872)             | -                               |
| Walsworth Activity                    | -   | -                 | -                   | -                               |
| Farm Career Comm Ldrs                 | -   | 935               | 821                 | 114                             |
| VICA Club                             | -   | 1,186             | 1,154               | 32                              |
| PE Club                               | -   | 3,151             | 1,277               | 1,875                           |
| International Club                    | 893                                       | 3,459             | 2,101               | 2,250                           |
|                                       | <u>272,130</u>                            | <u>632,701</u>    | <u>566,799</u>      | <u>338,033</u>                  |
| <b>Total</b>                          | <u>\$ 315,703</u>                         | <u>\$ 749,317</u> | <u>\$ 684,648</u>   | <u>\$ 380,372</u>               |

See accompanying independent auditor's report.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

Schedule 4

**Schedule of Changes in Fiduciary Assets and Liabilities**

**Agency Funds**

**June 30, 2006**

|                    | <u>Balance<br/>Beginning of<br/>Year</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance<br/>End of<br/>Year</u> |
|--------------------|--|-------------------|-------------------|------------------------------------|
| <b>ASSETS</b>      |  |                   |                   |                                    |
| Cash               | \$ 134,368                               | \$ 406,958        | \$ 376,375        | \$ 164,951                         |
| Accrued interest   | 2,256                                    | 2,727             | 2,256             | 2,727                              |
|                    | <u>\$ 136,624</u>                        | <u>\$ 409,685</u> | <u>\$ 378,631</u> | <u>\$ 167,678</u>                  |
| Total assets       |  |                   |                   |                                    |
| <b>LIABILITIES</b> |  |                   |                   |                                    |
| Accounts payable   | \$ 5,767                                 | \$ 4,788          | \$ 5,767          | \$ 4,788                           |
| Other payables     | 130,857                                  | 406,958           | 374,925           | 162,890                            |
|                    | <u>\$ 136,624</u>                        | <u>\$ 411,746</u> | <u>\$ 380,692</u> | <u>\$ 167,678</u>                  |
| Total liabilities  |  |                   |                   |                                    |

See accompanying independent auditor's report.

## COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule 5

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

For the Last Four Years

|  | Modified Accrual Basis |                      |                      |                      |
|--|------------------------|----------------------|----------------------|----------------------|
|  | <u>2006</u>            | <u>2005</u>          | <u>2004</u>          | <u>2003</u>          |
| Revenues:                                      |                        |                      |                      |                      |
| Local sources:                                 |                        |                      |                      |                      |
| Local tax                                      | \$ 16,951,789          | \$ 16,822,033        | \$ 15,005,818        | \$ 14,562,655        |
| Tuition  | 3,716,232              | 3,668,389            | 3,434,496            | 3,651,132            |
| Other  | 1,891,034              | 1,655,059            | 1,456,602            | 1,625,747            |
| Intermediate sources                           | -                      | -                    | 3,917                | 10,902               |
| State sources                                  | 13,320,215             | 11,996,479           | 11,027,872           | 10,563,673           |
| Federal sources                                | 841,765                | 680,771              | 536,924              | 529,434              |
|  | <u>\$ 36,721,035</u>   | <u>\$ 34,822,731</u> | <u>\$ 31,465,629</u> | <u>\$ 30,943,543</u> |
| Expenditures:                                  |                        |                      |                      |                      |
| Instruction:                                   |                        |                      |                      |                      |
| Regular instruction                            | \$ 13,299,906          | \$ 12,114,110        | \$ 11,208,657        | \$ 10,291,874        |
| Special instruction                            | 5,236,403              | 6,383,557            | 6,273,271            | 5,700,649            |
| Other instruction                              | 2,899,110              | 2,026,955            | 1,688,377            | 1,888,385            |
| Support services:                              |                        |                      |                      |                      |
| Student services                               | 970,198                | 997,383              | 922,990              | 795,475              |
| Instructional staff services                   | 1,959,626              | 2,004,418            | 1,793,657            | 1,720,285            |
| Administration services                        | 3,024,768              | 2,743,755            | 2,170,023            | 1,992,035            |
| Operation and maintenance of<br>plant services | 2,833,886              | 2,709,306            | 2,331,951            | 1,947,185            |
| Transportation services                        | 1,592,256              | 1,329,826            | 1,197,953            | 1,182,336            |
| Other expenditures:                            |                        |                      |                      |                      |
| Facilities acquisition                         | 2,157,313              | 619,704              | 5,078,613            | 8,718,040            |
| Long-term debt:                                |                        |                      |                      |                      |
| Principal                                      | 1,939,000              | 12,340,000           | 1,760,000            | 8,550,000            |
| Interest and other charges                     | 1,565,105              | 2,204,667            | 1,685,228            | 2,694,993            |
| AEA Flowthrough                                | 1,039,137              | 952,080              | 908,084              | 915,906              |
|  | <u>\$ 38,516,708</u>   | <u>\$ 46,425,761</u> | <u>\$ 37,018,804</u> | <u>\$ 46,397,163</u> |

See accompanying independent auditor's report.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

Schedule 6

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2006**

| <u>Grantor/Program</u>  | <u>CFDA<br/>Number</u> | <u>Expenditures</u> |
|---|------------------------|---------------------|
| U.S. Department of Agriculture:   |                        |                     |
| Passed through the Iowa Department of Education:                            |                        |                     |
| Food Donation (non-cash)  | 10.550                 | \$ <u>71,693</u>    |
| Child Nutrition Cluster:  |                        |                     |
| School Breakfast Program  | 10.553                 | 60,418              |
| National School Lunch Program   | 10.555                 | <u>349,271</u>      |
|   |                        | <u>409,689*</u>     |
| <b>Total U.S. Department of Agriculture</b>                                 |                        | <u>481,382</u>      |
| U.S. Department of Education:   |                        |                     |
| Passed through the Iowa Department of Education:                            |                        |                     |
| Title I - Grants to Local Educational<br>Agencies                           | 84.010                 | 284,465*            |
| Safe and Drug Free Schools and<br>Communities State Grants                  | 84.186                 | 12,686              |
| Education for Homeless Children and Youth                                   | 84.196                 | 25,000              |
| State Grants for Innovative Programs  | 84.298A                | 9,073               |
| Improving Teacher Quality<br>State Grants (Title II)                        | 84.367                 | 77,213              |
| Grants for State Assessments and<br>Related Activities (Title IV-A)         | 84.369                 | 23,052              |
| Passed through Grant Wood Area Education Agency:                            |                        |                     |
| Special Education - Grants to States  |                        |                     |
| Idea Part B Flowthrough   | 84.027                 | 182,079             |
| Vocational Education-Basic Grants to States                                 | 84.048A                | <u>27,252</u>       |
| <b>Total U.S. Department of Education</b>                                   |                        | <u>640,820</u>      |
| U.S. Department of Health and Human Services:                               |                        |                     |
| Passed through the Linn County DHRM:  |                        |                     |
| Medical Assistance Program  | 93.778                 | <u>4,040</u>        |
| U.S. Department of Defense:   |                        |                     |
| Passed through Johnson County:  |                        |                     |
| Payments to States in Lieu of Real Estate Taxes<br>(Flood Control Payments) | 12.112                 | <u>13,144</u>       |
| <b>Total</b>  |                        | <u>\$ 1,139,386</u> |

\* denotes major program

This schedule should be read only in connection with the accompanying notes to the schedule of expenditures of federal awards.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Schedule 7**

**Notes to Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2006**

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of College Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

This information is an integral part of the accompanying  
schedule of expenditures of federal awards.



**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  
College Community School District  
Cedar Rapids, Iowa

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 the College Community School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 College Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over financial reporting that we have reported to management of College Community School District in a separate letter dated September 22, 2006.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether College 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 that are required to be reported under *Government Auditing Standards*. We also noted certain immaterial instances of noncompliance that we have reported to management of College Community School District in a separate letter dated September 22, 2006.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 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 College Community School District and other parties to whom College Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
September 22, 2006

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

To the Board of Education  
College Community School District  
Cedar Rapids, Iowa

**Compliance**

We have audited the compliance of College Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. College Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of College Community School District's management. Our responsibility is to express an opinion on College Community School District's compliance based on our audit.

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

In our opinion, College Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item III-A-06.

**Internal Control Over Compliance**

The management of College Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered College Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of College Community School District and other parties to whom College Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
September 22, 2006

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2006**

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

***Financial Statements***

Type of auditor's report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

***Federal Awards***

Type of auditor's report issued on compliance for major programs Unqualified

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?   X   Yes \_\_\_\_\_ No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u>  |
|-----------------------|--|
| 10.553                | Child Nutrition Cluster                    |
| 10.555                | School Breakfast Program                   |
|                       | National School Lunch Program              |
| 84.010                | Title I Grants to Local Education Agencies |

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2006**

**Part II: Findings Related to the General Purpose Financial Statements:**

***Reportable conditions***

No matters were reported.

***Instances of Non-compliance***

No matters were reported.

**Part III: Findings and Questioned Costs for Federal Awards:**

***Reportable conditions***

No matters were reported.

***Instance of Non-compliance***

**CFDA 10.553: School Breakfast Program  
CFDA 10.555: National School Lunch Program  
Federal Award Year: 2006  
U.S. Department of Agriculture  
Passed through the Iowa Department of Education**

**III-A-06: Food Safety Inspections**

*Criteria:* Participating agencies in the Child Nutrition Program are required to obtain at least two food safety inspections each program year according to Section 111 of the Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265) amended section 9(h) of the Richard B. Russell National School Lunch Act.

*Condition:* Food service locations within the District did not obtain the minimum required number of food safety inspections during the program year or specifically request two inspections from the local authorities.

*Questioned costs:* There were no questioned costs.

*Context:* The Food safety inspections requirement first became effective for the District on July 1, 2005.

*Effect:* The District was not in compliance with the state's recommended procedures regarding food safety inspections.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2006**

**Part III: Findings and Questioned Costs for Federal Awards:** (continued)

*Cause:* The communication of this requirement to obtain two food safety inspections and the related requirements to request and document attempts to obtain these inspections was missed by the District's program managers.

*Recommendation:* The District should a) notify local authorities of the Child Nutrition Program's requirement to obtain, at a minimum, two food safety inspections at the beginning of the program year; b) send a second request to local authorities to obtain the required food safety inspections at mid-year; and c) develop procedures to track the food safety inspections received at each location for year-end reporting.

*Management Response and Corrective Action Plan:* We were not aware of this requirement until after year-end and have developed procedures to request food safety inspections at the beginning of year, sending second requests mid-year, and have developed a tracking system to facilitate year-end reporting.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2006

### **Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-06 Certified Budget - Expenditures during the year ended June 30, 2006 did not exceed the amounts budgeted.
- IV-B-06 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-06 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-06 Business Transactions - No transactions requiring Board approval which had not been approved by the board were noted.
- IV-E-06 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-06 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- IV-G-06 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-06 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-06 Certified Annual Report - The Certified Annual Report was certified to the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-J-06 Deficit Balances - The District had a deficit balance in the Proprietary - Day Care Fund at June 30, 2006.
- Recommendation - The District should take appropriate action to return this fund to sound financial condition.
- Response - The District has increased fees to accommodate for deficit.
- Conclusion - Response accepted.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Corrective Action Plan for Federal Audit Findings**

**Year Ended June 30, 2006**

| <b><u>Comment Number</u></b> | <b><u>Comment Title</u></b> | <b><u>Corrective Action Plan</u></b>   | <b><u>Contact Person, Title<br/>Phone Number</u></b>                  | <b><u>Anticipated Date of Completion</u></b> |
|------------------------------|-----------------------------|--|---|--|
| III-A-06                     | Food Safety Inspections     | Develop procedures to request required food safety inspections, send second requests, and track inspections received for year-end reporting. | James A. Rotter, Jr.<br>Director of Business Services<br>319-848-5221 | 10/30/2006                                   |

**COLLEGE COMMUNITY SCHOOL DISTRICT**  
**Summary Schedule of Prior Federal Audit Findings**  
**Year Ended June 30, 2006**

| <b><u>Comment Reference</u></b> | <b><u>Comment Title</u></b> | <b><u>Status</u></b> | <b><u>If not corrected, provide planned corrective action or other explanation.</u></b> |
|---------------------------------|-----------------------------|----------------------|---|
| III-A-05                        | Verification Eligibility    | Completed            | n/a   |
| III-B-05                        | Verification Documentation  | Completed            | n/a   |

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Audit Staff**

This audit was performed by:

Robert L. Poundstone, CPA, Partner

Justin Zimmerman, CPA, Senior Associate

Michele Matt, CPA, Senior Manager

Tim Wood, CPA, Manager