

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

June 30, 2007

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District, Oxford, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2008, on our consideration of Clear Creek Amana Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 14 and 39 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clear Creek Amana Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

March 31, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Clear Creek Amana Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the district's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- The district increased the ending fund balance in the general fund from a beginning balance of \$777,253 to \$1,124,345.
 - This represents a \$347,092 increase and results in a general fund balance of 9.91% of general fund expenditures.
 - This fund balance is an increase from an ending balance of 7.33% of general fund expenditures in FY 06 and
 - an ending balance of 4.01% of general fund expenditures in FY 05.
- Total general fund revenues continue to reflect a growth rate in excess of state funded growth as a result of increased student enrollment.
 - FY 07 \$11,691,236 (\$744,907 change or 6.81%)
 - FY 06 \$10,946,329 (\$721,887 change or 7.06%)
 - FY 05 \$10,224,441 (\$902,451 change or 9.68%)
- The state allowable growth of 4% accounted for an increase in district revenue of \$197 per pupil. CCA also increased resident students (1295.6 to 1371.8) a change of 76.2 students. The combined change in student enrollment and the increase in state allowable growth accounted for \$648,730 dollars of the increased revenue in the general fund.
- In addition to increasing resident student enrollment, the district continued to have a net gain of students attending CCA schools as a result of the open enrollment law. The Clear Creek Amana schools have a greater number of students choosing to attend in the district under the open enrollment law than the number of students that choose to attend neighboring districts. For FY 2007, open enrollment brought a net gain of 58.5 students at a state cost per pupil of \$5164 or \$302,094 dollars.
- The District successfully maintained the A3 bond rating from Moody's Investor Service for the sale of \$10,000,000 of general obligation bonds in June of 2007. The affirmation of this rating was due in part to the very strong tax base growth in the district (averaging 11.37% over the last five years) and satisfactory financial operations with improving cash reserves in the general fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

Within this audit report, you will find three primary sections: The Management's Discussion and Analysis (MD&A), The Basic Financial Statements, and Required Supplementary Information.

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the district's financial activities. In the MD&A significant factors and trend lines affecting the overall financial health of the district are discussed.
- The Basic Financial Statements include the Government-wide Financial Statements. Governmental activities supported by tax and intergovernmental revenue are reported separately from activities typically supported through fees for service. These statements provide information about the activities of Clear Creek Amana Community School District as a whole and present an overall view of the district's finances.
- The Governmental Fund Financial Statements reports the Clear Creek Amana Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.
 - Within the major governmental funds, the district reports on the General Fund which is the primary operating fund of the District. The Capital Projects Fund accounts for all resources used for the acquisition and construction of capital facilities, and the Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.
 - Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as Food and Nutrition, Day Care, Public Pool, Amana Library and the Springmier Library.
 - 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.

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

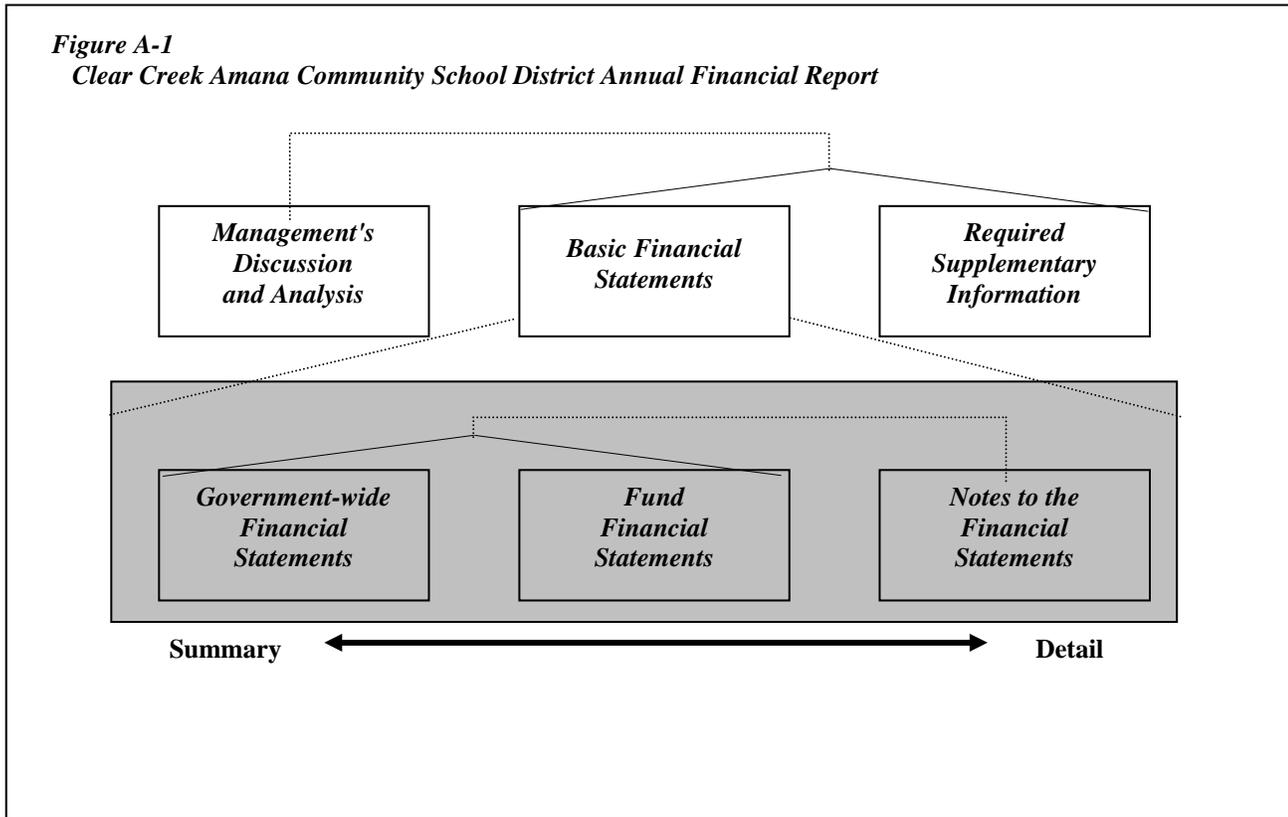


Figure A-2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

- 1) *Governmental funds:* Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. The district's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.
- 2) *Proprietary funds:* Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The districts' Enterprise Funds, one type of proprietary fund, are the same

as its business type activities, but provide more detail and additional information, such as cash flows. The district currently has four Enterprise Funds, the School Nutrition Fund, Day Care Fund, Amana Public Library and the Springmier Public Library. The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

- 3) *Fiduciary funds*: The district is the trustee, or fiduciary, for assets that belong to others. These funds include Restricted Purpose Trust and Agency Funds.
- Restricted Purpose Trust Fund – The district accounts for outside donations from the Springmier endowment for the purpose of supporting the high school library.
 - Agency Funds – These are funds through which the district administers and accounts for certain donations collected for support of certain expenditures related to the operation of the curricular and extra-curricular programs of the district.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2006-2007
	Governmental Activities		Business-type Activities		Total School District		
	2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	
Current and other assets	34,761,820	23,547,710	168,692	177,285	34,930,512	23,724,995	47%
Capital assets	12,175,730	10,219,704	60,070	51,475	12,235,800	10,271,179	19%
Total assets	46,937,550	33,767,414	228,762	228,760	47,166,312	33,996,174	39%
Long-term liabilities	28,722,663	18,994,478	-	-	28,722,663	18,994,478	51%
Other liabilities	8,786,180	7,290,873	45,331	49,262	8,831,511	7,340,135	20%
Total liabilities	37,508,843	26,285,351	45,331	49,262	37,554,174	26,334,613	43%
Net Assets:							
Invested in capital assets, net of related debt	8,027,710	6,314,595	60,070	51,475	8,087,780	6,366,070	27%
Restricted	864,173	601,014	-	-	864,173	601,014	44%
Unrestricted	536,824	566,454	123,361	128,023	660,185	694,477	-5%
TOTAL NET ASSETS	9,428,707	7,482,063	183,431	179,498	9,612,138	7,661,561	26%

The District's total net assets increased 26%, over the prior year. The largest portion of the District's total net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment) net of related debt.

- Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets increased approximately \$263,159 or 44% over the prior year.
- Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$34,292, or 5%. The decrease was primarily a result of property taxes that were collected from the physical plant and equipment levy in fiscal year 2006, but will be spent in future years. As the district prepares to open to new schools (one in FY 2009 and one in FY 2010), funds have been reserved for potential physical plant needs related to the new schools.
- District long-term liabilities increased significantly due to the sale of \$14,485,000 in general obligation bonds. These bonds will be utilized to construct a new elementary and a new secondary school that will open in the fall of 2008 and 2009, respectively. Long-term liabilities also increased as the result of an increase in the number of staff members electing to participate in the district’s deferred compensation benefits.

Figure A-4 compares the change in net assets for the years ended June 30, 2007 and 2006.

Figure A-4

	Change in Net Assets						Percentage Change 2007-2006
	Governmental Activities		Business-type Activities		Total School District		
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	
Revenues							
Program Revenues:							
Charges for services	1,289,664	1,374,842	785,181	721,764	2,074,845	2,096,606	-1%
Operating grants, contributions and restricted interest	2,581,875	1,194,803	184,555	169,756	2,766,430	1,364,559	103%
Capital grants, contributions and restricted interest	263,272	42,746	-	-	263,272	42,746	516%
General Revenues:							
Property taxes	6,369,422	4,895,488	-	-	6,369,422	4,895,488	30%
Income Surtax	573,422	575,135	-	-	573,422	575,135	-1%
Local option sales tax	196,455	93,136	-	-	196,455	93,136	111%
Unrestricted state grants	4,730,502	4,638,855	-	-	4,730,502	4,638,855	2%
Unrestricted investment earnings	115,147	63,773	5,529	6,639	120,676	70,412	71%
Other revenue	73,586	276,314	-	4,474	73,586	280,788	-74%
Total Revenues	16,193,345	13,155,092	975,265	902,633	17,168,610	14,057,725	22%
Expenses:							
Instruction	7,929,165	7,357,326	-	-	7,929,165	7,357,326	8%
Support services	4,536,502	3,873,042	-	-	4,536,502	3,873,042	17%
Non-instructional programs	-	31,086	971,332	942,635	971,332	973,721	-1%
Other expenditures	1,716,161	1,139,323	-	-	1,716,161	1,139,323	51%
Total expenses	14,181,828	12,400,777	971,332	942,635	15,153,160	13,343,412	14%

Change in net assets before transfers	1,946,644	754,315	3,933	(40,002)	1,950,577	714,313	173%
Transfers	-	11,216	-	(9,216)	-	2,000	0%
CHANGE IN NET ASSETS	1,946,644	765,531	3,933	(49,218)	1,950,577	716,313	172%
Net assets beginning of year	7,482,063	6,716,532	179,498	228,716	7,661,561	6,945,248	10%
Net assets end of year	9,428,707	7,482,063	183,431	179,498	9,612,138	7,661,561	26%

The changes in Net Assets as shown in Figure A-4 show that the district experienced a 22% increase in revenues. An increase in the cash reserve levy (supported by local property taxes), renewed funding of the instructional support fund and state foundation aid were the primary sources of revenue increases.

During the same period, the district increased expenditures at the rate of 14%. Maintaining expenditures to less than available revenue contributed to the overall improvement of net assets of 26%.

Governmental Activities

Revenue in Government Activities increased primarily in property tax revenue and interest revenue. Expenditures also increased, primarily in the area of instruction and support services with a net increase in assets of 1,946,644 dollars. These changes are primarily a result of the current bond revenues and a continued strong tax base.

Business Type Activities

The District's business type activities include the School Food Nutrition, Day Care, Public Pool, Amana Library and Springmier Library Programs. Revenues of these activities were comprised of charges for service such as the increased price of school lunches, federal and state reimbursements and investment income. Revenues for business type activities were \$975,265 and expenses were \$971,332.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$25,434,050, well above last year's ending fund balances of \$15,834,919. The increase in combined fund balances in fiscal 2007 is primarily the result of the issuance of \$10,000,000 of general obligation bonds in June 2007 and the delayed start to the new building construction projects.

Governmental Fund Highlights

- The General Fund balance increased from \$777,253 to \$1,124,345. The district is within the board established guideline to maintain a balance of six to ten percent of general fund expenditures.

- The Capital Projects Fund balance increase of \$9,147,699 is due to the issuance of \$10,000,000 of general obligation bonds at the end of fiscal year 2007. The bond proceeds will be used for the construction of new elementary and secondary school buildings.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$215,036 in fiscal 2006 to \$276,854 in fiscal 2007. The district is controlling expenditures in this fund in preparation for the opening of two additional buildings (North Bend Elementary in August of 2008 and the new High School in August of 2009). These funds will be used for future capital improvements and major equipment purchases.
- The Management Fund balance increased from \$25,819 at June 30, 2006 to \$113,393 at June 30, 2007. The district is building a small balance in this fund in anticipation of future teacher retirements.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$174,369 at June 30, 2006 to \$170,510 at June 30, 2007, representing a decrease of approximately 2%. Most of the decrease was caused by increases in food prices and the purchase of equipment.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clear Creek Amana Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with increased costs in support services, non-instructional programs and other expenditures.

The District's receipts were \$1,605,402 more than budgeted receipts, a variance of 11%. The most significant variance resulted from increased property tax receipts.

Total expenditures were \$633,564 less than the amended budget, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007 the District had invested 12.2 million dollars, net of accumulated depreciation, in a broad range of capital assets. These assets include: land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease from last year. Depreciation expense for the year was \$ 447,249.

During the 2006-2007 school year, construction began on the new high school (scheduled for completion in August of 2009) and construction continued for North Bend Elementary (scheduled for completion in August of 2008). Both projects began construction later than anticipated; however the substantial completion date for both projects has not altered.

The district completed the second year of a three year lease-purchase of 150 lap top computers. These laptops are issued to district teachers and added one additional mobile computer lab for student access.

Major facility improvements included two roof sections (replacement of a portion of the Clear Creek Elementary and replacements of a portion of Clear Creek Amana High School). Two additional roof projects were also bid during 2006-2007 to include replacement of a major section of the Clear Creek Amana Middle School/Amana Elementary roof and an additional section of the CCAHS roof.

Figure A-6
Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage Change 2007/2006
	Activities		Activities		School District		
	2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	
Land	1,578,566	1,338,566	-	-	1,578,566	1,338,566	18%
Construction in progress	1,490,255	-	-	-	1,490,255	-	100%
Buildings	8,290,327	8,118,719	-	-	8,290,327	8,118,719	2%
Improvements	227,132	236,043	-	-	227,132	236,043	-4%
Equipment & Furniture	589,450	526,376	60,069	51,475	649,519	577,851	12%
TOTAL	12,175,730	10,219,704	60,069	51,475	12,235,799	10,271,179	19%

Long-Term Debt

At June 30, 2007, the District had \$28,722,663 in general obligation, revenue and other long-term debt. The substantial change in long-term debt resulted from the sale of 10,000,000 dollars in general obligation bonds to partially fund the district's construction of a new elementary and new high school. (See Figure A-7)

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Percentage Change 2007-2006
	2007	2006	
	\$	\$	
General Obligation Bonds	28,030,000	18,520,000	51%
Capital Leases	113,387	-	100%
Termination Benefits	499,415	456,016	10%
Compensated Absences	79,861	18,462	333%
	28,722,663	18,994,478	51%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Clear Creek Amana has seen an average increase in total valuation of 51 million dollars or 9.4% per year over the past five years. With the amount of new construction and development within the district boundaries, this appears to be a positive trend that will continue to benefit the district's financial health.
- School financing is highly dependent upon the student enrollment from the prior year. The District's September 2005 enrollment increased to 1371.8 students from 1295.6 in September of 2004. The September 2006 enrollment increased again to 1405 students. This growth continues a pattern of about 4% growth per year since 2001 and resulted in increased revenue for the district's general fund. Looking ahead to Fiscal 2008, the district's September 2007 certified enrollment increased to 1417.9 students.
- Fiscal 2007 was the first year of a two year negotiated agreement with the CCA Education Association. This settlement of 4.5% for fiscal 2007 was less than the increase in regular program funds of 6.55%.
- During fiscal 2006, the district began receiving revenue from the one-cent local option sales tax in Iowa County. This tax has resulted in 200,055 dollars of revenue during FY 2007. Voters also approved the one-cent local option sales tax in Johnson County in February 2007. This will add an estimated 1,000,000 dollars of revenue in fiscal 2008, increasing to an estimated 1,300,000 per year for the following four years.
- Construction of the district's new elementary school began in the spring of 2007 and will open at the start of the 2008 school year. The district anticipates this new facility could escalate the enrollment growth at the elementary level.
- Construction of the district's new high school began in the summer of 2007 and will open at the start of the 2009 school year. The district anticipates this new facility combined with the movement of the middle school to a combined secondary campus will continue to accelerate enrollment growth in the secondary schools that the district is already experiencing

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Adelia Kern, Business Manager or Dr. Paula Vincent, Superintendent, 327 South Augusta Avenue, Oxford, IA 52322. Phone: (319) 828-4510.

BASIC FINANCIAL STATEMENTS

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	25,633,144	151,291	25,784,435
Receivables:			
Property tax:			
Delinquent	83,741	-	83,741
Succeeding year	7,719,391	-	7,719,391
Accounts	2,394	3,401	5,795
Due from other governments	1,160,234	-	1,160,234
Inventories	-	14,000	14,000
Unamortized bond issue costs	162,916	-	162,916
Capital assets, net of accumulated depreciation	12,175,730	60,070	12,235,800
Total assets	46,937,550	228,762	47,166,312
Liabilities			
Warrants issued in excess bank balance	256,820	-	256,820
Accounts payable	561,461	4,323	565,784
Salaries and benefits payable	33,570	29,271	62,841
Accrued interest payable	105,525	-	105,525
Other current liabilities	20,190	-	20,190
Deferred revenue:			
Succeeding year property tax	7,719,391	-	7,719,391
Other	-	11,737	11,737
Unamortized bond premium	89,223	-	89,223
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	1,230,000	-	1,230,000
Capital leases	59,171	-	59,171
Termination benefits	69,974	-	69,974
Compensated absences	26,620	-	26,620
Portion due after one year:			
General obligation bonds payable	26,800,000	-	26,800,000
Capital leases	54,216	-	54,216
Termination benefits	429,441	-	429,441
Compensated absences	53,241	-	53,241
Total liabilities	37,508,843	45,331	37,554,174

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net assets			
Invested in capital assets, net of related debt	8,027,710	60,070	8,087,780
Restricted for:			
State categorical aid	233,962	-	233,962
Physical plant and equipment levy	448,880	-	448,880
Other special revenue purposes	181,331	-	181,331
Unrestricted	<u>536,824</u>	<u>123,361</u>	<u>660,185</u>
Total net assets	<u><u>9,428,707</u></u>	<u><u>183,431</u></u>	<u><u>9,612,138</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	5,195,836	689,931	529,833	61,487
Special	1,442,312	271,648	95,954	-
Other	1,291,017	251,995	186,017	-
	<u>7,929,165</u>	<u>1,213,574</u>	<u>811,804</u>	<u>61,487</u>
Support services:				
Student	238,943	-	-	-
Instructional staff	606,214	-	70,122	-
Administration	1,544,994	-	-	-
Operation and maintenance of plant	1,274,816	2,730	-	-
Transportation	871,535	4,674	3,146	-
	<u>4,536,502</u>	<u>7,404</u>	<u>73,268</u>	<u>-</u>
Non-instructional programs		3,813	-	-
Other expenditures:				
Facilities acquisition	144,357	-	-	1,464,992
Long-term debt interest	853,603	-	5,915	-
AEA flowthrough	433,596	-	433,596	-
Depreciation (unallocated)*	284,605	-	-	-
	<u>1,716,161</u>	<u>-</u>	<u>439,511</u>	<u>1,464,992</u>
Total governmental activities	<u>14,181,828</u>	<u>1,224,791</u>	<u>1,324,583</u>	<u>1,526,479</u>
Business type activities:				
Non-instructional programs:				
Food service operations	568,053	385,436	173,863	-
Public pool	26,793	32,146	-	-
Daycare	376,486	367,599	10,692	-
Total business-type activities	<u>971,332</u>	<u>785,181</u>	<u>184,555</u>	<u>-</u>
Total	<u>15,153,160</u>	<u>2,009,972</u>	<u>1,509,138</u>	<u>1,526,479</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year

Net assets end of year

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
Governmental Activities	Business Type Activities	Total
\$	\$	\$
(3,914,585)	-	(3,914,585)
(1,074,710)	-	(1,074,710)
(853,005)	-	(853,005)
<u>(5,842,300)</u>	<u>-</u>	<u>(5,842,300)</u>
(238,943)	-	(238,943)
(536,092)	-	(536,092)
(1,544,994)	-	(1,544,994)
(1,272,086)	-	(1,272,086)
(863,715)	-	(863,715)
<u>(4,455,830)</u>	<u>-</u>	<u>(4,455,830)</u>
3,813	-	3,813
1,320,635	-	1,320,635
(847,688)	-	(847,688)
-	-	-
<u>(284,605)</u>	<u>-</u>	<u>(284,605)</u>
188,342	-	188,342
<u>(10,105,975)</u>	<u>-</u>	<u>(10,105,975)</u>
-	(8,754)	(8,754)
-	5,353	5,353
-	1,805	1,805
<u>-</u>	<u>(1,596)</u>	<u>(1,596)</u>
<u>(10,105,975)</u>	<u>(1,596)</u>	<u>(10,107,571)</u>
4,696,089	-	4,696,089
1,257,696	-	1,257,696
415,637	-	415,637
573,422	-	573,422
196,455	-	196,455
4,730,502	-	4,730,502
109,232	5,529	114,761
73,586	-	73,586
<u>12,052,619</u>	<u>5,529</u>	<u>12,058,148</u>
1,946,644	3,933	1,950,577
<u>7,482,063</u>	<u>179,498</u>	<u>7,661,561</u>
<u>9,428,707</u>	<u>183,431</u>	<u>9,612,138</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2007

	General Fund	Capital Projects Fund	Debt Service	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Assets					
Cash and pooled investments:					
Other	1,025,653	23,995,367	42,382	569,742	25,633,144
Receivables:					
Property tax:					
Delinquent	60,739	-	12,702	10,300	83,741
Succeeding year	4,346,093	-	2,490,984	882,314	7,719,391
Accounts	2,202	-	-	192	2,394
Due from other governments	673,238	314,780	-	172,216	1,160,234
Total assets	6,107,925	24,310,147	2,546,068	1,634,764	34,598,904
Liabilities and Fund Balances					
Liabilities:					
Warrants issued in excess of bank balance	-	256,820	-	-	256,820
Accounts payable	203,371	350,094	-	7,996	561,461
Salaries and benefits payable	32,720	-	-	850	33,570
Deferred revenue:					
Succeeding year property tax	4,346,093	-	2,490,984	882,314	7,719,391
Other	401,396	-	-	172,026	573,422
Other current liabilities	-	20,190	-	-	20,190
Total liabilities	<u>4,983,580</u>	<u>627,104</u>	<u>2,490,984</u>	<u>1,063,186</u>	<u>9,164,854</u>
Fund balances:					
Reserved for:					
Special purposes	-	-	-	18,400	18,400
State categorical aid	233,962	-	-	-	233,962
Debt service	-	-	55,084	-	55,084
Unreserved reported in:					
General fund	890,383	-	-	-	890,383
Special revenue funds	-	-	-	553,178	553,178
Capital projects funds	-	23,683,043	-	-	23,683,043
Total fund balances	<u>1,124,345</u>	<u>23,683,043</u>	<u>55,084</u>	<u>571,578</u>	<u>25,434,050</u>
Total liabilities and fund balances	6,107,925	24,310,147	2,546,068	1,634,764	34,598,904

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

June 30, 2007

	\$
Total fund balances of governmental funds (Exhibit C)	25,434,050
<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.	12,175,730
Bond issue costs expensed in governmental funds	162,916
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	573,422
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	(105,525)
Long-term liabilities, including bonds payable, compensated absences and termination benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(28,811,886)</u>
Net assets of governmental activities (Exhibit A)	<u><u>9,428,707</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	4,566,477	196,455	1,257,696	984,478	7,005,106
Tuition	843,785	-	-	-	843,785
Other	215,269	1,078,068	5,915	357,831	1,657,083
State sources	5,723,474	-	372	2,551	5,726,397
Federal sources	342,231	182,330	-	-	524,561
Total revenues	<u>11,691,236</u>	<u>1,456,853</u>	<u>1,263,983</u>	<u>1,344,860</u>	<u>15,756,932</u>
Expenditures:					
Current:					
Instruction:					
Regular	5,023,828	-	-	110,609	5,134,437
Special	1,442,312	-	-	-	1,442,312
Other	982,866	-	-	308,151	1,291,017
	<u>7,449,006</u>	<u>-</u>	<u>-</u>	<u>418,760</u>	<u>7,867,766</u>
Support services:					
Student	238,943	-	-	-	238,943
Instructional staff	418,451	-	-	187,763	606,214
Administration	1,227,036	155,361	-	163,531	1,545,928
Operation and maintenance of plant					
Transportation	991,812	-	-	279,236	1,271,048
	<u>592,084</u>	<u>-</u>	<u>-</u>	<u>153,393</u>	<u>745,477</u>
	<u>3,468,326</u>	<u>155,361</u>	<u>-</u>	<u>783,923</u>	<u>4,407,610</u>
Other expenditures:					
Facilities acquisition	-	2,134,078	-	231,430	2,365,508
Long-term debt:					
Principal	-	-	549,171	-	549,171
Interest and fiscal charges	-	-	816,347	-	816,347
AEA flowthrough	433,596	-	-	-	433,596
	<u>433,596</u>	<u>2,134,078</u>	<u>1,365,518</u>	<u>231,430</u>	<u>4,164,622</u>
Total expenditures	<u>11,350,928</u>	<u>2,289,439</u>	<u>1,365,518</u>	<u>1,434,113</u>	<u>16,439,998</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Excess (deficiency) of revenues over (under) expenditures	<u>340,308</u>	<u>(832,586)</u>	<u>(101,535)</u>	<u>(89,253)</u>	<u>(683,066)</u>
Other financing sources (uses):					
Compensation for loss of fixed assets	11,333	-	-	40,876	52,209
Proceeds from long-term loans	-	-	-	172,558	172,558
Bonds issued	-	10,000,000	-	-	10,000,000
Bond premium	-	57,430	-	-	57,430
Operating transfers in	-	-	59,171	81,694	140,865
Operating transfers out	<u>(4,549)</u>	<u>(77,145)</u>	<u>-</u>	<u>(59,171)</u>	<u>(140,865)</u>
Total other financing sources (uses)	<u>6,784</u>	<u>9,980,285</u>	<u>59,171</u>	<u>235,957</u>	<u>10,282,197</u>
Net change in fund balances	347,092	9,147,699	(42,364)	146,704	9,599,131
Fund balances beginning of year	<u>777,253</u>	<u>14,535,344</u>	<u>97,448</u>	<u>424,874</u>	<u>15,834,919</u>
Fund balances end of year	<u><u>1,124,345</u></u>	<u><u>23,683,043</u></u>	<u><u>55,084</u></u>	<u><u>571,578</u></u>	<u><u>25,434,050</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		9,599,131
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense and loss on disposal of equipment in the current year as follows:		
Expenditures for capital assets	2,466,761	
Loss on disposal of equipment	(70,483)	
Depreciation expense	<u>(440,252)</u>	1,956,026
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities.		134,192
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		549,171
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due.		(37,256)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	(43,399)	
Compensated absences	(61,399)	
Bond issue costs	<u>70,154</u>	(34,644)
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.		<u>(10,219,976)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>1,946,644</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2007

	Total Nonmajor Enterprise Funds
	<u>\$</u>
Assets	
Cash and cash equivalents	151,291
Accounts receivable	3,401
Inventories	14,000
Capital assets, net of accumulated depreciation	<u>60,070</u>
Total assets	<u>228,762</u>
Liabilities	
Accounts payable	4,323
Salaries and benefits payable	29,271
Deferred revenue	<u>11,737</u>
Total liabilities	<u>45,331</u>
Net assets	
Invested in capital assets, net of related debt	60,070
Unrestricted	<u>123,361</u>
Total net assets	<u><u>183,431</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	Total Nonmajor Enterprise Funds <u> </u> \$
Operating revenues:	
Local sources:	
Charges for service	<u>785,181</u>
Operating expenses:	
Non-instructional programs:	
Salaries	460,609
Benefits	113,370
Purchased services	17,916
Supplies	366,152
Depreciation	6,997
Other	6,288
	<u>971,332</u>
Operating gain (loss)	<u>(186,151)</u>
Non-operating revenues:	
State sources	7,236
Federal sources	177,319
Interest income	5,529
Total non-operating revenues	<u>190,084</u>
Change in net assets	3,933
Net assets beginning of year	<u>179,498</u>
Net assets end of year	<u><u>183,431</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2007

	Total Nonmajor Enterprise Funds
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	385,218
Cash received from other services	401,036
Cash payments to employees for services	(578,727)
Cash payments to suppliers for goods or services	(367,664)
Net cash used by operating activities	<u>(160,137)</u>
Cash flows from non-capital financing activities:	
State grants received	7,236
Federal grants received	155,345
Net cash provided by non-capital financing activities	<u>162,581</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(15,592)</u>
Cash flows from investing activities:	
Interest on investments	<u>5,529</u>
Net increase (decrease) in cash and cash equivalents	(7,619)
Cash and cash equivalents at beginning of year	<u>158,910</u>
Cash and cash equivalents at end of year	<u><u>151,291</u></u>
Reconciliation of operating gain (loss) to net cash used by operating activities:	
Operating gain (loss)	(186,151)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	22,092
Depreciation	6,997
Decrease (increase) in inventories	(631)
Decrease (increase) in accounts receivable	1,605
(Decrease) increase in accounts payable	516
(Decrease) increase in salaries and benefits payable	(4,748)
(Decrease) increase in deferred revenue	183
Net cash used in operating activities	<u><u>(160,137)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2007, the District received \$22,092 of federal commodities.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

1. Summary of Significant Accounting Policies

Clear Creek Amana Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Coralville, North Liberty, Tiffin, Oxford and the Seven Villages of the Amana Colonies, Iowa and the predominately agricultural territory in a portion of Iowa and Johnson Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Clear Creek Amana Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Clear Creek Amana Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006, through June 30, 2007, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

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

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

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

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

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

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures exceeded the amount budgeted in the support services function.

2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2007, the District had the following investments:

	<u>Amortized Cost</u>
	\$
Diversified Portfolio-Iowa School Investment Trust	253
Money Market Fund-IPASeducation	43,146

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 rated Aaa by Moody's Investors Service. The investments with IPASeducation are not rated because they are registered with the Securities and Exchange Commission.

3. Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	-	1,490,255	-	1,490,255
Land	1,338,566	240,000	-	1,578,566
	<u>1,338,566</u>	<u>1,730,255</u>	-	<u>3,068,821</u>
Capital assets being depreciated:				
Buildings	11,614,611	407,393	-	12,022,004
Improvements other than buildings	749,795	5,300	-	755,095
Furniture and equipment	1,735,430	323,813	70,483	1,988,760
Total capital assets being deprec.	<u>14,099,836</u>	<u>736,506</u>	<u>70,483</u>	<u>14,765,859</u>
Less accumulated depreciation for:				
Buildings	3,495,892	235,785	-	3,731,677
Improvements other than buildings	513,752	14,211	-	527,963
Furniture and equipment	1,209,054	190,256	-	1,399,310
Total accumulated depreciation	<u>5,218,698</u>	<u>440,252</u>	-	<u>5,658,950</u>
Total capital assets being depreciated, net	<u>8,881,138</u>	<u>296,254</u>	<u>70,483</u>	<u>9,106,909</u>
Governmental activities capital assets, net	<u>10,219,704</u>	<u>2,026,509</u>	<u>70,483</u>	<u>12,175,730</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	86,881	15,592	6,339	96,134
Less accumulated depreciation	<u>35,406</u>	<u>6,997</u>	<u>6,339</u>	<u>36,064</u>
Business type activities capital assets, net	<u>51,475</u>	<u>8,595</u>	<u>-</u>	<u>60,070</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities	
Support services:	
Administration services	25,821
Operation and maintenance of plant services	3,768
Transportation	<u>126,058</u>
	155,647
Unallocated depreciation	<u>284,605</u>
Total depreciation expense – governmental activities	<u><u>440,252</u></u>
Business type activities:	
Food service	<u><u>6,997</u></u>

4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer To	Transfer From	Amount
		\$
Debt Service Fund	Property Plant and Equipment Fund	59,171
Activity Fund	General Fund	4,549
Capital Projects Fund	Property Plant and Equipment Fund	77,145

The transfers from were made to reimburse for expenditures.

5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2007, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds	18,520,000	10,000,000	490,000	28,030,000	1,230,000
Capital leases	-	172,558	59,171	113,387	59,171
Compensated absences	18,462	61,399	-	79,861	26,620
Termination benefits	<u>456,016</u>	<u>237,621</u>	<u>194,222</u>	<u>499,415</u>	<u>69,974</u>
Total	<u><u>18,994,478</u></u>	<u><u>10,471,578</u></u>	<u><u>743,393</u></u>	<u><u>28,722,663</u></u>	<u><u>1,385,765</u></u>

Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least thirty years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education. The board reviews the feasibility of offering this plan annually.

Early retirement benefits include a cash stipend and single premium health insurance premiums at the amount set by the master contract, until the retiree is eligible for Medicare.

The stipend will be paid in the year following retirement.

At June 30, 2007, the District has obligations to fifteen participants with a total liability of \$499,415. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$194,222.

Capital Leases

The District's capital lease indebtedness and related schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2007 are as follows:

	<u>Year Ending June 30,</u>	<u>Amount</u>
		\$
	2008	59,171
	2009	59,171
Minimum Lease Payments		<u>118,342</u>
Less Amount Representing Interest		<u>4,955</u>
Present Value of Minimum Lease Payments		<u><u>113,387</u></u>

General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

CLEAR CREEK AMANA BONDS				
<u>Year ended June 30,</u>	<u>Bond Issue of August 1, 2002</u>			
	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	%	\$	\$	\$
2008	3.2	95,000	23,715	118,715
2009	3.4	100,000	20,675	120,675
2010	3.6	105,000	17,275	122,275
2011	3.8	110,000	13,495	123,495
2012	4.0	115,000	9,316	124,316
2013	4.1	<u>115,000</u>	<u>4,714</u>	<u>119,714</u>
Total		<u>640,000</u>	<u>89,190</u>	<u>729,190</u>

Refunding Bond Issue August 2003				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2008	2.5	325,000	91,558	416,558
2009	3.0	335,000	83,433	418,433
2010	3.0	345,000	73,383	418,383
2011	3.10	350,000	63,032	413,032
2012	3.25	365,000	52,182	417,182
2013-2015	3.3-3.5	1,185,000	82,451	1,267,451
Total		2,905,000	446,039	3,351,039

Bond Issue June 2006				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2008		-	684,450	684,450
2009		-	684,450	684,450
2010		-	684,450	684,450
2011		-	684,450	684,450
2012		-	684,450	684,450
2013-2017		-	3,422,250	3,422,250
2018-2022	4.625-4.75	6,425,000	3,018,625	9,443,625
2023-2026	4.75	8,060,000	977,312	9,037,312
Total		14,485,000	10,840,437	25,325,437

Bond Issue June 2007				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2008	3.80	810,000	411,875	1,221,875
2009	3.80	180,000	349,413	529,413
2010	3.80	175,000	342,572	517,572
2011	3.80	700,000	335,923	1,035,923
2012	3.80	725,000	309,323	1,034,323
2013-2017	3.80	5,505,000	1,062,302	6,567,302
2018-2019	3.8-3.85	1,905,000	87,405	1,992,405
Total		10,000,000	2,898,813	12,898,813

7. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contributions to

IPERS for the years ended June 30, 2007, 2006, and 2005 were \$431,508, \$403,112 and \$377,626 respectively, equal to the required contributions for each year.

8. Risk Management

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

9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$433,596 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

10. Commitments

The District has construction commitments for the following:

High School and Elementary building contracts for \$22,385,777.

REQUIRED SUPPLEMENTARY INFORMATION

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	9,505,974	790,710	10,296,684	8,836,619	8,836,619	1,460,065
State sources	5,726,397	7,236	5,733,633	5,896,776	5,896,776	(163,143)
Federal sources	524,561	177,319	701,880	393,400	393,400	308,480
Total revenues	<u>15,756,932</u>	<u>975,265</u>	<u>16,732,197</u>	<u>15,126,795</u>	<u>15,126,795</u>	<u>1,605,402</u>
Expenditures:						
Instruction	7,867,766	-	7,867,766	7,880,000	8,200,000	332,234
Support services	4,407,610	-	4,407,610	4,247,800	4,292,300	(115,310)
Non-instructional programs	-	971,332	971,332	1,064,538	1,064,538	93,206
Other expenditures	4,164,622	-	4,164,622	1,862,202	4,488,056	323,434
Total expenditures	<u>16,439,998</u>	<u>971,332</u>	<u>17,411,330</u>	<u>15,054,540</u>	<u>18,044,894</u>	<u>633,564</u>
Excess (deficiency) of revenues over (under) expenditures	(683,066)	3,933	(679,133)	72,255	(2,918,099)	2,238,966
Other financing sources (uses) net	<u>10,282,197</u>	<u>-</u>	<u>10,282,197</u>	<u>-</u>	<u>-</u>	<u>10,282,197</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	9,599,131	3,933	9,603,064	72,255	(2,918,099)	12,521,163
Balance beginning of year	<u>15,834,919</u>	<u>179,498</u>	<u>16,014,417</u>	<u>899,648</u>	<u>899,648</u>	<u>15,114,769</u>
Balance end of year	<u><u>25,434,050</u></u>	<u><u>183,431</u></u>	<u><u>25,617,481</u></u>	<u><u>971,903</u></u>	<u><u>(2,018,451)</u></u>	<u><u>27,635,932</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2007

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on 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 function 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 expenditures by \$2,990,354.

During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

Assets	Special Revenue Funds				Total
	Management	Student	Physical	Library	
	Levy	Activity	Plant and	Fund	
	\$	Fund	Equipment	Fund	\$
	\$	\$	Levy	Fund	\$
Cash and pooled investments	109,438	151,432	273,408	35,464	569,742
Receivables:					
Property tax:					
Delinquent	5,500	-	4,216	584	10,300
Succeeding year	400,000	-	460,052	22,262	882,314
Accounts	-	192	-	-	192
Due from other governments	-	190	172,026	-	172,216
Total assets	514,938	151,814	909,702	58,310	1,634,764
Liabilities & Fund Balances					
Liabilities:					
Accounts payable	1,545	5,681	770	-	7,996
Salaries and benefits payable	-	-	-	850	850
Deferred revenue:					
Succeeding year property tax	400,000	-	460,052	22,262	882,314
Other	-	-	172,026	-	172,026
Total liabilities	<u>401,545</u>	<u>5,681</u>	<u>632,848</u>	<u>23,112</u>	<u>1,063,186</u>
Fund balances:					
Reserved for special purposes	-	-	-	18,400	18,400
Unreserved reported in:					
Special revenue funds	<u>113,393</u>	<u>146,133</u>	<u>276,854</u>	<u>16,798</u>	<u>553,178</u>
Total fund balances	<u>113,393</u>	<u>146,133</u>	<u>276,854</u>	<u>35,198</u>	<u>571,578</u>
Total liabilities and fund balances	514,938	151,814	909,702	58,310	1,634,764

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	Special Revenue Funds				Total
	Management	Student	Physical	Library	
	Levy	Activity	Plant and	Fund	
		Equipment			
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	374,729	-	587,663	22,086	984,478
Other	13,323	296,837	19,920	27,751	357,831
State sources	170	-	123	2,258	2,551
Total revenues	<u>388,222</u>	<u>296,837</u>	<u>607,706</u>	<u>52,095</u>	<u>1,344,860</u>
Expenditures:					
Current:					
Instruction:					
Regular	110,609	-	-	-	110,609
Other	-	308,151	-	-	308,151
Support services:					
Instructional staff	-	-	172,558	15,205	187,763
Administration	115,139	1,285	15,579	31,528	163,531
Operation and maintenance of plant	49,871	-	229,365	-	279,236
Transportation	25,029	-	128,364	-	153,393
Facilities acquisition	-	-	231,430	-	231,430
Total expenditures	<u>300,648</u>	<u>309,436</u>	<u>777,296</u>	<u>46,733</u>	<u>1,434,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>87,574</u>	<u>(12,599)</u>	<u>(169,590)</u>	<u>5,362</u>	<u>(89,253)</u>
Other financing sources (uses):					
Compensation for loss of fixed assets	-	-	40,876	-	40,876
Proceeds from long-term loans	-	-	172,558	-	172,558
Operating transfers in	-	4,549	77,145	-	81,694
Operating transfers out	-	-	(59,171)	-	(59,171)
Total other financing sources (uses)	<u>-</u>	<u>4,549</u>	<u>231,408</u>	<u>-</u>	<u>235,957</u>
Net change in fund balances	87,574	(8,050)	61,818	5,362	146,704
Fund balances beginning of year	<u>25,819</u>	<u>154,183</u>	<u>215,036</u>	<u>29,836</u>	<u>424,874</u>
Fund balances end of year	<u><u>113,393</u></u>	<u><u>146,133</u></u>	<u><u>276,854</u></u>	<u><u>35,198</u></u>	<u><u>571,578</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Net Assets
Nonmajor Enterprise Funds

June 30, 2007

	Enterprise Funds			Total
	School Nutrition	Daycare	Public Pool	
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	107,595	32,068	11,628	151,291
Accounts receivable	1,272	920	1,209	3,401
Inventories	14,000	-	-	14,000
Capital assets, net of accumulated depreciation	60,070	-	-	60,070
Total assets	<u>182,937</u>	<u>32,988</u>	<u>12,837</u>	<u>228,762</u>
Liabilities				
Accounts payable	690	3,565	68	4,323
Salaries and benefits payable	-	23,550	5,721	29,271
Deferred revenue	11,737	-	-	11,737
Total liabilities	<u>12,427</u>	<u>27,115</u>	<u>5,789</u>	<u>45,331</u>
Net assets				
Invested in capital assets, net of related debt	60,070	-	-	60,070
Unrestricted	110,440	5,873	7,048	123,361
Total net assets	<u>170,510</u>	<u>5,873</u>	<u>7,048</u>	<u>183,431</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	Enterprise Funds			Total
	School Nutrition	Daycare	Public Pool	
	\$	\$	\$	\$
Operating revenues:				
Local sources:				
Charges for service	385,436	367,599	32,146	785,181
Operating expenses:				
Non-instructional programs:				
Salaries	169,571	270,688	20,350	460,609
Benefits	54,089	56,729	2,552	113,370
Purchased services	2,503	14,185	1,228	17,916
Supplies	334,893	28,596	2,663	366,152
Depreciation	6,997	-	-	6,997
Other	-	6,288	-	6,288
	568,053	376,486	26,793	971,332
Operating gain (loss)	(182,617)	(8,887)	5,353	(186,151)
Non-operating revenues:				
State sources	7,236	-	-	7,236
Federal sources	166,627	10,692	-	177,319
Interest income	4,895	383	251	5,529
Total non-operating revenues	178,758	11,075	251	190,084
Change in net assets	(3,859)	2,188	5,604	3,933
Net assets beginning of year	174,369	3,685	1,444	179,498
Net assets end of year	170,510	5,873	7,048	183,431

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Cash Flows
Nonmajor Enterprise Funds

Year ended June 30, 2007

	Enterprise Funds			Total
	School Nutrition	Daycare	Public Pool	
	\$	\$	\$	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	385,218	-	-	385,218
Cash received from other services	-	367,599	33,437	401,036
Cash payments to employees for services	(223,660)	(331,833)	(23,234)	(578,727)
Cash payments to suppliers for goods or services	(315,245)	(48,475)	(3,944)	(367,664)
Net cash provided by (used by) operating activities	<u>(153,687)</u>	<u>(12,709)</u>	<u>6,259</u>	<u>(160,137)</u>
Cash flows from non-capital financing activities:				
Transfers to other funds				
State grants received	7,236	-	-	7,236
Federal grants received	144,535	10,810	-	155,345
Net cash provided by non-capital financing activities	<u>151,771</u>	<u>10,810</u>	<u>-</u>	<u>162,581</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>(15,592)</u>	<u>-</u>	<u>-</u>	<u>(15,592)</u>
Cash flows from investing activities:				
Interest on investments	<u>4,895</u>	<u>383</u>	<u>251</u>	<u>5,529</u>
Net increase (decrease) in cash and cash equivalents	(12,613)	(1,516)	6,510	(7,619)
Cash and cash equivalents at beginning of year	<u>120,208</u>	<u>33,584</u>	<u>5,118</u>	<u>158,910</u>
Cash and cash equivalents at end of year	<u>107,595</u>	<u>32,068</u>	<u>11,628</u>	<u>151,291</u>
Reconciliation of operating gain (loss) to net cash used by operating activities:				
Operating gain (loss)	(182,617)	(8,887)	5,353	(186,151)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:				
Commodities used	22,092	-	-	22,092
Depreciation	6,997	-	-	6,997
Decrease (increase) in inventories	(631)	-	-	(631)
Decrease (increase) in accounts receivable	(519)	833	1,291	1,605
(Decrease) increase in accounts payable	690	(121)	(53)	516
(Decrease) increase in salaries and benefits payable	-	(4,416)	(332)	(4,748)
(Decrease) increase in deferred revenue	301	(118)	-	183
Net cash used in operating activities	<u>(153,687)</u>	<u>(12,709)</u>	<u>6,259</u>	<u>(160,137)</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

Account	Balance	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	Beginning of Year				
	\$	\$	\$	\$	\$
Interest	(18)	7,507	7,477	46	58
Memory books	325	195	257	-	263
MS student activities	1,662	1,867	869	-	2,660
JH bigger faster stronger	171	10	-	18	199
Class of 2006	610	-	-	(610)	-
Class of 2007	6,821	97	4,952	-	1,966
Class of 2008	-	26,710	21,690	-	5,020
Class of 2009	1,110	6	1,000	-	116
Class of 2010	-	32	-	610	642
Amana Elementary student fund raiser	442	1,543	660	-	1,325
Amana library fund raiser	8,129	11,972	8,692	-	11,409
CC Elementary library fundraiser	3,709	7,656	8,193	-	3,172
Elementary student act.	6,436	5,497	1,685	(350)	9,898
CC Elem. clipper care club	2,166	1,873	2,448	-	1,591
Jump for heart	17	-	-	(17)	-
Drama	6,072	2,835	1,266	-	7,641
JH drama	507	341	530	-	318
Art club	8,114	27,172	33,007	(35)	2,244
MS art club	711	253	187	-	777
CC Elementary art club	1,519	3,908	4,824	-	603
HS chorus	-	2,807	2,466	-	341
MS show choir	379	18	31	-	366
HS band	3,045	1,292	703	-	3,634
HS concessions	2,329	5,892	7,725	-	496
HS student fund raiser	3,163	964	2,271	-	1,856
Win with wellness	269	14	-	-	283
Amana fund raising	9,200	149	6,322	-	3,027
Athletics	9,999	71,089	62,805	4,109	22,392
JH athletics	-	5,687	5,732	-	(45)
JH athletic fund raiser/concessions	8,452	732	2,270	-	6,914
HS volleyball club	110	6	-	-	116
HS Girls track club	1,901	3,781	3,632	(569)	1,481
HS girls golf cub	382	655	629	-	408
HS Boys basketball club	664	8,175	6,552	(239)	2,048
HS football club	-	7,717	5,805	-	1,912
HS boys soccer club	-	63	-	-	63
HS girls soccer club	313	1,158	1,303	-	168
Baseball club	1,170	5,748	3,916	-	3,002
Boys track club	714	1,380	1,411	-	683
Wrestling club	12,749	2,077	12,215	-	2,611

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

Account	Balance	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	Beginning of Year				
	\$	\$	\$	\$	\$
HS girls basketball club	3,608	508	508	(3,608)	-
Softball club	641	10,531	10,107	-	1,065
HS German club	232	6	119	-	119
Publications	12,535	2,337	1,570	-	13,302
Annual	9,153	15,182	15,699	(111)	8,525
HS cheerleading club	590	1,034	1,034	256	846
JH cheerleading club	762	39	-	(1)	800
Close up	3,184	139	1,014	510	2,819
Amana Elementary music	13	-	-	(13)	-
NHS	955	464	1,181	-	238
Safe	361	185	409	-	137
Student assistance team	-	419	357	-	62
Science club	(1)	-	-	1	-
Spanish club	531	28	-	-	559
Student council	2,794	11,452	12,187	-	2,059
MS student council	12,642	34,104	35,215	-	11,531
CC Elementary student council	220	171	193	-	198
Weight club	-	310	310	-	-
Academic dacathlon	377	-	377	-	-
Pom squad	2,245	5,599	5,631	2	2,215
Staff wellness program	(1)	-	-	1	-
Totals	154,183	301,386	309,436	-	146,133

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund

Year ended June 30, 2007

	Elementary Parent Group	Booster Club	Fame	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance beginning of year	3,675	150	341	4,166
Additions:				
Collections	156	6,023	2,940	9,119
Deductions:				
Miscellaneous	<u>3,831</u>	<u>6,173</u>	<u>3,281</u>	<u>13,285</u>
Balance end of year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	7,005,106	5,563,759	4,668,747	4,850,577
Tuition	843,785	864,055	831,045	785,051
Other	1,657,083	622,669	490,905	434,175
State sources	5,726,397	5,486,156	5,262,267	4,611,848
Federal sources	524,561	315,725	299,347	254,224
Total revenues	<u>15,756,932</u>	<u>12,852,364</u>	<u>11,552,311</u>	<u>10,935,875</u>
Expenditures:				
Instruction:				
Regular	5,134,437	4,825,270	4,678,804	4,479,844
Special	1,442,312	1,229,280	1,582,327	1,961,733
Other	1,291,017	1,295,259	1,125,358	785,614
Support services:				
Student	238,943	221,792	212,790	209,324
Instructional staff	606,214	494,515	471,945	280,685
Administration	1,545,928	1,269,213	935,683	984,215
Operation and maintenance of plant	1,271,048	1,143,662	1,099,448	846,508
Transportation	745,477	669,869	665,794	683,940
Non-instructional programs	-	31,086	21,792	29,507
Other expenditures:				
Facilities acquisition	2,365,508	466,890	223,868	1,006,732
Long-term debt:				
Principal	549,171	470,000	450,000	450,000
Interest and other charges	816,347	146,439	164,629	164,198
AEA flowthrough	433,596	388,998	370,505	348,702
Total expenditures	<u>16,439,998</u>	<u>12,652,273</u>	<u>12,002,943</u>	<u>12,231,002</u>

CLEAR CREEK AMANA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u> \$
Direct:			
U.S. Department of Education:			
Impact Aid	84.041	FY07	77,103
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
National School Lunch Program	10.555	FY07	126,140
School Breakfast Program	10.553	FY07	18,395
			<u>144,535</u>
Child and Adult Care Food Program	10.558	FY07	6,192
Food Donation (noncash)	10.550	FY07	22,092
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Education Agencies	84.010	FY07	94,727
Improving Teacher Quality State Grants	84.367	FY07	31,833
Grants for State Assessments and Related Activities	84.369	FY07	9,709
State Grants for Innovative Programs	84.298	FY07	1,627
Safe & Drug Free Schools and Communities - State Grants	84.186	FY07	3,643
Fund for the Improvement of Education	84.215	FY07	182,330
Idea Part B	84.173	FY07	1,125
Idea Part B High Cost	84.027	FY07	17,245
Grant Wood Area Education Agency:			
Special Education Grants to States	84.027	FY07	67,608
Vocational Education - Basic Grants to States	84.048	FY07	8,177
U.S. Department of Defense:			
Johnson County:			
Flood Control	12.112	FY07	19,459
U.S. Department of Health and Human Services:			
Iowa County:			
Tempory Assistance for Needy Families	93.558	FY 07	4,500
Total			<u><u>691,905</u></u>

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated, March 31, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clear Creek Amana Community School District internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Clear Creek Amana Community School District internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Clear Creek Amana Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Clear Creek Amana Community School District's financial statements that is more than inconsequential will not be prevented or detected by Clear Creek Amana Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Clear Creek Amana Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items 07-II-A, 07-II-B and 07-II-C are material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 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.

Clear Creek Amana Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Clear Creek Amana Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clear Creek Amana Community School District and other parties to whom Clear Creek Amana Community School District may report, including any 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 Clear Creek Amana Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

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

March 31, 2008

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 of
Clear Creek Amana Community School District:

Compliance

We have audited the compliance of Clear Creek Amana Community School District with the types of compliance requirements described in 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, 2007. Clear Creek Amana Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Clear Creek Amana Community School District's management. Our responsibility is to express an opinion on Clear Creek Amana Community School District's compliance based on our audit.

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

In our opinion, Clear Creek Amana 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, 2007.

Internal Control Over Compliance

The management of Clear Creek Amana 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 Clear Creek Amana 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified deficiencies in internal control over compliance that we consider to be a material weaknesses.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 07-III-A and 07-III-B to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program, will not be prevented or detected by the District's internal control. We consider the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 07-III-A and 07-III-B to be a material weaknesses.

Clear Creek Amana Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Clear Creek Amana Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clear Creek Amana Community School District and other parties to whom Clear Creek Amana 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.

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

March 31, 2008

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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

- (a) An unqualified opinion was issued on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements, including material weaknesses.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.215 Fund for Improvement Education
 - CFDA Number 10.550 Food Donation
 - Clustered Programs:
 - CFDA Number 10.553 School Breakfast Program
 - CFDA Number 10.555 National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clear Creek Amana Community School District did not qualify as a low-risk auditee.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part II: Findings Related to the Financial Statements:

Significant deficiencies:

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

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

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

Conclusion: Response accepted.

07-II-B Signature Stamp: A stamp bearing the signatures of the Board President is used to sign checks. Persons writing the checks also have access to the stamp used to sign the checks. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: Employees writing checks should not have access to the stamp used to sign checks. The Board could eliminate the use of the stamp by designating a person other than the Board President to cosign checks.

District Response: The Board has reviewed the use of the signature stamp and believes its use allows the office to operate more efficiently.

Conclusion: Response accepted.

07-II-C Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part II: Findings Related to the Financial Statements (continued):

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

No matters were reported.

Significant deficiencies:

CFDA Number 84.215: Fund for Improvement Education
Federal Award Year: 2007
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 10.550: Food Donation
CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2007
U.S. Department of Agriculture
Passed through the Iowa Department of Education

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

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

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

Conclusion: Response accepted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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

07-III-B Signature Stamp: A stamp bearing the signatures of the Board President is used to sign checks. Persons writing the checks also have access to the stamp used to sign the checks. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: Employees writing checks should not have access to the stamp used to sign checks. The Board could eliminate the use of the stamp by designating a person other than the Board President to cosign checks.

District Response: The Board has reviewed the use of the signature stamp and believes its use allows the office to operate more efficiently.

Conclusion: Response accepted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part IV: Other Findings Related to Statutory Reporting:

07-IV-A Certified Budget: Expenditures for the year ended June 30, 2007, exceeded the amount budgeted in the support services function.

Recommendation: The certified budget was amended in accordance with Chapter 24.9 of the Code of Iowa, however expenditures were allowed to exceed the budget in the support function.

District Response: We did amend the budget, but year-end costs were more than anticipated.

Conclusion: Response accepted.

07-IV-B 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.

07-IV-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

07-IV-D Business Transactions: No transactions between the District and District officials or employees were noted.

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

07-IV-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.

07-IV-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.

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

07-IV-I Certified Annual Report (CAR): The CAR was certified to the Iowa Department of Education timely.

07-IV-J Physical Plant and Equipment Levy Fund: We noted that expenditures from this fund included some purchases for individual items of equipment with a cost of less than \$500.

Recommendation: The District should be aware of the limitation on types of expenditures allowed from this fund.

District Response: We will monitor expenditures from this fund.

Conclusion: Response accepted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part IV: Other Findings Related to Statutory Reporting (Continued):

07-IV-K Interest Rate on Certificates of Deposit: We noted three certificates of deposit that had interest rates below the minimum rate set by the State of Iowa.

Recommendation: The District should contact the bank to get the rates adjusted.

District Response: We have already done this.

Conclusion: Response accepted.