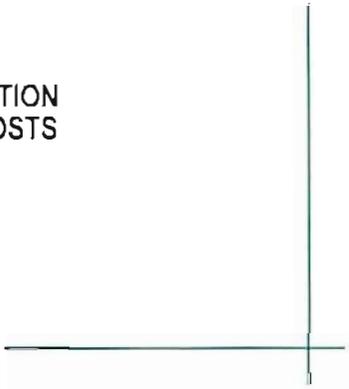


**COLLEGE COMMUNITY SCHOOL DISTRICT**  
Cedar Rapids, Iowa

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
FINDINGS AND QUESTIONED COSTS**  
June 30, 2007



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COLLEGE COMMUNITY SCHOOL DISTRICT

OFFICIALS

June 30, 2007

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b><u>Board of Education</u></b>		
<b>(Before September 2006 Election)</b>		
Randy Bauer	President	2007
Greg Kelsey	Board Member	2008
Shirley Exline	Board Member	2008
Brian Farmer	Board Member	2007
Norm Zahradnik	Board Member	2007
Sandy Flatgard	Board Member	2006
Lauri Hughes	Board Member	2006
<b>(After September 2006 Election)</b>		
Randy Bauer	President	2007
Greg Kelsey	Board Member	2008
Lauri Hughes	Board Member	2009
Shirley Exline	Board Member	2008
Brian Farmer	Board Member	2007
Norm Zahradnik	Board Member	2007
John Titler	Board Member	2009
<b><u>School Officials</u></b>		
Richard Whitehead	Superintendent	2007
James A. Rotter, Jr.	District Secretary - Treasurer and Director of Business Services	Indefinite

## Independent Auditor's Report

To the Board of Education of the  
College Community School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Community School District, Cedar Rapids, Iowa, as of and for the year ended June 30, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2007 on our consideration of College Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 17 and 54 through 56 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise College Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Clifton Henderson LLP*

Cedar Rapids, Iowa  
December 13, 2007

## Management Discussion and Analysis

This section of the College Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ending June 30, 2007. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

### Financial Highlights

- The State of Iowa allowed a 4% growth for the 2006-07 school years. This increase, along with the addition of 165.7 resident students formulated an increase of revenue of \$1,368,816 in the General Fund. The 165.7 student increase represents a 3.7% increase in the District's resident enrollment.
- The District has sold a total of \$38.5 million in General Obligation School Bonds over the past two years. \$31 million is for the construction of a new 7-9 building and the land necessary. \$7.5 million is for the construction of a 1,000 seat performing arts auditorium to be attached to the High School. \$28.5 million in General Obligation Bonds were sold and invested on June 1, 2006 with a favorable investment rate of 5.49%. The remaining \$10 million in bonds were sold on May 1, 2007 at a rate of 5.07%. Total General Obligation Bond principal totaled \$71.2 million as of June 30, 2007.
- The General Fund ending fund balance increased from \$3.19 million. on June 30, 2006 to \$3.86 million. on June 30, 2007. This equates to an 11.61% solvency ratio which is slightly up from a 10.43% ratio one year ago.
- Interest rates continued their upward trend during the course of the year from a public fund investment rate of 2.00% in July, 2006 to 2.75% in June, 2007. These rates yielded \$197,355 in revenue compared to \$128,749 in 2005-06.
- As has been mentioned in past reports, the District continued the mandatory account conversions as directed by the State. The application of the new accounts, specifically project and program account emphasis, was required to complete the electronic CAR upload. Additional changes from the Department of Education have added to the complexity of the district reporting. The changes will continue to make it difficult to conduct specific account comparisons of previous years to the current.

### Overview of the Financial Statements

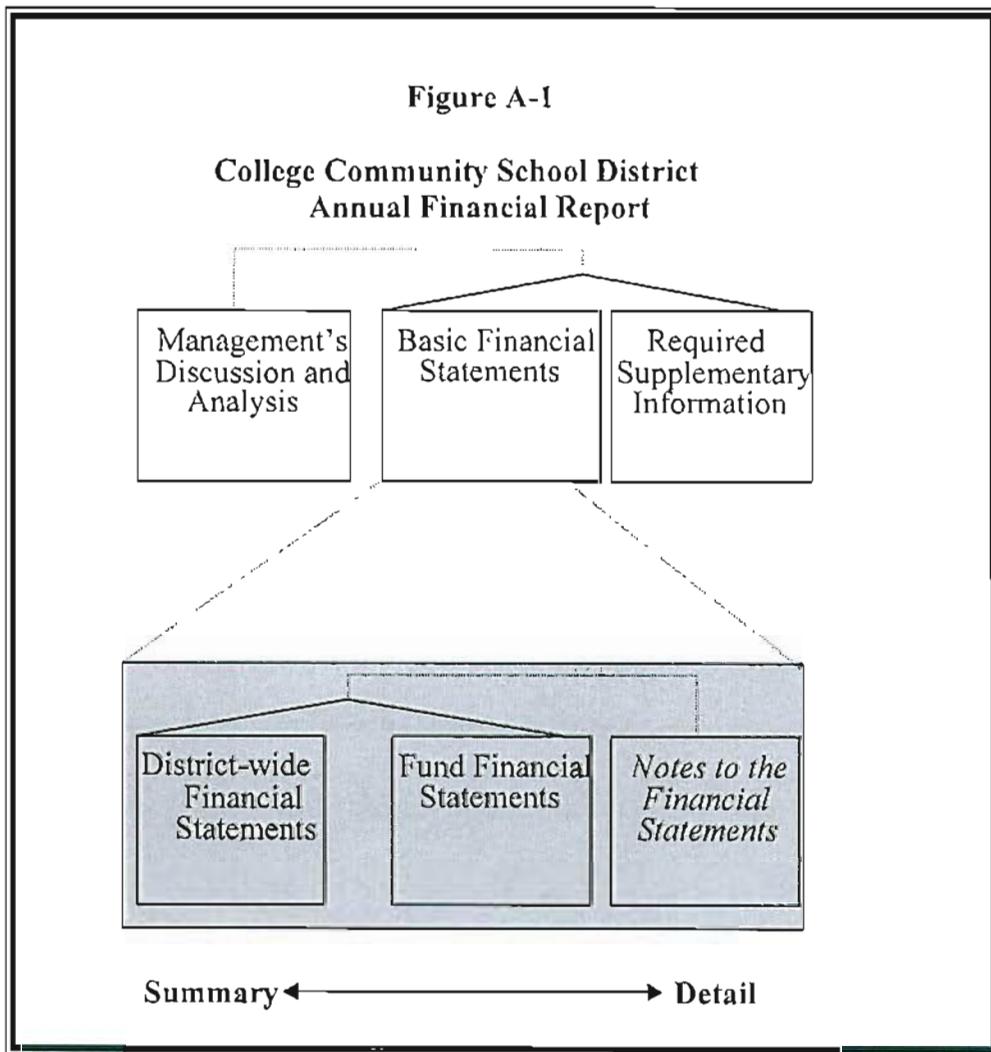
This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.

- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.



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

## District-Wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

## Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues, (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District utilizes a print shop fund for this purpose.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

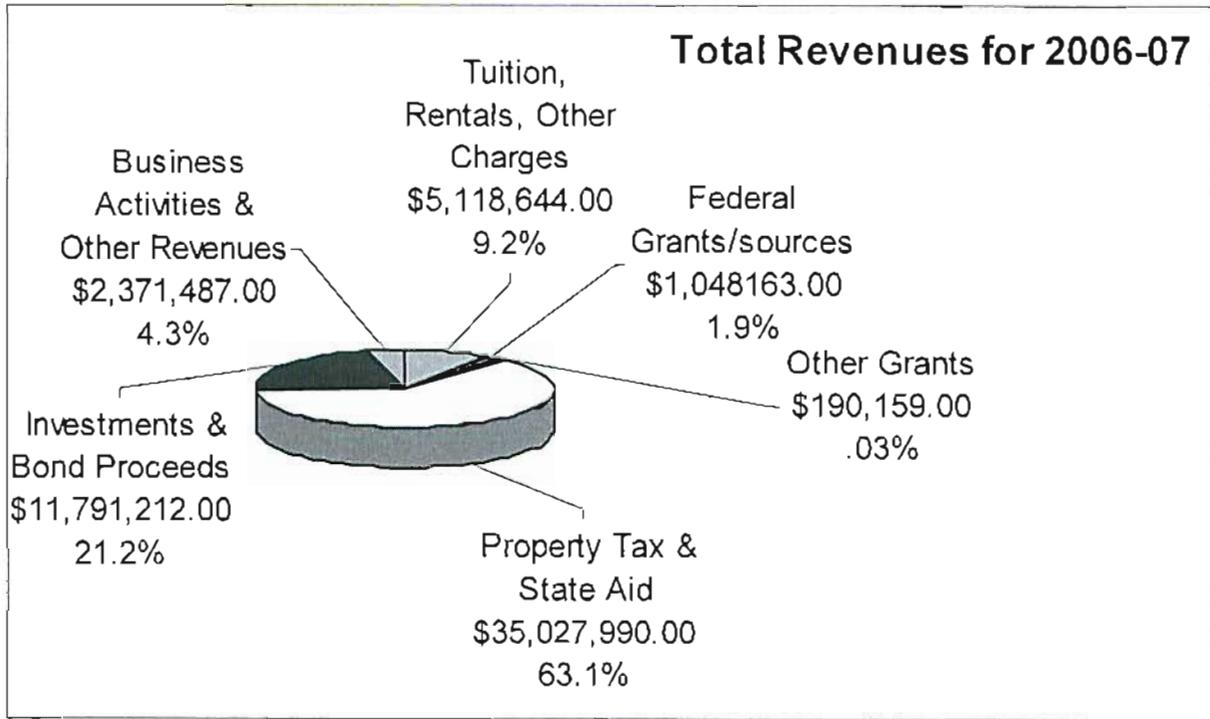
Net assets; The District's net assets are evidenced below in Figure A-3. *Combined* total assets have increased by 9.0% percent or \$9.7 million while combined total liabilities have increased 10.2% percent or \$8.8 million. Fiscal year 2006-07 marks the 5th year of District implementation of the GASB-34 financial reporting model.

	CONDENSED STATEMENT OF NET ASSETS (EXPRESSED IN THOUSANDS)						
	Governmental Activities		Business-Type Activities		Total School District		Total Change 2006-2007
	2007	2006	2007	2006	2007	2006	
Current and other assets	\$ 60,310	\$ 51,769	\$ 103	\$ 262	\$ 60,413	\$ 52,031	16.1%
Capital assets	<u>55,845</u>	<u>54,552</u>	<u>387</u>	<u>407</u>	<u>56,232</u>	<u>54,959</u>	2.3%
Total assets	<u>\$ 116,155</u>	<u>\$ 106,321</u>	<u>\$ 490</u>	<u>\$ 669</u>	<u>\$ 116,645</u>	<u>\$ 106,990</u>	9.0%
Long-term obligations	\$ 71,012	\$ 63,557	\$ -	\$ -	\$ 71,012	\$ 63,557	11.7%
Other liabilities	<u>24,485</u>	<u>23,115</u>	<u>123</u>	<u>120</u>	<u>24,608</u>	<u>23,235</u>	5.9%
Total liabilities	<u>\$ 95,497</u>	<u>\$ 86,672</u>	<u>\$ 123</u>	<u>\$ 120</u>	<u>\$ 95,620</u>	<u>\$ 86,792</u>	10.2%
Net assets:							
Invested in capital assets, net of related debt	\$ 16,491	\$ 16,460	\$ 387	\$ 407	\$ 16,878	\$ 16,867	0.1%
Restricted	739	501	-	-	739	501	47.5%
Unrestricted	<u>3,428</u>	<u>2,688</u>	<u>(20)</u>	<u>142</u>	<u>3,408</u>	<u>2,830</u>	20.4%
Total net assets	<u>\$ 20,658</u>	<u>\$ 19,649</u>	<u>\$ 367</u>	<u>\$ 549</u>	<u>\$ 21,025</u>	<u>\$ 20,198</u>	4.1%

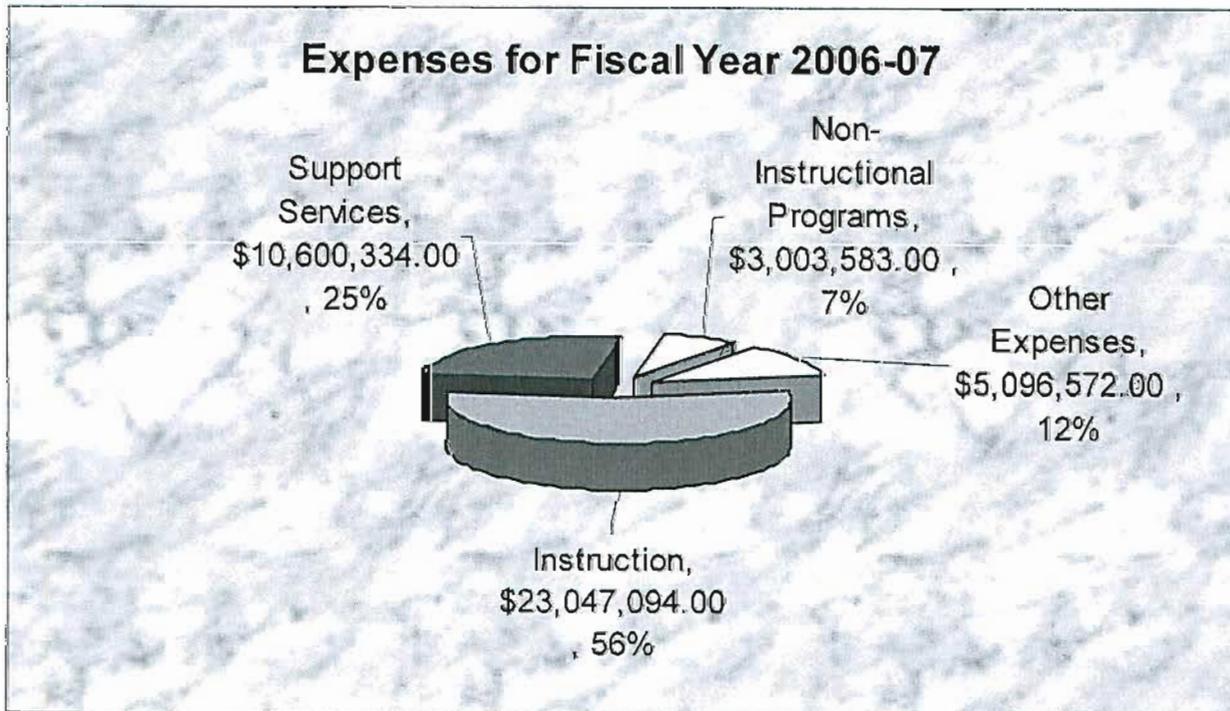
Figure A-4 below reflects totals from the 2006-07 fiscal year ending June 30, 2007.

Figure A-4	CHANGES IN NET ASSETS (EXPRESSED IN THOUSANDS)					
	Governmental Activities		Business-Type Activities		Total School District	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for service and sales	\$ 4,778	\$ 4,986	\$ 2,406	\$ 2,614	\$ 7,184	\$ 7,600
Operating grants, contributions, and restricted interest	3,366	2,142	658	559	4,024	3,701
Capital grants, contributions, and restricted interest	-	-	-	-	-	-
General revenues:						
Property tax	20,264	17,100	-	-	20,264	17,100
Unrestricted state grants	12,429	11,171	-	-	12,429	11,171
Unrestricted investment earnings	1,736	276	7	5	1,743	281
Other	59	46	7	1	66	47
Total revenues	<u>42,632</u>	<u>36,721</u>	<u>3,078</u>	<u>3,179</u>	<u>45,710</u>	<u>39,900</u>
Program expenses:						
Governmental activities:						
Instruction	23,643	21,887	-	-	23,643	21,887
Support services	10,615	10,583	-	-	10,615	10,583
Non-instructional programs	-	-	3,261	3,255	3,261	3,255
Other expenses	7,364	5,092	-	-	7,364	5,092
Total expenses	<u>41,622</u>	<u>37,562</u>	<u>3,261</u>	<u>3,255</u>	<u>44,883</u>	<u>40,817</u>
Capital contribution	-	-	-	-	-	-
Changes in net assets	\$ <u>1,010</u>	\$ <u>(841)</u>	\$ <u>(183)</u>	\$ <u>(76)</u>	\$ <u>827</u>	\$ <u>(917)</u>

The District's total revenues were up \$5.8 million from the previous year while total expenditures increased \$4.1 million. Total net assets of the District increased \$827,000. This increase is mostly attributed to the District's governmental activities which had \$42.6 million in revenues and \$41.6 million in expenditures. General revenues increased in the governmental activities compared to a year ago with increased student enrollment and allowable growth having a significant role on revenues generated by the District. During the past 5 years, open enrollment and tuition in generated revenue as follows: 2002-03 \$3,342,244, 2003-04 \$3,284,466, 2004-05 \$3,516,543, 2005-06 \$3,713,077, and in 2006-07 \$3,483,824. Business activities had a decrease in revenue and an increase in expenditures with a resulting decrease of \$183,000 in net assets. This trend is discussed further in the "Financial Analysis of Funds" section later in this report. Increased program expenses are primarily attributed to the District's commitment to lower class size with total FTE of staff growth from 244.28 in 2001-02 to 301.08 at the end of the 2006-07 school years. This calculates to an average of 11.36 FTE positions added per year. Student enrollment during this time increased from 3,155 students in September, 2001 to 3,822 in September, 2006. This calculates to an average of 133 students per year.



The chart above illustrates total Revenues for the 2006-07 school years. Property Tax and State Aid account for a large portion of the Revenue. The chart below illustrates total Expenses which indicates the greatest portion of dollars are spent on Instruction and Support Services. The "Other Expenses" category is primarily made up of expenses in Long Term Debt, Depreciation, & Capital Projects. Non-Instructional expenses would include lunch program and Daycare.



## Governmental Activities

The District continues to experience increases in the overall property tax base (taxable valuation) increased from \$980,774,642 in 1998 to \$1,318,749,061 in 2005. This 34% increase over the eight year period averages to 4.25% per year. The increase from 2005 to 2006 was only 2.35%.

The overall District tax rate increased from a total levy of \$15.22 per thousand in the 2005-06 year to a total levy of \$17.33 in the 2006-07 school years. The increase can be attributed to increased enrollment of 165 students and the sale of \$28.5 million in General Obligation Bonds in the previous year. Each directly affects the local tax levy calculation.

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

Figure A-5	TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 23,643	\$ 17,878
Support services	10,615	9,454
Other expenses	<u>7,363</u>	<u>6,145</u>
Totals	<u>\$ 41,621</u>	<u>\$ 33,477</u>

- The cost of all governmental activities this year was \$41.62 million compared to \$33.47 million a year ago.
- Some of the cost was financed by the users of the District's programs, \$5.12 million, while \$4.98 million was collected a year ago for the same services.
- The federal and state governments subsidized certain programs with grants and contributions of \$3.05 million. This is slightly less than the \$3.14 million last year.
- Most of the District's costs, \$35.02 million, were financed by the District and state taxpayers. These costs totaled \$28.3 million a year ago. This portion of governmental activities was financed with \$20.04 million in property taxes and \$14.98 million in state aid.

## Business-Type Activities

Revenues of the District's business-type activities were \$3.08 million while expenses were \$3.26 million. (Refer to Figure A-4.) Although these activities are not in place to make a profit, they are organized and structured to operate at a revenue/expense neutral position. The additional cost above expenses can be attributed to the Student Built House Fund which did not close on the sale of the 2006-07 house prior to the end of the fiscal year. At the present time, the two main funds that make up the Business-Type Activities are the Food and Nutrition Fund and the Daycare Fund.

## Financial Analysis of the District's Funds

### Business-Type Fund Highlights

- The Food and Nutrition Fund balance increased from \$359,618 to \$419,649 over the past fiscal year. This marks the 1<sup>st</sup> year in the last 4 years that the fund balance increased. The District has reversed the this trend by reducing cost and increasing revenue through increased lunch prices and a negotiated lower starting wage rate for nutritional staff employees. Currently, the program has equipment valued at \$976,834 with total accumulated depreciation of \$681,065.
- The Daycare Fund balance declined by \$8,199 to (\$31,479). The decline is much less than the \$23,280 decline a year ago. The District has implemented minimal increases in wages of 2%, eliminated a supervisory position, and raised fees to reverse this trend. Fees were increased again for the 2007-08 year and wage increases were minimal.

### Governmental Fund Highlights

Overall, the District's Governmental Fund combined fund balances increased from \$4.04 million in fiscal year 2006 to \$5.35 million for fiscal year 2007 excluding the \$33.55 million balance in the Capital Projects Fund due to the bond sales in fiscal year 2006 and 2007. A closer look at each individual Governmental Fund reveals the following:

- The Capital Projects Fund(s) balance increased from a balance of \$30.05 million to \$33.78 million as an additional \$10 million bonds were sold for the new auditorium and 7-9 building projects. Other activity in the funds included Benton County SILO Fund expenditures and expenditures associated with the new performing arts center and 7-9 building.
- The Management Fund balance increased significantly from \$77,566 to \$265,846. The District pays for its liability, property, fleet, workers compensation insurance, and early separation programs out of the Management Fund. Workers Compensation insurance continues to be monitored closely although the district, in recent years, has declined in small value claims. The District had an average number of 5 certified staff who took advantage of the early separation program. Local property taxes have been slightly increased, \$.02 per thousand, in fiscal year 2007-08 to maintain the balance of the fund and cover rising insurance costs.
- The Physical Plant and Equipment Levy, (PPEL) Fund balance increased from \$163,388 to \$402,323. PPEL fund dollars were utilized to make payment on the \$2.3 million Capital Loan Note, purchase technology and complete general maintenance projects. The carryover balance is welcomed and will be utilized to help complete necessary site work and offset bids that may come in higher than expected, due to economic factors and world events, on its upcoming capital improvement projects. The additional fund monies will also be used to help pay off current Capital Loan Note Debt. With its current assessed valuation, the district is able to generate approximately \$1.45 million annually in this fund.
- The "Other" Governmental Funds balance (the Activity Fund), increased from \$380,372 to \$450,284 from the previous fiscal year. The primary activity in this fund includes the athletic account which continues to generate substantial revenue through family passes and activity tickets.

- The General Fund balance increased slightly from \$3.19 million to \$3.86 million during the fiscal year. This increase is welcome as the District positions itself to open a new building in the fall of 2009. The District has attempted to position itself to achieve and maintain a minimum fund balance of 18% of current General Fund expenditures, or \$5.5 million by the end of the 2008-09 fiscal year. It appears this will not be attainable but the trend will help, and needs to continue to ensure that the district has the necessary balance to open the building and fully staff all needed positions.

### **General Fund Budgetary Highlights**

Of all Governmental Funds, the General Fund is by far the largest, comprising 82% of all Governmental Fund expenses in the fiscal year. The other large fund, which makes up 12.5% of all Governmental Fund expenses, is the Capital Projects Fund.

The General Fund expenditures are updated monthly to monitor expenditures and reflect any changes in staffing and non-staffing costs. A comparison of the General Fund budgeted to actual expenditures shows actual expenditures of \$32.55 million which was less than the original budgeted line item amount of \$34.22 million approved at the October meeting. This was accomplished by increasing the cash reserve during the fiscal year and hiring minimal new staff positions. This trend must be continued to achieve the desired fund balance necessary to open and staff the new building in the fall of 2009. Although this is necessary, the District did reduce its cash reserve for the 2007-08 fiscal year to alleviate the tax rate and may impact the trend.

The General Fund balance at year-end was 11.61% of fund expenditures, up from 10.4% from a year ago. This remains a reasonable balance to provide for any unexpected emergencies although the trend must continue. The Board of Education has supported action to make sure District General Fund cash reserves are adequate utilizing local property taxes as necessary to fund the growth of the District. This will need to continue as the student population continues to grow.

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

#### **Capital Assets**

By the end of 2007, the District had invested net of depreciation, \$56.2 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) This amount represents a net increase of \$1.3 million from a year ago. The increase is due to the purchase of additional land for the Prairie Point building site.

Excluding depreciation, the District has \$81.36 million in capital assets. Governmental funds account for all of these assets with the exception of \$ 1.22 million which is accounted for in the Food and Nutritional Fund, Print Shop Fund, and Student Built House Fund.

This chart will change dramatically over the next 2 years as the large capital asset projects currently under way will be completed and realized as capital assets of the District. Depreciation of current assets will continue to reduce/offset those totals.

Figure A-6

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

	Governmental Activities		Business-Type Activities		Total School District		Total Change
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2006-2007</u>
Land	\$ 2,509	\$ 1,113	\$ -	\$ -	\$ 2,509	\$ 1,113	125.4%
Construction in progress	1,765	1,074	-	-	1,765	1,074	64.3%
Buildings	47,287	48,551	-	-	47,287	48,551	-2.6%
Improvements other than buildings	2,752	2,197	-	-	2,752	2,197	25.3%
Furniture and equipment	<u>1,531</u>	<u>1,617</u>	<u>387</u>	<u>407</u>	<u>1,918</u>	<u>2,024</u>	-5.2%
Totals	<u>\$ 55,844</u>	<u>\$ 54,552</u>	<u>\$ 387</u>	<u>\$ 407</u>	<u>\$ 56,231</u>	<u>\$ 54,959</u>	2.3%

### Long-Term Debt

At year-end, the District had \$73.99 million in general obligation bonds and other long-term debt outstanding. This represents an increase of \$7.84 million over the previous fiscal year as can be seen in Figure A-7 below.

Figure A-7

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

	Total School District		Total Change
	<u>2007</u>	<u>2006</u>	<u>2006-2007</u>
General obligation bonds	\$ 71,245	\$ 62,955	13.2%
Notes payable	1,884	2,270	-17.0%
Early retirement	<u>856</u>	<u>920</u>	-7.0%
Totals	<u>\$ 73,985</u>	<u>\$ 66,145</u>	11.9%

Changes in the debt schedule are primarily due to the payment on General Obligation Bonds and the sale of new bonds. The District realized a substantial increase in long term debt liability due to the successful passage of \$38.5 million dollar referendums approved by the voters in January, 2005. The District had positioned itself by reducing its previous debt through advanced refunding of its issues. Despite those measures, the resulting passage and subsequent sale of \$28.5 million in bonds in June, 2006 and \$10.0 million in May, 2007 resulted in a \$1.10 increase to the Debt Service Levy. The District will, beginning in the 07-08 fiscal year, reduce its Debt Service Levy utilizing Linn, Johnson, and Benton County SILO funds. Total payments from the SILO funds over the next 10 years will be \$20.0 million.

## Factors Bearing on the District's Future

- Financial solvency of the District needs to be of the utmost importance as the District continues to grow and prepare to open a new building in the fall of 2009. As mentioned earlier in this report, additional FTE of certified staff three of the last four years has outpaced student growth and has required the District to spend down its unspent balance and authority. This trend was reversed in 06-07 as the District prepares to add the staff necessary for the new building. 1.0 FTE staff had been hired for each 10.5 students on average between 2003 and 2006. The addition of new FTE should be viewed with an eye on class size, class offerings, and a possible shift from current offerings and future offerings.
- State funding growth for public schools for fiscal year 2007-08 was 4% with projected increased funding for the 2008-09 year at an additional 4%. At the time of this report, it is hopeful that the state will be able to provide the increases necessary and promised as the cost of operating local school districts continues to rise. While the growth is certainly welcome, it will also put pressure on the local tax levy. Currently there is substantial discussion at the state level concerning the restructuring of Iowa property tax calculations. These are factors that the College Community School District will monitor closely as both topics may have a large impact on the districts tax levy.
- Additional funding for infrastructure needs is being realized through a local option sales tax in Linn and Johnson Counties. With the passage of the SILO tax in both counties, the School Board has committed spending these resources to reduce the debt service levy rates. This will be necessary and welcome by the District taxpayers as there will be pressure on the general levy to rise as the student growth continues to outpace the valuation growth thus forcing the general levy higher.
- District certified enrollment increased 788 students over the past six years. Under Iowa's school funding formula, District funding is highly dependant upon District enrollments. During the same time, property valuations in the district have not kept pace resulting in upward pressure on the general fund levy per the state aid formula. Given the above mentioned increases it has become essential to levy for on-time funding to cover the additional costs associated with the increased enrollment. This will also be necessary when the District prepares to open the new 7-9 building. This growth is in line with projections which indicate the District will continue to grow by an average of 3.5% per year for the next 7-9 years.
- The District successfully passed two bond referendums in January, 2005. One for a \$31.0 million 7-9 school building, the other for a \$7.5 million performing arts center to be attached to the High School. The transition planning and costs associated with transition will be substantial and are ongoing. The District is in the process of positioning itself financially for the additional costs associated with staffing and operating a new facility as mentioned earlier in this report.

## Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact James Rotter Jr., Executive Director of Business Services, College Community School District, 401 76<sup>th</sup> Avenue SW, Cedar Rapids, Iowa 52404.

## FINANCIAL STATEMENTS

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,655,801	\$ 238,260	\$ 5,894,061
Receivables:			
Property tax:			
Delinquent	111,691	-	111,691
Succeeding year	18,049,065	-	18,049,065
Accounts	11,348	75,662	87,010
Accrued interest	161,537	434	161,971
Due from other governments	1,673,531	-	1,673,531
Internal balances	240,000	(240,000)	-
Inventories	1,219	28,324	29,543
Prepaid expenses	300	1,180	1,480
Restricted cash and cash equivalents	34,405,950	-	34,405,950
Capital assets, net of accumulated depreciation	<u>55,844,576</u>	<u>386,563</u>	<u>56,231,139</u>
Total assets	<u>116,155,018</u>	<u>490,423</u>	<u>116,645,441</u>
<b>LIABILITIES</b>			
Accounts payable	1,381,102	51,058	1,432,160
Accrued expenses	1,091,078	27,162	1,118,240
Salaries and benefits payable	393,223	45,182	438,405
Due to other governments	334,460	-	334,460
Accrued interest payable	262,560	-	262,560
Deferred revenue - succeeding year property tax	18,049,065	-	18,049,065
Long-term liabilities:			
Portion due within one year:			
Bonds payable	2,240,000	-	2,240,000
Notes payable	398,000	-	398,000
Early retirement	335,595	-	335,595
Portion due after one year:			
Bonds payable	69,005,000	-	69,005,000
Notes payable	1,486,000	-	1,486,000
Early retirement	<u>520,532</u>	<u>-</u>	<u>520,532</u>
Total liabilities	<u>95,496,615</u>	<u>123,402</u>	<u>95,620,017</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 16,490,643	\$ 386,563	\$ 16,877,206
Restricted for:			
Physical plant and equipment levy	402,323	-	402,323
Student Activity purposes	450,284	-	450,284
Debt service	(112,651)	-	(112,651)
Unrestricted	<u>3,427,804</u>	<u>(19,542)</u>	<u>3,408,262</u>
 <b>TOTAL NET ASSETS</b>	 <u>\$ 20,658,403</u>	 <u>\$ 367,021</u>	 <u>\$ 21,025,424</u>

The accompanying notes are an integral part of the financial statements.

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

June 30, 2007

FUNCTIONS/PROGRAMS	Expenses	Charges for Service	Program Revenues	
			Operating Grants, Contributions, and Restricted Interest	Capital Grants Contributions, and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 14,897,201	\$ 1,854,468	\$ 707,652	\$ -
Special instruction	5,564,828	1,677,326	190,159	-
Other instruction	3,180,852	1,171,486	163,587	-
	<u>23,642,881</u>	<u>4,703,280</u>	<u>1,061,398</u>	<u>-</u>
Support services:				
Student services	914,795	-	264,861	-
Instructional staff services	1,699,752	-	781,483	-
Administration services	3,225,577	-	-	-
Operation and maintenance of plant services	2,891,018	67,842	12,290	-
Transportation services	1,883,629	6,659	27,519	-
	<u>10,614,771</u>	<u>74,501</u>	<u>1,086,153</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	1,683,954	-	-	-
Long-term debt interest	2,900,644	-	55,709	-
AEA flowthrough	1,162,546	-	1,162,546	-
Gain on disposal of assets	(12,295)	-	-	-
Discount on Bonds issued	100,000	-	-	-
Depreciation (unallocated)	1,528,054	-	-	-
	<u>7,362,903</u>	<u>-</u>	<u>1,218,255</u>	<u>-</u>
Total governmental activities	<u>41,620,555</u>	<u>4,777,781</u>	<u>3,365,806</u>	<u>-</u>
Business-type activities:				
Non-instructional programs:				
Nutrition services	1,710,019	1,195,811	562,922	-
Daycare services	1,038,177	932,331	95,605	-
Concession services	104,222	115,567	-	-
Print services	152,504	162,115	-	-
Student built house	255,816	-	-	-
	<u>3,260,738</u>	<u>2,405,824</u>	<u>658,527</u>	<u>-</u>
Total business-type activities	<u>3,260,738</u>	<u>2,405,824</u>	<u>658,527</u>	<u>-</u>
<b>Total</b>	<u>\$ 44,881,293</u>	<u>\$ 7,183,605</u>	<u>\$ 4,024,333</u>	<u>\$ -</u>

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (12,335,081)	\$ -	\$ (12,335,081)
(3,697,343)	-	(3,697,343)
(1,845,779)	-	(1,845,779)
<u>(17,878,203)</u>	<u>-</u>	<u>(17,878,203)</u>
(649,934)	-	(649,934)
(918,269)	-	(918,269)
(3,225,577)	-	(3,225,577)
(2,810,886)	-	(2,810,886)
(1,849,451)	-	(1,849,451)
<u>(9,454,117)</u>	<u>-</u>	<u>(9,454,117)</u>
(1,683,954)	-	(1,683,954)
(2,844,935)	-	(2,844,935)
-	-	-
12,295	-	12,295
(100,000)	-	(100,000)
(1,528,054)	-	(1,528,054)
<u>(6,144,648)</u>	<u>-</u>	<u>(6,144,648)</u>
<u>(33,476,968)</u>	<u>-</u>	<u>(33,476,968)</u>
-	48,714	48,714
-	(10,241)	(10,241)
-	11,345	11,345
-	9,611	9,611
<u>-</u>	<u>(255,816)</u>	<u>(255,816)</u>
<u>-</u>	<u>(196,387)</u>	<u>(196,387)</u>
\$ (33,476,968)	\$ (196,387)	\$ (33,673,355)

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

June 30, 2007

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

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

Governmental Activities	Business-type Activities	Total
\$ 14,522,911	\$ -	\$ 14,522,911
4,423,588	-	4,423,588
1,316,827	-	1,316,827
12,429,357	-	12,429,357
1,735,505	7,069	1,742,574
58,562	6,667	65,229
34,486,750	13,736	34,500,486
1,009,782	(182,651)	827,131
19,648,621	549,672	20,198,293
\$ 20,658,403	\$ 367,021	\$ 21,025,424

The accompanying notes are an integral part of the financial statements.

COLLEGE COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2007

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Cash and pooled investments	\$ 3,844,949	\$ 420,006	\$ 127,137
Receivables:			
Property tax:			
Delinquent	76,787	5,648	22,545
Succeeding year	11,695,681	882,846	4,256,457
Accounts	7,286	1,000	-
Accrued interest	1,207	755	227
Due from other governments	1,586,159	-	-
Due from other funds	240,000	-	-
Inventories	1,219	-	-
Prepaid expenses	300	-	-
Restricted cash and pooled investments	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total assets</b>	<b><u>\$ 17,453,588</u></b>	<b><u>\$ 1,310,255</u></b>	<b><u>\$ 4,406,366</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 82,624	\$ -	\$ -
Accrued expenses	1,091,078	-	-
Salaries and benefits payable	393,223	160,413	-
Due to other governments	333,310	1,150	-
Deferred revenue-succeeding year property tax	11,695,681	882,846	4,256,457
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total liabilities</b>	<b><u>13,595,916</u></b>	<b><u>1,044,409</u></b>	<b><u>4,256,457</u></b>
Fund balances:			
Reserved for:			
Debt service	-	-	149,909
Unreserved, undesignated reported in:			
General fund	3,857,672	-	-
Special revenue funds	-	265,846	-
Capital projects funds	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total fund balances</b>	<b><u>3,857,672</u></b>	<b><u>265,846</u></b>	<b><u>149,909</u></b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 17,453,588</u></b>	<b><u>\$ 1,310,255</u></b>	<b><u>\$ 4,406,366</u></b>

Exhibit C

<u>Capital Projects- \$38.5M MS/AUD</u>	<u>Capital Projects- \$10M MS/AUD</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 69,870	\$ 200,560	\$ 993,279	\$ 5,655,801
-	-	6,711	111,691
-	-	1,214,081	18,049,065
-	-	3,062	11,348
118,330	39,253	1,765	161,537
-	-	87,372	1,673,531
-	-	-	240,000
-	-	-	1,219
-	-	-	300
<u>24,963,249</u>	<u>9,442,701</u>	<u>-</u>	<u>34,405,950</u>
<u>\$ 25,151,449</u>	<u>\$ 9,682,514</u>	<u>\$ 2,306,270</u>	<u>\$ 60,310,442</u>
\$ 551,987	\$ 733,176	\$ 13,315	\$ 1,381,102
-	-	-	1,091,078
-	-	-	553,636
-	-	-	334,460
-	-	1,214,081	18,049,065
<u>551,987</u>	<u>733,176</u>	<u>1,227,396</u>	<u>21,409,341</u>
-	-	-	149,909
-	-	-	3,857,672
-	-	852,607	1,118,453
<u>24,599,462</u>	<u>8,949,338</u>	<u>226,267</u>	<u>33,775,067</u>
<u>24,599,462</u>	<u>8,949,338</u>	<u>1,078,874</u>	<u>38,901,101</u>
<u>\$ 25,151,449</u>	<u>\$ 9,682,514</u>	<u>\$ 2,306,270</u>	<u>\$ 60,310,442</u>

The accompanying notes are an integral part of the financial statements.

## COLLEGE 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 (page 26)	\$ 38,901,101
<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.	55,844,576
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.	(262,560)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(73,824,714)</u>
<b>Net assets of governmental activities (page 20)</b>	<b><u>\$ 20,658,403</u></b>

The accompanying notes are an integral part of the financial statements.

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2007

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Revenues:			
Local sources:			
Local tax	\$ 13,364,940	\$ 983,156	\$ 4,422,320
Tuition	3,490,482	-	-
Other	686,994	52,313	55,709
State sources	14,983,991	323	1,268
Federal sources	681,553	-	-
	<u>33,207,960</u>	<u>1,035,792</u>	<u>4,479,297</u>
Total revenues			
Expenditures:			
Instruction:			
Regular instruction	13,927,502	491,976	-
Special instruction	5,528,186	21,316	-
Other instruction	2,414,557	2,299	-
	<u>21,870,245</u>	<u>515,591</u>	<u>-</u>
Support services:			
Student services	914,795	-	-
Instructional staff services	1,553,354	-	-
Administrative services	3,063,563	64,226	-
Operation and maintenance of plant services	2,709,989	197,381	-
Transportation services	1,269,152	70,314	-
	<u>9,510,853</u>	<u>331,921</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	-	-	-
Long-term debt:			
Principal	-	-	2,096,000
Interest and fiscal charges	-	-	2,760,324
AEA flowthrough	1,162,546	-	-
	<u>1,162,546</u>	<u>-</u>	<u>4,856,324</u>
Total expenditures	<u>32,543,644</u>	<u>847,512</u>	<u>4,856,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>664,316</u>	<u>188,280</u>	<u>(377,027)</u>

Exhibit E

<u>Capital Projects- \$38.5M MS/AUD</u>	<u>Capital Projects- \$10M MS/AUD</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ 1,316,449	\$ 20,086,865
-	-	-	3,490,482
1,486,289	82,415	1,021,757	3,385,477
-	-	378	14,985,960
-	-	-	681,553
<u>1,486,289</u>	<u>82,415</u>	<u>2,338,584</u>	<u>42,630,337</u>
-	-	-	14,419,478
-	-	-	5,549,502
-	-	729,679	3,146,535
-	-	729,679	23,115,515
-	-	-	914,795
-	-	244,937	1,798,291
-	30,750	1,089	3,159,628
-	-	-	2,907,370
-	-	306,345	1,645,811
-	30,750	552,371	10,425,895
3,866,388	1,002,327	227,857	5,096,572
-	-	-	2,096,000
-	-	-	2,760,324
-	-	-	1,162,546
<u>3,866,388</u>	<u>1,002,327</u>	<u>227,857</u>	<u>11,115,442</u>
<u>3,866,388</u>	<u>1,033,077</u>	<u>1,509,907</u>	<u>44,656,852</u>
<u>(2,380,099)</u>	<u>(950,662)</u>	<u>828,677</u>	<u>(2,026,515)</u>

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2007

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Other financing sources (uses):			
Operating transfers in	\$ -	\$ -	\$ 447,286
Operating transfers out	-	-	-
General obligation bonds issued	-	-	-
Discount on Bonds issued	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	447,286
	<hr/>	<hr/>	<hr/>
Net change in fund balances	664,316	188,280	70,259
Fund balances beginning of year	<u>3,193,356</u>	<u>77,566</u>	<u>79,650</u>
Fund balances end of year	<u>\$ 3,857,672</u>	<u>\$ 265,846</u>	<u>\$ 149,909</u>

Exhibit E

<u>Capital Projects- \$38.5M MS/AUD</u>	<u>Capital Projects- \$10M MS/AUD</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ 93,005	\$ 540,291
-	-	(540,291)	(540,291)
-	10,000,000	-	10,000,000
-	(100,000)	-	(100,000)
<u>-</u>	<u>9,900,000</u>	<u>(447,286)</u>	<u>9,900,000</u>
(2,380,099)	8,949,338	381,391	7,873,485
<u>26,979,561</u>	<u>-</u>	<u>697,483</u>	<u>31,027,616</u>
<u>\$ 24,599,462</u>	<u>\$ 8,949,338</u>	<u>\$ 1,078,874</u>	<u>\$ 38,901,101</u>

The accompanying notes are an integral part of the financial statements.

## COLLEGE 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 (page 31) \$ 7,873,485

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

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

Capital outlays	\$ 3,412,618	
Depreciation expense	(2,132,209)	
Gain on dispositions	<u>12,295</u>	1,292,704

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		2,096,000
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Some expenses in the Statement of Activities differ from the amount reported in the governmental funds because they are recorded as an expenditure in the funds when due. In the Statement of Activities, they are recognized as the expense accrues, regardless of when it is due.

Interest on long-term debt	(140,320)	
Early retirement	<u>(112,087)</u>	(252,407)

Proceeds on the issuance of debt is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Assets.		<u>(10,000,000)</u>
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Change in net assets of governmental activities (page 24) \$ 1,009,782

The accompanying notes are an integral part of the financial statements.

## COLLEGE COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

## Proprietary Funds

Year Ended June 30, 2007

	<u>Nonmajor Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 238,260
Accounts receivable	75,662
Accrued interest receivable	434
Prepaid expenses	1,180
Inventories	28,324
Capital assets, net of accumulated depreciation	<u>386,563</u>
<b>Total assets</b>	<u>730,423</u>
<b>LIABILITIES</b>	
Accounts payable	51,058
Accrued expenses	27,162
Due to other funds	240,000
Salaries and benefits payable	<u>45,182</u>
<b>Total liabilities</b>	<u>363,402</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	386,563
Unrestricted	<u>(19,542)</u>
<b>Total net assets</b>	<u>\$ 367,021</u>

The accompanying notes are an integral part of the financial statements.

## COLLEGE COMMUNITY SCHOOL DISTRICT

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

## Proprietary Funds

Year Ended June 30, 2007

	<u>Nonmajor Funds</u>
Operating revenues:	
Local sources:	
Charges for services	\$ 2,403,244
State sources	<u>84,385</u>
Total operating revenues	<u>2,487,629</u>
Operating expenses:	
Salaries	1,347,576
Benefits	260,986
Purchased supplies	54,956
Supplies	1,510,524
Depreciation	<u>86,696</u>
Total operating expenses	<u>3,260,738</u>
Operating loss	<u>(773,109)</u>
Nonoperating revenues:	
Local sources	20,467
State sources	18,443
Federal sources	544,479
Interest income	<u>7,069</u>
Total nonoperating revenues	<u>590,458</u>
Net loss	(182,651)
Net assets, beginning of year	<u>549,672</u>
Net assets, end of year	<u>\$ 367,021</u>

The accompanying notes are an integral part of the financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Statements of Cash Flows**

**Proprietary Funds**

**Year Ended June 30, 2007**

	<b>Nonmajor Funds</b>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,120,898
Cash received from day care activities	1,014,163
Cash received from printing	170,747
Cash received from concession sales	115,567
Cash received from student-built houses	24
Cash payments to employees for services	(1,611,237)
Cash payments to suppliers for goods or services	(1,562,969)
Net cash used in operating activities	(752,807)
Cash flows from non-capital financing activities:	
Other local revenue	20,467
State grants received	18,443
Federal grants received	544,479
Net cash provided by non-capital financing activities	583,389
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(66,479)
Advance from other fund	240,000
Net cash provided by capital and related financing activities	173,521
Cash flows from investing activities:	
Interest on investments	7,049
Net increase in cash and cash equivalents	11,152
<b>Cash and cash equivalents, beginning of year</b>	<b>227,108</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 238,260</b>

Exhibit I

	<u>Nonmajor Funds</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (773,109)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	86,696
Increase in inventories	(2,589)
Increase in accounts receivable	(66,230)
Increase in prepaid expenses	(1,180)
Increase in accounts payable	6,388
Increase in salaries and benefits payable	(2,675)
Increase in accrued expenses	<u>(108)</u>
Net cash used in operating activities	<u>\$ (752,807)</u>

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

During the year ended June 30, 2007, the District received \$79,841 of federal commodities.

The accompanying notes are an integral part of the financial statements.

## COLLEGE COMMUNITY SCHOOL DISTRICT

## Statement of Fiduciary Net Assets

## Fiduciary Funds

June 30, 2007

	<u>Agency</u>
<b>ASSETS</b>	
Cash	\$ 217,492
Receivables:	
Accrued interest and other receivables	<u>413</u>
Total assets	<u>\$ 217,905</u>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities:	
Accounts payable	\$ 5,869
Other payables	212,036
Net Assets	<u>-</u>
Total liabilities and net assets	<u>\$ 217,905</u>

The accompanying notes are an integral part of the financial statements.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2007

### (1) Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

#### B. Basis of Presentation

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

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

\$10M MS/AUD Capital Projects Fund - The Capital Projects Fund is used to account for all resources used in acquisition and construction of capital facilities.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under 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.

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2007

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

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

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

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

The District maintains its financial records on the modified accrual basis.

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 1/2% per month penalty for delinquent payment; is based on January 1, 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. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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

Furniture and equipment:

School Nutrition Fund equipment	\$	500
Other furniture and equipment		1,000

No threshold exists for land, buildings, or improvements.

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

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

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year have been paid as of June 30, 2007.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the non-instructional and other expenditures functional areas exceeded the amounts budgeted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(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. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$14,318,256</u>

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Proprietary: Student Built House	<u>\$ 240,000</u>

The Student Built House Fund is repaying the General Fund for costs before sale of home. The balance will be repaid by June 30, 2008.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue: Physical Plant and Equipment Levy	\$ 447,286
Special Revenue: Physical Plant and Equipment Levy	Capital Projects: Benton County SILO	74,936
Special Revenue: Physical Plant and Equipment Levy	Capital Projects: Road/Sewer Project	<u>18,069</u>
<b>Total</b>		<b><u>\$ 540,291</u></b>

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

(5) Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,113,024	\$ 1,396,310	\$ -	\$ 2,509,334
Construction in progress	<u>1,073,858</u>	<u>1,461,563</u>	<u>770,684</u>	<u>1,764,737</u>
Total capital assets not being depreciated	<u>2,186,882</u>	<u>2,857,873</u>	<u>770,684</u>	<u>4,274,071</u>
Capital assets being depreciated:				
Buildings	62,805,683	93,338	-	62,899,021
Improvements other than buildings	2,974,277	708,490	-	3,682,767
Furniture and equipment	<u>10,203,451</u>	<u>523,601</u>	<u>214,883</u>	<u>10,512,169</u>
Total capital assets being depreciated	<u>75,983,411</u>	<u>1,325,429</u>	<u>214,883</u>	<u>77,093,957</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(5) Capital Assets (continued)

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Less accumulated depreciation for:				
Buildings	14,254,189	1,357,387	-	15,611,576
Improvements other than buildings	777,561	153,308	-	930,869
Furniture and equipment	<u>8,586,671</u>	<u>621,514</u>	<u>227,178</u>	<u>8,981,007</u>
Total accumulated depreciation	<u>23,618,421</u>	<u>2,132,209</u>	<u>227,178</u>	<u>25,523,452</u>
Total capital assets being depreciated, net	<u>52,364,990</u>	<u>(806,780)</u>	<u>(12,295)</u>	<u>51,570,505</u>
Governmental activities capital assets, net	<u>\$54,551,872</u>	<u>\$ 2,051,093</u>	<u>\$ 758,389</u>	<u>\$55,844,576</u>
<b>Business-type activities:</b>				
Furniture and equipment	\$1,181,373	\$ 67,041	\$ 28,946	\$1,219,468
Less accumulated depreciation	<u>775,155</u>	<u>86,696</u>	<u>28,946</u>	<u>832,905</u>
Business-type activities capital assets, net	<u>\$ 406,218</u>	<u>\$ (19,655)</u>	<u>\$ -</u>	<u>\$ 386,563</u>

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

Governmental activities:	
Instruction:	
Regular	\$ 238,002
Special	15,326
Other	34,317
Support services:	
Instructional staff	22,287
Administration	53,438
Operation and maintenance of plant	2,967
Transportation	<u>237,818</u>
	604,155
Unallocated depreciation	<u>1,528,054</u>
	<u>\$2,132,209</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(5) Capital Assets (continued)

Business-type activities	
Nutrition services	\$ 62,946
Student-built house	533
Day care	708
Enterprise/resale	1,925
Print services	<u>20,584</u>
	<u>\$ 86,696</u>

(6) Long-term Debt

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bonds	\$62,955,000	\$10,000,000	\$ 1,710,000	\$ 71,245,000	\$ 2,240,000
Notes payable	2,270,000	-	386,000	1,884,000	398,000
Early retirement	<u>919,953</u>	<u>428,339</u>	<u>492,165</u>	<u>856,127</u>	<u>335,595</u>
<b>Total</b>	<u>\$66,144,953</u>	<u>\$10,428,339</u>	<u>\$ 2,588,165</u>	<u>\$ 73,985,127</u>	<u>\$ 2,973,595</u>

A. Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are available for all employees except bus drivers and is based on classification of employee. At June 30, 2007, the District has obligations to thirty-nine participants with a total liability of \$856,127. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$160,413. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(6) Long-term Debt (continued)

B. Bonds Payable

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

Year Ending June 30,	Bond Issue of 2001			Bond Issue of 2002A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008	4.85%	\$ -	\$ 496,976	4.60%	\$ -	\$ 209,100
2009	4.85%	-	496,976	4.60%	-	209,100
2010	4.85%	-	496,976	4.60%	-	209,100
2011	4.85%	-	496,976	4.60%	-	209,100
2012	4.85%	-	496,976	4.60%	-	209,100
2013	4.85%	-	496,976	4.60%	1,100,000	209,100
2014	4.85%	-	496,976	4.63%	1,200,000	158,500
2015	4.85%	-	496,976	4.65%	1,300,000	103,000
2016	4.85%	100,000	496,976	4.65%	300,000	42,550
2017	4.90%	2,175,000	492,126	4.75%	400,000	28,600
2018	4.95%	1,400,000	385,550	4.80%	200,000	9,600
2019	5.00%	1,600,000	316,250	-	-	-
2020	5.00%	1,750,000	236,250	-	-	-
2021	5.00%	2,975,000	148,750	-	-	-
<b>Total</b>		<b>\$10,000,000</b>	<b>\$ 6,051,710</b>		<b>\$ 4,500,000</b>	<b>\$ 1,596,850</b>

Year Ending June 30,	Bond Issue of 2002B			Bond Issue of 2003A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008	3.90%	\$ 680,000	\$ 84,040	2.10%	\$ 445,000	\$ 94,570
2009	4.00%	700,000	57,520	2.50%	435,000	85,226
2010	4.10%	720,000	29,520	2.80%	425,000	74,350
2011	-	-	-	3.00%	1,015,000	62,450
2012	-	-	-	3.20%	1,000,000	32,000
<b>Total</b>		<b>\$ 2,100,000</b>	<b>\$ 171,080</b>		<b>\$ 3,320,000</b>	<b>\$ 348,596</b>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(6) Long-term Debt (continued)

B. Bonds Payable (continued)

Year Ending June 30,	Bond Issue of 2003C			Bond Issue of 2004		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008	2.25%	\$ 25,000	\$ 98,850	3.00%	\$ 45,000	\$ 243,468
2009	2.50%	25,000	98,288	3.00%	45,000	242,118
2010	2.75%	25,000	97,664	3.00%	45,000	240,768
2011	2.90%	25,000	96,976	3.25%	45,000	239,418
2012	3.05%	25,000	96,250	3.38%	50,000	237,956
2013	3.25%	25,000	95,488	3.50%	1,050,000	236,268
2014	3.50%	30,000	94,676	3.63%	1,035,000	199,518
2015	3.50%	655,000	93,626	4.00%	395,000	162,000
2016	3.50%	2,020,000	70,700	4.00%	20,000	146,200
2017	-	-	-	4.00%	20,000	145,400
2018	-	-	-	4.00%	1,120,000	144,600
2019	-	-	-	4.10%	1,210,000	99,800
2020	-	-	-	4.20%	1,195,000	50,190
<b>Total</b>		<b>\$ 2,855,000</b>	<b>\$ 842,518</b>		<b>\$ 6,275,000</b>	<b>\$ 2,387,704</b>

Year Ending June 30,	Bond Issue of 2005A			Bond Issue of 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008	3.50%	\$ 535,000	\$ 123,130	4.50%	\$ 510,000	\$ 1,290,050
2009	3.75%	615,000	104,406	4.50%	275,000	1,267,100
2010	3.75%	660,000	81,342	4.50%	445,000	1,254,725
2011	2.95%	900,000	56,592	4.50%	425,000	1,234,700
2012	3.05%	985,000	30,042	4.50%	435,000	1,215,575
2013	-	-	-	4.00%	415,000	1,196,000
2014	-	-	-	4.00%	440,000	1,179,400
2015	-	-	-	4.50%	480,000	1,161,800
2016	-	-	-	4.50%	515,000	1,140,200
2017	-	-	-	4.50%	485,000	1,117,025
2018	-	-	-	4.50%	520,000	1,095,200
2019	-	-	-	4.50%	580,000	1,071,800
2020	-	-	-	4.50%	615,000	1,045,700
2021	-	-	-	4.50%	760,000	1,018,025
2022	-	-	-	4.50%	3,925,000	983,825
2023	-	-	-	4.50%	4,115,000	807,200
2024	-	-	-	4.50%	4,310,000	622,025
2025	-	-	-	4.50%	4,520,000	428,075
2026	-	-	-	4.75%	4,730,000	224,675
<b>Total</b>		<b>\$ 3,695,000</b>	<b>\$ 395,512</b>		<b>\$28,500,000</b>	<b>\$19,353,100</b>

**COLLEGE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2007**

(6) Long-term Debt (continued)

B. Bonds Payable (continued)

<u>Year Ending June 30,</u>	<u>Bond Issue of 2007</u>			<u>Total</u>	
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	-	\$ -	\$ 425,055	\$ 2,240,000	\$ 3,065,239
2009	3.75%	380,000	392,359	2,475,000	2,953,093
2010	3.75%	235,000	378,109	2,555,000	2,862,554
2011	3.75%	250,000	369,296	2,660,000	2,765,508
2012	3.75%	255,000	359,921	2,750,000	2,677,820
2013	3.75%	255,000	350,359	2,845,000	2,584,191
2014	3.75%	255,000	340,796	2,960,000	2,469,866
2015	3.75%	255,000	331,234	3,085,000	2,348,636
2016	3.75%	260,000	321,671	3,215,000	2,218,297
2017	3.75%	260,000	311,921	3,340,000	2,095,072
2018	3.80%	255,000	302,171	3,495,000	1,937,121
2019	3.85%	265,000	292,482	3,655,000	1,780,332
2020	3.85%	260,000	282,279	3,820,000	1,614,419
2021	3.88%	265,000	272,269	4,000,000	1,439,044
2022	4.00%	270,000	262,000	4,195,000	1,245,825
2023	4.00%	265,000	251,200	4,380,000	1,058,400
2024	4.00%	265,000	240,600	4,575,000	862,625
2025	4.00%	260,000	230,000	4,780,000	658,075
2026	4.00%	265,000	219,600	4,995,000	444,275
2027	4.00%	5,225,000	209,000	5,225,000	209,000
<b>Total</b>		<u>\$10,000,000</u>	<u>\$ 6,142,322</u>	<u>\$71,245,000</u>	<u>\$37,289,392</u>

C. Capital Loan Note Payable

The District has two capital loans outstanding to provide funds for construction projects and the purchase of land. The notes bear interest ranging between 2.0% and 3.6% and are payable from the Capital Projects Funds. Details of the District's indebtedness under these agreements at June 30, 2007 are as follows:

<u>Year Ending June 30,</u>	<u>Series 2003B</u>		<u>Series 2005</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 340,000	\$ 35,420	\$ 58,000	\$ 16,902	\$ 398,000	\$ 52,322
2009	350,000	28,280	61,000	14,796	411,000	43,076
2010	355,000	19,880	63,000	12,582	418,000	32,462
2011	355,000	10,296	65,000	10,296	420,000	20,592
2012	-	-	67,000	7,938	67,000	7,938
2013	-	-	170,000	5,490	170,000	5,490
<b>Total</b>	<u>\$ 1,400,000</u>	<u>\$ 93,876</u>	<u>\$ 484,000</u>	<u>\$ 68,004</u>	<u>\$ 1,884,000</u>	<u>\$ 161,880</u>

# COLLEGE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2007

### (6) Long-term Debt (continued)

#### C. Capital Loan Note Payable (continued)

During the year ended June 30, 2007, the District issued \$10,000,000 in General Obligation Bonds with interest rates that range from 3.75% to 4.00%.

### (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 salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$1,308,040, \$1,227,768 and \$1,134,636, respectively, equal to the required contributions for each year.

### (8) Risk Management

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

### (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 \$1,162,546 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

## COLLEGE COMMUNITY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2007

#### (10) Construction and Other Commitments

The District entered into various contracts totaling \$32,054,405 for additions to several facilities. As of June 30, 2007, costs of \$1,461,563 had been incurred on the contracts. The balance remaining at June 30, 2007 of \$30,592,842 will be paid when work on the projects progresses.

#### (11) New Pronouncements

As of June 30, 2007, the Governmental Accounting Standards Board had issued the following statements not yet implemented by the District. The statements, which might impact the District, are as follows:

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

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

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

#### (12) Deficit Balance

The Proprietary - Day Care Fund had a deficit balance of \$31,482 at June 30, 2007 and the Proprietary - Student Built House had a deficit balance of \$237,404 at June 30, 2007. The District has increased fees to accommodate for the deficit in the Day Care Fund. Timing of the house sale caused a deficit balance in the Student Built House Fund.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**COLLEGE COMMUNITY SCHOOL DISTRICT**

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

Year Ended June 30, 2007

	<u>Governmental Fund Types Actual</u>	<u>Proprietary Fund Types Actual</u>	<u>Total Actual</u>
<b>REVENUES:</b>			
Local sources	\$ 26,962,824	\$ 2,430,780	\$ 29,393,604
Intermediate sources	-	-	-
State sources	14,985,960	102,828	15,088,788
Federal sources	<u>681,553</u>	<u>544,479</u>	<u>1,226,032</u>
Total receipts	<u>42,630,337</u>	<u>3,078,087</u>	<u>45,708,424</u>
 <b>EXPENDITURES:</b>			
Instruction	23,115,515	-	23,115,515
Support services	10,425,895	-	10,425,895
Non-instructional programs	-	3,260,738	3,260,738
Other expenditures	<u>11,115,442</u>	<u>-</u>	<u>11,115,442</u>
Total disbursements	<u>44,656,852</u>	<u>3,260,738</u>	<u>47,917,590</u>
 <b>EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 (2,026,515)	 (182,651)	 (2,209,166)
 <b>OTHER FINANCING SOURCES, NET</b>	 <u>9,900,000</u>	 <u>-</u>	 <u>9,900,000</u>
 <b>EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	 7,873,485	 (182,651)	 7,690,834
 <b>BALANCES, BEGINNING OF YEAR</b>	 <u>31,027,616</u>	 <u>549,672</u>	 <u>31,577,288</u>
 <b>BALANCES, END OF YEAR</b>	 <u>\$ 38,901,101</u>	 <u>\$ 367,021</u>	 <u>\$ 39,268,122</u>

<u>Budgeted Amounts</u>		<u>Final to Variance Positive/ (Negative)</u>
<u>Original</u>	<u>Final</u>	
\$ 28,949,792	\$ 28,949,792	\$ 443,812
-	-	-
14,568,871	14,568,871	519,917
<u>1,243,783</u>	<u>1,243,783</u>	<u>(17,751)</u>
<u>44,762,446</u>	<u>44,762,446</u>	<u>945,978</u>
23,420,529	26,290,266	3,174,751
10,066,587	11,272,670	846,775
3,150,956	3,150,956	(109,782)
<u>10,025,492</u>	<u>10,933,669</u>	<u>(181,773)</u>
<u>46,663,564</u>	<u>51,647,561</u>	<u>3,729,971</u>
(1,901,118)	(6,885,115)	4,675,949
<u>10,000,000</u>	<u>10,000,000</u>	<u>(100,000)</u>
8,098,882	3,114,885	4,575,949
<u>30,375,369</u>	<u>30,375,369</u>	<u>1,201,919</u>
<u>\$ 38,474,251</u>	<u>\$ 33,490,254</u>	<u>\$ 5,777,868</u>

See independent auditor's report.

COLLEGE 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 Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$4,983,997.

During the year ended June 30, 2007, expenditures exceeded the amounts budgeted in the non-instructional and other expenditures functions.

**OTHER SUPPLEMENTARY INFORMATION**

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2007

	<u>Special Revenue- Student Activity</u>	<u>Special Revenue- Physical Plant and Equipment Levy</u>	<u>Capital Projects- Road/Sewer</u>
<b>ASSETS</b>			
Cash and pooled investments	\$ 459,726	\$ 394,901	\$ -
Receivables:			
Property tax:			
Delinquent	-	6,711	-
Succeeding year	-	1,214,081	-
Accounts receivable	3,062	-	-
Accrued interest	811	711	-
Due from other governments	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 463,599</u>	<u>\$ 1,616,404</u>	<u>\$ -</u>
 <b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable	\$ 13,315	\$ -	\$ -
Deferred revenue-succeeding year property tax	<u>                    -</u>	<u>                    1,214,081</u>	<u>                    -</u>
	<u>                    13,315</u>	<u>                    1,214,081</u>	<u>                    -</u>
Total liabilities			
Fund Equity:			
Unreserved, undesignated fund balances	<u>                    450,284</u>	<u>                    402,323</u>	<u>                    -</u>
Total liabilities and fund equity	<u>\$ 463,599</u>	<u>\$ 1,616,404</u>	<u>\$ -</u>

Schedule 1

Capital Projects- Benton Co. Silo	Total
\$ 138,652	\$ 993,279
-	6,711
-	1,214,081
-	3,062
243	1,765
<u>87,372</u>	<u>87,372</u>
<u>\$ 226,267</u>	<u>\$ 2,306,270</u>
\$ -	\$ 13,315
<u>-</u>	<u>1,214,081</u>
<u>-</u>	<u>1,227,396</u>
<u>226,267</u>	<u>1,078,874</u>
<u>\$ 226,267</u>	<u>\$ 2,306,270</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT**

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

Year Ended June 30, 2007

	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Capital Projects- Road/Sewer</u>
<b>Revenues:</b>			
Local sources:			
Local tax	\$ -	\$ 1,316,449	\$ -
Other	799,591	49,217	48
State sources	<u>-</u>	<u>378</u>	<u>-</u>
Total revenues	<u>799,591</u>	<u>1,366,044</u>	<u>48</u>
<b>Expenditures:</b>			
Instruction:			
Other instruction	729,679	-	-
Support services:			
Instructional staff services	-	244,937	-
Administrative services	-	1,089	-
Operation and maintenance of plant services	-	-	-
Transportation services	-	306,345	-
Other expenditures:			
Facilities acquisition	<u>-</u>	<u>220,457</u>	<u>-</u>
Total expenditures	<u>729,679</u>	<u>772,828</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69,912</u>	<u>593,216</u>	<u>48</u>
Other financing sources (uses):			
Operating transfers in	-	93,005	-
Operating transfers out	<u>-</u>	<u>(447,286)</u>	<u>(18,069)</u>
Total other financing sources (uses)	<u>-</u>	<u>(354,281)</u>	<u>(18,069)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	69,912	238,935	(18,021)
Fund balances, beginning of year	<u>380,372</u>	<u>163,388</u>	<u>18,021</u>
Fund balances, end of year	<u>\$ 450,284</u>	<u>\$ 402,323</u>	<u>\$ -</u>

Schedule 2

<u>Capital Projects- Benton Co. Silo</u>	<u>Total</u>
\$ -	\$ 1,316,449
172,901	1,021,757
-	378
172,901	2,338,584
-	729,679
-	244,937
-	1,089
-	-
-	306,345
7,400	227,857
7,400	1,509,907
165,501	828,677
-	93,005
(74,936)	(540,291)
(74,936)	(447,286)
90,565	381,391
135,702	697,483
\$ 226,267	\$ 1,078,874

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Individual Student Activity Accounts

Year Ended June 30, 2007

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student activity account:				
Athletic:				
General	\$ 44,245	\$ 96,567	\$ 92,004	\$ 48,808
Student clubs:				
Advisory	59,257	70,521	52,478	77,300
Co-curricular activities:				
High school	754	4,659	889	4,524
Middle school	7,563	12,137	13,907	5,793
Prairie Crest	8,729	11,185	15,502	4,412
Prairie Heights	20,856	25,061	32,178	13,739
Prairie Ridge	8,083	21,803	22,143	7,743
Prairie View	27,434	24,007	18,581	32,860
Prairie Oaks	285	937	570	652
Student Council	21,138	14,624	18,004	17,758
Class of:				
2006	88	-	88	-
2007	5,872	-	2,105	3,767
2008	-	12,202	6,872	5,330
2009	-	1,425	462	963
Baseball Club	1,094	9,669	8,227	2,536
Softball Club	2,765	7,090	7,364	2,491
Productions - Theatrical	-	3,045	3,045	-
Performing Arts Club	1,913	2,003	3,646	270
Special Olympics	104	-	-	104
06-07 Yearbook	808	9,212	5,374	4,646
05-06 Yearbook	4,235	2,669	6,701	203
SADD Organization	140	-	-	140
Spring and Fall Plays	212	1,908	2,120	-
Student club	4,122	471	2,450	2,143
German Club	1,002	1,885	-	2,887
Student Vending	4,688	25,283	26,893	3,078
Student Shake Break	3,579	-	233	3,346
Letterman's Club	11,017	6,180	3,231	13,966
State Tournaments	2,101	29,112	29,403	1,810
Girls Track Club	308	7,248	4,570	2,986
Boys Track Club	1,060	12,722	10,650	3,132
Volleyball Club	9,127	26,871	26,846	9,152
Art Activity	477	717	364	830
Competetion Cheerleading	2,124	-	1,449	675

## Schedule 3

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student activity account (continued):				
Student clubs (continued):				
Instrumental Music	\$ 1,768	\$ 8,282	\$ 9,416	\$ 634
Cheerleading	1,601	40,632	30,475	11,758
Football Club	14,633	11,964	16,145	10,452
Business Prof./America	10,954	48,342	50,157	9,139
Boys Tennis Club	48	618	528	138
Girls Tennis Club	734	748	580	902
Thompson Activity	358	166	342	182
McWilliams Activity	2,192	2,356	2,891	1,657
Boys Soccer Club	1,328	10,260	7,646	3,942
Girls Soccer Club	316	2,065	2,009	372
Wrestling Club	14,095	22,738	16,248	20,585
Music Trip	42,236	46,756	28,308	60,684
SAVE	1,485	257	227	1,515
Prairie Dance Team	1,661	23,104	19,436	5,329
Instrumental Activity	-	14,526	12,296	2,230
Hawk Talk - General	2,524	2,712	2,745	2,491
Electric Car Club	3,618	2,105	1,795	3,928
Washington Trip	4,010	42,925	42,482	4,453
Girls Basketball Club	5,478	6,779	7,015	5,242
Boys Basketball Club	2,973	8,289	5,863	5,399
Vocal Music	5,848	44,169	43,274	6,743
Musical	1,873	1,098	982	1,989
Video Club	36	-	-	36
National Honor Society	224	2,131	741	1,614
One and Two Act Plays	842	473	234	1,081
Girls Golf Club	88	1,308	796	600
Band Uniforms	-	1,000	1,000	-
Farm Career Comm Ldrs	114	1,254	1,054	314
VICA Club	32	3,562	826	2,768
PE Club	1,874	3,150	1,315	3,709
Student mentors	-	1,787	1,550	237
International Club	2,249	2,822	2,954	2,117
	<u>336,127</u>	<u>703,024</u>	<u>637,675</u>	<u>401,476</u>
<b>Total</b>	<u>\$ 380,372</u>	<u>\$ 799,591</u>	<u>\$ 729,679</u>	<u>\$ 450,284</u>

## COLLEGE COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Fiduciary Assets and Liabilities

## Agency Funds

June 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>ASSETS</b>				
Cash	\$ 164,951	\$ 445,512	\$ 392,971	\$ 217,492
Accrued interest and other receivables	<u>2,727</u>	<u>413</u>	<u>2,727</u>	<u>413</u>
Total assets	<u>\$ 167,678</u>	<u>\$ 445,925</u>	<u>\$ 395,698</u>	<u>\$ 217,905</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,788	\$ 5,869	\$ 4,788	\$ 5,869
Other payables	<u>162,890</u>	<u>445,512</u>	<u>396,366</u>	<u>212,036</u>
Total liabilities	<u>\$ 167,678</u>	<u>\$ 451,381</u>	<u>\$ 401,154</u>	<u>\$ 217,905</u>

## COLLEGE COMMUNITY SCHOOL DISTRICT

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

For the Last Five Years

	Modified Accrual Basis				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:					
Local sources:					
Local tax	\$ 20,086,865	\$ 16,951,789	\$ 16,822,033	\$ 15,005,818	\$ 14,562,655
Tuition	3,490,482	3,716,232	3,668,389	3,434,496	3,651,132
Other	3,385,477	1,891,034	1,655,059	1,456,602	1,625,747
Intermediate sources	-	-	-	3,917	10,902
State sources	14,985,960	13,320,215	11,996,479	11,027,872	10,563,673
Federal sources	<u>681,553</u>	<u>841,765</u>	<u>680,771</u>	<u>536,924</u>	<u>529,434</u>
Total revenues	<u>\$ 42,630,337</u>	<u>\$ 36,721,035</u>	<u>\$ 34,822,731</u>	<u>\$ 31,465,629</u>	<u>\$ 30,943,543</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 14,419,478	\$ 13,299,906	\$ 12,114,110	\$ 11,208,657	\$ 10,291,874
Special instruction	5,549,502	5,236,403	6,383,557	6,273,271	5,700,649
Other instruction	3,146,535	2,899,110	2,026,955	1,688,377	1,888,385
Support services:					
Student services	914,795	970,198	997,383	922,990	795,475
Instructional staff services	1,798,291	1,959,626	2,004,418	1,793,657	1,720,285
Administration services	3,159,628	3,024,768	2,743,755	2,170,023	1,992,035
Operation and maintenance of plant services	2,907,370	2,833,886	2,709,306	2,331,951	1,947,185
Transportation services	1,645,811	1,592,256	1,329,826	1,197,953	1,182,336
Other expenditures:					
Facilities acquisition	5,096,572	2,157,313	619,704	5,078,613	8,718,040
Long-term debt:					
Principal	2,096,000	1,939,000	12,340,000	1,760,000	8,550,000
Interest and other charges	2,760,324	1,565,105	2,204,667	1,685,228	2,694,993
AEA Flowthrough	<u>1,162,546</u>	<u>1,039,137</u>	<u>952,080</u>	<u>908,084</u>	<u>915,906</u>
Total expenditures	<u>\$ 44,656,852</u>	<u>\$ 38,516,708</u>	<u>\$ 46,425,761</u>	<u>\$ 37,018,804</u>	<u>\$ 46,397,163</u>

## COLLEGE COMMUNITY SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:		
Passed through the Iowa Department of Education:		
Food Donation (non-cash)	10.550	\$ 79,841
Child Nutrition Cluster:		
School Breakfast Program	10.553	69,371
National School Lunch Program	10.555	395,267
		<u>464,638</u>
<b>Total U.S. Department of Agriculture</b>		<u>544,479</u>
U.S. Department of Education:		
Passed through the Iowa Department of Education:		
Title I - Grants to Local Educational Agencies	84.010	253,664
Safe and Drug Free Schools and Communities State Grants	84.186	10,091
Education for Homeless Children and Youth	84.196	21,225
State Grants for Innovative Programs	84.298A	4,647
Improving Teacher Quality State Grants (Title II)	84.367	76,460
Grants for State Assessments and Related Activities (Title IV-A)	84.369	27,734
Passed through Grant Wood Area Education Agency:		
Special Education - Grants to States		
Idea Part B Flowthrough	84.027	188,809
Vocational Education-Basic Grants to States	84.048A	25,358
		<u>607,988</u>
<b>Total U.S. Department of Education</b>		<u>607,988</u>
U.S. Department of Health and Human Services:		
Passed through the Linn County DHRM:		
Medical Assistance Program	93.778	1,661
U.S. Department of Defense:		
Passed through Johnson County:		
Payments to States in Lieu of Real Estate Taxes (Flood Control Payments)	12.112	12,290
<b>Total</b>		<u>\$ 1,166,418</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

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

This information should be read only in connection with the accompanying Schedule of Expenditures of Federal Awards.

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the College Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item II-A-07, to be a significant deficiency 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 that a material misstatement of the financial statements will not be prevented or detected by the entity'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. We believe that the significant deficiency described above is a material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether College Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Part IV of the accompanying schedule of findings and questioned costs.

College Community School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit College Community School District's response and, accordingly, we express no opinion on it.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of College Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Clifton Henderson LLP*

Cedar Rapids, Iowa  
December 13, 2007

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

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

**Compliance**

We have audited the compliance of College Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. College Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of College Community School District's management. Our responsibility is to express an opinion on College Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 noncompliance 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 the College Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College Community School District's compliance with those requirements.

In our opinion, College Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

**Internal Control Over Compliance**

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

A control deficiency in a 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 entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies.

College Community School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit College Community School District's response and, accordingly, we express no opinion on it.

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

*Clifton Henderson LLP*

Cedar Rapids, Iowa  
December 13, 2007

COLLEGE COMMUNITY SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2007

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

***Financial Statements***

Type of auditor's report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Deficiencies identified that are not considered to be material weaknesses?        Yes   X   No

Noncompliance material to financial statements noted?        Yes   X   No

***Federal Awards***

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

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
	National School Lunch Program
84.027	Special Education - Grants to States
	Idea Part B Flow Through

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

Auditee qualified as low-risk auditee?        Yes   X   No

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

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

***Material weakness***

**II-A-07: Audit Adjustments (There were no questioned costs)**

Criteria:

The District should have adequate procedures to provide for the accuracy and reliability of the trial balance given to the auditor.

Condition:

During the course of the audit, misstatements that had a material effect on the District's financial statement were discovered, relating to progress billings on construction contracts. Adjusting journal entries were made to correct these misstatements.

Context:

Although adjustments during the course of an audit are not uncommon, the independent auditor cannot be considered part of the District's internal control system.

Effect:

As a result of this condition, there is a higher risk that misstatements that are material to the financial statements could occur and not be detected.

Cause:

The District has relied on the independent auditor to some degree to provide assurance that the financial statements are not materially misstated.

Recommendation:

We recommend that the District establish internal procedures to adjust all account balances prior to the audit.

Management Response:

Management believes this change will result in potential financial statement misstatements being identified and corrected prior to audit.

Conclusion:

Response accepted.

***Instances of Non-compliance***

No matters were reported.

COLLEGE COMMUNITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

Part III: Findings and Questioned Costs for Federal Awards:

*Material weakness*

No matters were reported.

*Instances of Non-compliance*

No matters were reported.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

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

IV-A-07 Certified Budget - Expenditures for the year ended June 30, 2007 exceeded the amended certified budget amounts in the non-instruction and other expenditures functions.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-07 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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

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

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

IV-F-07 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.

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

IV-H-07 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-I-07 Certified Annual Report - The Certified Annual Report was certified to the Department of Education timely and we noted no significant deficiencies in the amounts reported.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

IV-J-07 Deficit Balances - The District had a deficit balance in the Proprietary - Day Care Fund and Proprietary – Student Built House Fund at June 30, 2007.

Recommendation - The District should take appropriate action to return this fund to sound financial condition.

Response - The District has increased fees to accommodate for deficit.

Conclusion - Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT  
Corrective Action Plan for Federal Audit Findings  
Year Ended June 30, 2007

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title Phone Number</u>	<u>Anticipated Date of Completion</u>
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No matters noted.

**COLLEGE COMMUNITY SCHOOL DISTRICT**  
**Summary Schedule of Prior Federal Audit Findings**  
**Year Ended June 30, 2007**

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not corrected, provide planned corrective action or other explanation.</u>
III-A-06	Food Safety Inspections	Completed	n/a

COLLEGE COMMUNITY SCHOOL DISTRICT

**Audit Staff**

This audit was performed by:

Robert L. Poundstone, CPA, Partner

William M. Vincent, CPA, Partner

Justin Zimmerman, CPA, Senior Associate

Andy Johnson, CPA, Manager

Jim Fitzpatrick, CPA, Senior Associate

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