

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

June 30, 2008

Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis (MD&A)		4-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16-17
Statement of Activities	B	18-19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	25
Statement of Revenues, Expenses, and Changes in Fund Net Assets	H	26
Statement of Cash Flows	I	27
Notes to Financial Statements		28-37
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		39
Notes to Required Supplementary Information - Budgetary Reporting		40
	<u>Schedule</u>	
Other Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	42
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	43
Nonmajor Enterprise Funds:		
Combining Schedule of Net Assets	3	44
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	4	45
Combining Schedule of Cash Flows	5	46
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	6	47-48
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	7	49
Schedule of Expenditures of Federal Awards	8	50
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 <u>Government Auditing Standards</u>		51-52
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133		53-54
Schedule of Findings and Questioned Costs		55-59

Gary E. Horton CPA

902 Central Ave E.-PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District, Oxford, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 28, 2009, on our consideration of Clear Creek Amana Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, 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 4 through 14 and 39 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clear Creek Amana Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

April 28, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Clear Creek Amana Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the district's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- The district increased the ending fund balance in the general fund from a beginning balance of \$1,124,345 to \$1,602,512.
 - This represents a \$478,167 increase and results in a general fund balance of 12.96% of general fund expenditures.
 - This fund balance continues a trend of positive ending fund balances in the district and compares with an ending balance of 9.91% of general fund expenditures in FY 07, 7.33% of general fund expenditures in FY 06 and 4.01% of general fund expenditures in FY 05.
 - The general fund balance exceeds board policy parameters which set a minimum ending balance in the range of 6% to 10% of actual general fund expenditures.

- Total general fund revenues continue to reflect a growth rate in excess of state funded growth as a result of increased student enrollment.
 - FY 08 \$12,843,218 (\$1,151,982 change or 9.85%)
 - FY 07 \$11,691,236 (\$744,907 change or 6.81%)
 - FY 06 \$10,946,329 (\$721,887 change or 7.06%)
 - FY 05 \$10,224,441 (\$902,451 change or 9.68%)

- The state allowable growth of 4% accounted for an increase in district revenue of \$205 per pupil. CCA also increased resident students (1371.8 to 1404.8) a change of 34 students. The combined change in student enrollment and the increase in state allowable growth accounted for \$463,765 dollars of the increased revenue in the general fund.

- In addition to increasing resident student enrollment, the district continued to have a net gain of students attending CCA schools as a result of the open enrollment law. The Clear Creek Amana schools have a greater number of students choosing to attend in the district under the open enrollment law than the number of students that choose to attend neighboring districts. For FY 2008, open enrollment brought a net gain of 15 students at a state cost per pupil of \$5369 or \$80,535 dollars.

- The District successfully maintained the A3 bond rating from Moody's Investor Service for the sale of \$10,000,000 of general obligation bonds in June of 2007 and the sale of \$1,015,000 of general obligation bonds in May of 2008. The affirmation of this rating was due in part to the very strong tax base growth in the district (averaging 10.79% per year from 2004 through 2008) and satisfactory financial operations with improving cash reserves in the general fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

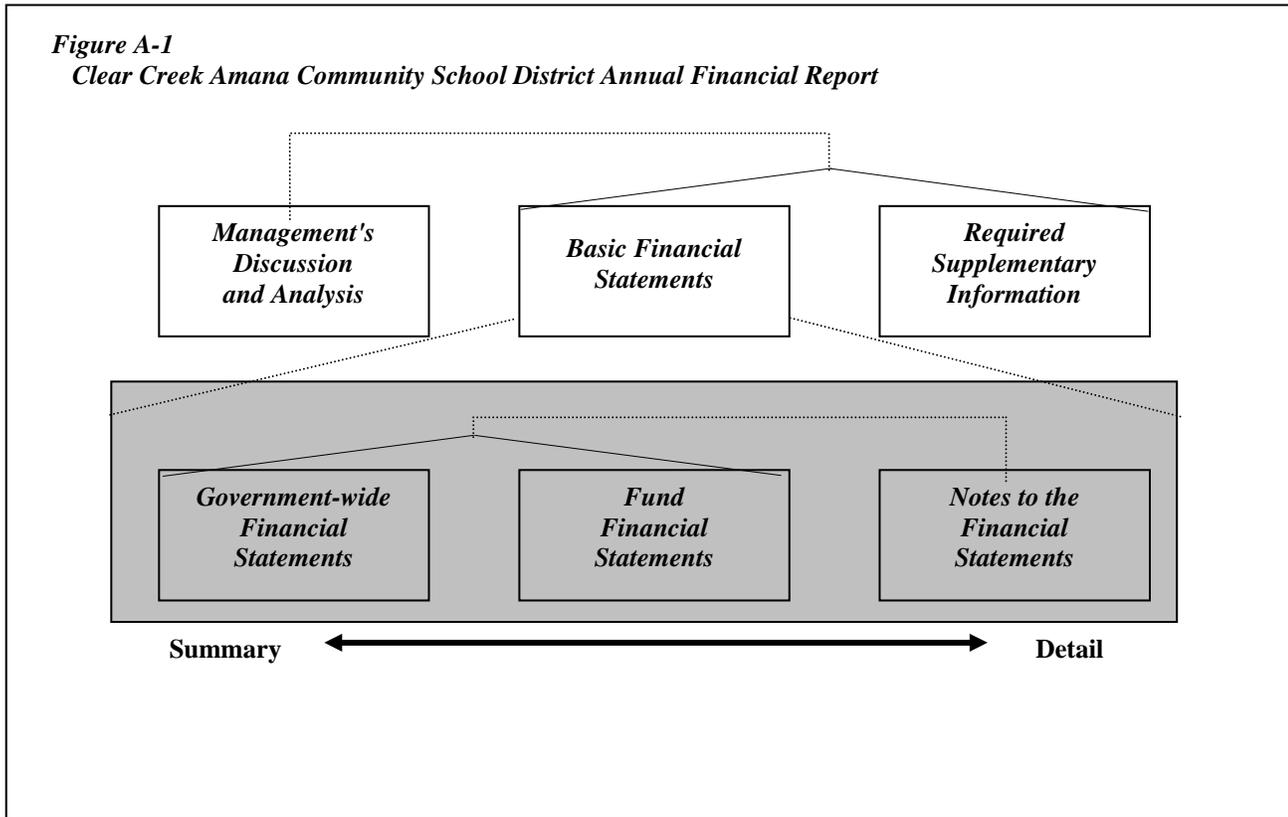


Figure A-2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2007-2008
	Governmental Activities		Business-type Activities		Total School District		
	2007	2008	2007	2008	2007	2008	
	\$	\$	\$	\$	\$	\$	
Current and other assets	34,761,820	24,555,102	168,692	241,683	34,930,512	24,796,783	-29%
Capital assets	12,175,730	28,801,874	60,070	53,329	12,235,800	28,855,205	136%
Total assets	46,937,550	53,356,976	228,762	295,012	47,166,312	53,651,988	14%
Long-term liabilities	28,722,663	28,668,953	-	-	28,722,663	28,668,953	-0%
Other liabilities	8,786,180	10,268,194	45,331	51,186	8,831,511	10,319,380	17%
Total liabilities	37,508,843	38,937,147	45,331	51,186	37,554,174	38,988,333	4%
Net Assets:							
Invested in capital assets, net of related debt	8,027,710	11,016,379	60,070	53,329	8,087,780	11,069,708	37%
Restricted	864,173	2,065,135	-	-	864,173	2,065,135	139%
Unrestricted	536,824	1,338,315	123,361	190,497	660,185	1,528,812	132%
TOTAL NET ASSETS	9,428,707	14,419,829	183,431	243,826	9,612,138	14,663,655	53%

The District's total net assets increased 53%, over the prior year. The largest portion of the District's total net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment) net of related debt.

- Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$1,200,962 or 139% over the prior year.
- Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$868,627, or 132%. This change in assets reflects the planned facility construction projects as a result of the 2006 bond referendum. By the end of fiscal 2008, a significantly higher amount of the bond proceeds were payable to the building projects (new elementary and new high school) than in the year ending 2007.
- District long-term liabilities reflect the sale of general obligation bonds (\$14,485,000 in FY 06, \$10,000,000 in FY 07 and \$1,015,000 in FY 08) for the construction of a new elementary and a new secondary school that will open in the fall of 2008 and 2009, respectively.

Figure A-4 compares the change in net assets for the years ended June 30, 2008 and 2007.

Figure A-4

	Change in Net Assets						Percentage Change 2008-2007
	Governmental Activities		Business-type Activities		Total School District		
	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	
Revenues							
Program Revenues:							
Charges for services	1,224,791	1,340,420	785,181	803,348	2,009,972	2,143,768	7%
Operating grants, contributions and restricted interest	1,324,583	2,488,622	184,555	263,458	1,509,138	2,752,080	82%
Capital grants, contributions and restricted interest	1,526,479	267,670	-	-	1,526,479	267,670	-82%
General Revenues:							
Property taxes	6,369,422	7,758,391	-	-	6,369,422	7,758,391	22%
Income Surtax	573,422	718,421	-	-	573,422	718,421	25%
Local option sales tax	196,455	1,426,717	-	-	196,455	1,426,717	626%
Unrestricted state grants	4,730,502	5,375,801	-	-	4,730,502	5,375,801	14%
Unrestricted investment earnings	109,232	154,078	5,529	7,775	114,761	161,853	41%
Other revenue	73,586	34,194	-	8,520	73,586	42,714	-41%
Total Revenues	16,128,472	19,564,314	975,265	1,083,101	17,103,737	20,647,415	21%
Expenses:							
Instruction	7,929,165	8,649,142	-	-	7,929,165	8,649,142	9%
Support services	4,536,502	4,282,579	-	-	4,536,502	4,282,579	-6%
Non-instructional programs	-	110,589	971,332	1,022,706	971,332	1,133,295	17%
Other expenditures	1,716,161	1,928,373	-	-	1,716,161	1,928,373	12%
Total expenses	14,181,828	14,970,683	971,332	1,022,706	15,153,160	15,993,389	6%
Change in net assets before transfers	1,946,644	4,593,631	3,933	60,395	1,950,577	4,654,026	139%
Transfers	-	-	-	-	-	-	0%
CHANGE IN NET ASSETS	1,946,644	4,593,631	3,933	60,395	1,950,577	4,654,026	139%
Net assets beginning of year	7,482,063	9,826,198	179,498	183,431	7,661,561	10,009,629	31%
Net assets end of year	<u>9,428,707</u>	<u>14,419,829</u>	<u>183,431</u>	<u>243,826</u>	<u>9,612,138</u>	<u>14,663,655</u>	<u>53%</u>

The changes in Net Assets as shown in Figure A-4 show that the district experienced a 21% increase in revenues. An increase state foundation aid, property tax collections and local option sales tax revenue were the primary sources of revenue increases.

During the same period, the district increased expenditures at the rate of 6%. Maintaining expenditures to less than available revenue contributed to the overall improvement of net assets of 53%.

Governmental Activities

Revenue in Government Activities increased primarily in property tax revenue, income surtax revenue and sales tax revenue. Expenditures also increased, primarily in the area of instruction and plant operations due to increased energy costs.

Business Type Activities

The District's business type activities include the School Food Nutrition, Day Care, Public Pool, Amana Library and Springmier Library Programs. Revenues of these activities were comprised of charges for service such as the increased price of school lunches, federal and state reimbursements and investment income. Revenues for business type activities were \$1,083,101 and expenses were \$1,022,706.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$13,723,808, well below last year's ending fund balances of \$25,434,050. The decrease in combined fund balances in fiscal 2008 is the result of the expenditure of funds obtained through the general obligation bonds to construct the new elementary and high school facilities.

Governmental Fund Highlights

- The General Fund balance increased from \$1,124,345 to \$1,602,512. This represents a balance of 12.96% of general fund expenditures.
- The Capital Projects Fund balance decrease of \$12,486,126 is due to the expenditure of general obligation bond proceeds to fund the construction of two new school facilities.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$276,854 in fiscal 2007 to \$388,011 in fiscal 2008. The district is controlling expenditures in this fund in preparation for the opening of two additional buildings (North Bend Elementary in August of 2008 and the new High School in August of 2009). These funds will be used for future capital improvements and major equipment purchases.

- The Management Fund balance increased from \$113,393 at June 30, 2007 to \$209,996 at June 30, 2008. The district is building a small balance in this fund in anticipation of future teacher retirements.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$170,510 at June 30, 2007 to \$201,158 at June 30, 2008, representing an increase of approximately 18%. This increase resulted from an increase in the price of school meals and government subsidies.

BUDGETARY HIGHLIGHTS

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

The District's receipts were \$3,875,276 more than budgeted receipts, a variance of 23%. The most significant variance resulted from increased property tax receipts and income surtax receipts.

Total expenditures were \$5,317,395 less than the amended budget, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008 the District had invested 28.8 million dollars, net of accumulated depreciation, in a broad range of capital assets. These assets include: land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-5) This represents a net increase from last year. Depreciation expense for the year was \$ 460,448.

Construction continued on the new high school (scheduled for completion in August of 2009) and North Bend Elementary (scheduled for completion in August of 2008).

The district completed the second year of a three year lease-purchase of 150 lap top computers; 120 of these computers are used by staff with the remaining computers available for student access via mobile computer labs.

Major facility improvements funded through the local option sales tax revenue included \$330,000 of roof improvements, (replacement of two additional roof sections-one at CCA HS in Tiffin and one at AE in Amana) and replacement of the parking lot at CCA MS in Amana, (a \$467,000 project).

Figure A-5
Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage Change 2008-2007
	Activities		Activities		School District		
	2007	2008	2007	2008	2007	2008	
	\$	\$	\$	\$	\$	\$	
Land	1,578,566	1,578,566	-	-	1,578,566	1,578,566	0%
Construction in progress	1,490,255	17,813,243	-	-	1,490,255	17,813,243	1095%
Buildings	8,290,327	8,490,527	-	-	8,290,327	8,490,527	2%
Improvements	227,132	212,921	-	-	227,132	212,921	-6%
Equipment & Furniture	589,450	706,619	60,069	53,329	649,519	759,948	17%
TOTAL	<u>12,175,730</u>	<u>28,801,874</u>	<u>60,070</u>	<u>53,329</u>	<u>12,235,800</u>	<u>28,855,205</u>	<u>136%</u>

Long-Term Debt

At June 30, 2008, the District had \$28,668,953 in general obligation, revenue and other long-term debt. This slight change (1%) from resulted from the retirement of the 1992 Amana addition bonds in FY 07 (See Figure A-6) and a reduction of the computer lease purchase obligation (second of three annual payments completed in FY 08) as an offset to increased costs for retirement benefits.

Figure A-6
Outstanding Long-Term Obligations

	Total School District		Percentage Change 2008-2007
	2007	2008	
	\$	\$	
General Obligation Bonds	28,030,000	27,815,000	1%
Capital Leases	113,387	57,504	-49%
Termination Benefits	499,415	703,261	4%
Compensated Absences	79,861	93,188	17%
	<u>28,722,663</u>	<u>28,668,953</u>	<u>-0%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Clear Creek Amana has seen an average increase in total valuation of 61 million dollars or 10.79% per year over the past five years. With the amount of new construction and development within the district boundaries, this appears to be a positive trend that will continue to benefit the district's financial health at least through FY 10.
- School financing is highly dependent upon the student enrollment from the prior year. The District's September 2002 certified head count was 1238 (FY 2004). By September 2006 (fiscal 08), the district's September certified enrollment had increased to 1405.8 students. This growth

continues a pattern of an average of 2.35% growth over the past five years. Looking ahead to FY 09 and FY10, the district will again benefit from an increase in student enrollment to 1417.9 and 1439.5 students respectively.

- Fiscal 2008 was the second year of a two year negotiated agreement with the CCA Education Association. This settlement of 4.3% for fiscal 2008 was less than the increase in regular program funds of 9.85%.
- During fiscal 2006, the district began receiving revenue from the one-cent local option sales tax in Iowa County. Voters also approved the one-cent local option sales tax in Johnson County in February 2007. The one-cent local option sales tax generated \$1,426,717 dollars of revenue in fiscal 2008 and will generate a similar amount for each of the next four years.
- Construction of the district's new elementary school began in the spring of 2007 and will open at the start of the 2008 school year. The district anticipates this new facility could escalate the enrollment growth at the elementary level.
- Construction of the district's new high school began in the summer of 2007 and will open at the start of the 2009 school year. The district anticipates this new facility combined with the movement of the middle school to a combined secondary campus will continue to accelerate enrollment growth in the secondary schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2008

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	15,191,019	209,599	15,400,618
Receivables:			
Property tax:			
Delinquent	115,298	-	115,298
Succeeding year	7,866,192	-	7,866,192
Accounts	3,248	1,911	5,159
Accrued interest:			
Other	42,844	-	42,844
Due from other governments	1,182,157	17,358	1,199,515
Inventories	-	12,815	12,815
Unamortized bond issue costs	154,342	-	154,342
Capital assets, net of accumulated depreciation	28,801,876	53,329	28,855,205
Total assets	53,356,976	295,012	53,651,988
Liabilities			
Warrants issued in excess bank balance	6,947	-	6,947
Accounts payable	1,408,320	4,576	1,412,896
Salaries and benefits payable	32,386	34,240	66,626
Accrued interest payable	99,656	-	99,656
Other current liabilities	763,588	-	763,588
Deferred revenue:			
Succeeding year property tax	7,866,192	-	7,866,192
Other	-	12,370	12,370
Unamortized bond premium	91,105	-	91,105
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	940,000	-	940,000
Capital leases	57,504	-	57,504
Termination benefits	212,542	-	212,542
Compensated absences	31,063	-	31,063
Portion due after one year:			
General obligation bonds payable	26,875,000	-	26,875,000
Termination benefits	490,719	-	490,719
Compensated absences	62,125	-	62,125
Total liabilities	38,937,147	51,186	38,988,333

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2008

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net assets			
Invested in capital assets, net of related debt	11,016,379	53,329	11,069,708
Restricted for:			
State categorical aid	160,981	-	160,981
Physical plant and equipment levy	567,528	-	567,528
Other special revenue purposes	217,608	-	217,608
Debt service	9,108	-	9,108
Local option sales tax purposes	1,109,910	-	1,109,910
Unrestricted	<u>1,338,315</u>	<u>190,497</u>	<u>1,528,812</u>
Total net assets	<u><u>14,419,829</u></u>	<u><u>243,826</u></u>	<u><u>14,663,655</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	5,500,493	988,513	777,509	-
Special	1,710,192	78,526	97,652	-
Other	1,438,457	257,938	115,919	-
	<u>8,649,142</u>	<u>1,324,977</u>	<u>991,080</u>	<u>-</u>
Support services:				
Student	253,504	-	-	-
Instructional staff	523,684	-	282	-
Administration	1,498,148	-	-	-
Operation and maintenance of plant	1,183,094	3,862	-	-
Transportation	824,149	8,111	3,966	-
	<u>4,282,579</u>	<u>11,973</u>	<u>4,248</u>	<u>-</u>
Non-instructional programs	<u>110,589</u>	<u>3,470</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	-	-	20,680	267,670
Long-term debt interest	1,227,807	-	1,004,695	-
AEA flowthrough	467,919	-	467,919	-
Depreciation (unallocated)*	232,647	-	-	-
	<u>1,928,373</u>	<u>-</u>	<u>1,493,294</u>	<u>267,670</u>
Total governmental activities	<u>14,970,683</u>	<u>1,340,420</u>	<u>2,488,622</u>	<u>267,670</u>
Business type activities:				
Non-instructional programs:				
Food service operations	641,848	421,197	236,247	-
Public pool	20,187	23,801	1,000	-
Daycare	360,671	358,350	26,718	-
Total business-type activities	<u>1,022,706</u>	<u>803,348</u>	<u>263,965</u>	<u>-</u>
Total	<u>15,993,389</u>	<u>2,143,768</u>	<u>2,752,587</u>	<u>267,670</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2008

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(3,734,471)	-	(3,734,471)
(1,534,014)	-	(1,534,014)
(1,064,600)	-	(1,064,600)
<u>(6,333,085)</u>	<u>-</u>	<u>(6,333,085)</u>
(253,504)	-	(253,504)
(523,402)	-	(523,402)
(1,498,148)	-	(1,498,148)
(1,179,232)	-	(1,179,232)
(812,072)	-	(812,072)
<u>(4,266,358)</u>	<u>-</u>	<u>(4,266,358)</u>
<u>(107,119)</u>	<u>-</u>	<u>(107,119)</u>
288,350	-	288,350
(223,112)	-	(223,112)
-	-	-
<u>(232,647)</u>	<u>-</u>	<u>(232,647)</u>
<u>(167,409)</u>	<u>-</u>	<u>(167,409)</u>
<u>(10,873,971)</u>	<u>-</u>	<u>(10,873,971)</u>
-	15,596	15,596
-	4,614	4,614
-	24,397	24,397
-	44,607	44,607
<u>(10,873,971)</u>	<u>44,607</u>	<u>(10,829,364)</u>
4,799,111	-	4,799,111
2,492,549	-	2,492,549
466,731	-	466,731
718,421	-	718,421
1,426,717	-	1,426,717
5,375,801	-	5,375,801
154,078	7,268	161,346
34,194	8,520	42,714
<u>15,467,602</u>	<u>15,788</u>	<u>15,483,390</u>
4,593,631	60,395	4,654,026
<u>9,826,198</u>	<u>183,431</u>	<u>10,009,629</u>
<u>14,419,829</u>	<u>243,826</u>	<u>14,663,655</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2008

	General Fund	Capital Projects Fund	Debt Service	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Assets					
Cash and pooled investments:					
Other	1,506,258	12,763,552	58,462	862,747	15,191,019
Receivables:					
Property tax:					
Delinquent	50,802	-	50,302	14,194	115,298
Succeeding year	4,754,538	-	2,111,983	999,671	7,866,192
Accounts	1,378	-	-	1,870	3,248
Accrued interest - other	-	42,844	-	-	42,844
Due from other governments	758,385	243,905	-	179,867	1,182,157
Total assets	7,071,361	13,050,301	2,220,747	2,058,349	24,400,758
Liabilities and Fund Balances					
Liabilities:					
Warrants issued in excess of bank balance	-	6,947	-	-	6,947
Accounts payable	263,037	1,082,849	-	62,434	1,408,320
Salaries and benefits payable	31,274	-	-	1,112	32,386
Deferred revenue:					
Succeeding year property tax	4,754,538	-	2,111,983	999,671	7,866,192
Other	420,000	-	-	179,517	599,517
Other current liabilities	-	763,588	-	-	763,588
Total liabilities	5,468,849	1,853,384	2,111,983	1,242,734	10,676,950
Fund balances:					
Reserved for:					
Special purposes	-	-	-	31,569	31,569
State categorical aid	160,981	-	-	-	160,981
Debt service	-	-	108,764	-	108,764
Unreserved reported in:					
General fund	1,441,531	-	-	-	1,441,531
Special revenue funds	-	-	-	784,046	784,046
Capital projects funds	-	11,196,917	-	-	11,196,917
Total fund balances	1,602,512	11,196,917	108,764	815,615	13,723,808
Total liabilities and fund balances	7,071,361	13,050,301	2,220,747	2,058,349	24,400,758

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

June 30, 2008

	\$
Total fund balances of governmental funds (Exhibit C)	13,723,808
<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.	28,801,876
Bond issue costs are expensed in governmental funds when incurred, but are amortized over the life of the bonds in the statement of net assets.	154,342
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	599,517
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	(99,656)
Long-term liabilities, including bonds payable, bond premiums, compensated absences and termination benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(28,760,058)</u>
Net assets of governmental activities (Exhibit A)	<u><u>14,419,829</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	4,858,279	1,426,717	2,492,549	1,099,890	9,877,435
Tuition	884,237	10,460	-	-	894,697
Other	264,894	996,229	3,770	385,088	1,649,981
State sources	6,477,902	-	659	2,581	6,481,142
Federal sources	357,906	267,670	-	-	625,576
Total revenues	<u>12,843,218</u>	<u>2,701,076</u>	<u>2,496,978</u>	<u>1,487,559</u>	<u>19,528,831</u>
Expenditures:					
Current:					
Instruction:					
Regular	5,178,750	-	-	115,476	5,294,226
Special	1,710,192	-	-	-	1,710,192
Other	1,164,131	-	-	274,326	1,438,457
	<u>8,053,073</u>	<u>-</u>	<u>-</u>	<u>389,802</u>	<u>8,442,875</u>
Support services:					
Student	253,504	-	-	-	253,504
Instructional staff	455,921	-	-	67,763	523,684
Administration	1,291,695	12,382	-	179,862	1,483,939
Operation and maintenance of plant	1,064,849	-	-	131,788	1,196,637
Transportation	666,038	-	-	170,617	836,655
	<u>3,732,007</u>	<u>12,382</u>	<u>-</u>	<u>550,030</u>	<u>4,294,419</u>
Non-instructional programs	<u>110,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,589</u>
Other expenditures:					
Facilities acquisition	-	16,187,882	-	252,735	16,440,617
Long-term debt:					
Principal	-	-	1,285,883	-	1,285,883
Interest and fiscal charges	-	8,516	1,216,586	-	1,225,102
AEA flowthrough	467,919	-	-	-	467,919
	<u>467,919</u>	<u>16,196,398</u>	<u>2,502,469</u>	<u>252,735</u>	<u>19,419,521</u>
Total expenditures	<u>12,363,588</u>	<u>16,208,780</u>	<u>2,502,469</u>	<u>1,192,567</u>	<u>32,267,404</u>
Excess (deficiency) of revenues over (under) expenditures	<u>479,630</u>	<u>(13,507,704)</u>	<u>(5,491)</u>	<u>294,992</u>	<u>(12,738,573)</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Bonds issued	-	1,015,000	-	-	1,015,000
Bond premium	-	6,578	-	-	6,578
Sales of materials and equipment	3,041	-	-	3,712	6,753
Operating transfers in	-	-	59,171	4,504	63,675
Operating transfers out	(4,504)	-	-	(59,171)	(63,675)
Total other financing sources (uses)	<u>(1,463)</u>	<u>1,021,578</u>	<u>59,171</u>	<u>(50,955)</u>	<u>1,028,331</u>
Net change in fund balances	478,167	(12,486,126)	53,680	244,037	(11,710,242)
Fund balances beginning of year	<u>1,124,345</u>	<u>23,683,043</u>	<u>55,084</u>	<u>571,578</u>	<u>25,434,050</u>
Fund balances end of year	<u><u>1,602,512</u></u>	<u><u>11,196,917</u></u>	<u><u>108,764</u></u>	<u><u>815,615</u></u>	<u><u>13,723,808</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		(11,710,242)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense and loss on disposal of equipment in the current year, as follows:

Expenditures for capital assets	16,684,424	
Loss on disposal of equipment	(2,062)	
Depreciation expense	<u>(453,707)</u>	16,228,655

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.

26,095

Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

1,285,883

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

(2,705)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	(203,846)	
Compensated absences	<u>(13,327)</u>	(217,173)

Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.

(1,016,882)**Changes in net assets of governmental activities (Exhibit B)**4,593,631

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2008

	Nonmajor Enterprise Funds
	<u>\$</u>
Assets	
Cash and cash equivalents	209,599
Accounts receivable	1,911
Due from other governments	17,358
Inventories	12,815
Capital assets, net of accumulated depreciation	<u>53,329</u>
Total assets	<u>295,012</u>
Liabilities	
Accounts payable	4,576
Salaries and benefits payable	34,240
Deferred revenue	<u>12,370</u>
Total liabilities	<u>51,186</u>
Net assets	
Invested in capital assets, net of related debt	53,329
Unrestricted	<u>190,497</u>
Total net assets	<u><u>243,826</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	Nonmajor Enterprise Funds
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>803,348</u>
Operating expenses:	
Non-instructional programs:	
Salaries	450,909
Benefits	102,512
Purchased services	23,074
Supplies	439,470
Depreciation	6,741
Total operating expenses	<u>1,022,706</u>
Operating gain (loss)	<u>(219,358)</u>
Non-operating revenues:	
State sources	7,039
Federal sources	246,433
Interest income	7,268
Gifts and Donations	10,493
Other local sources	8,520
Total non-operating revenues	<u>279,753</u>
Change in net assets	60,395
Net assets beginning of year	<u>183,431</u>
Net assets end of year	<u><u>243,826</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2008

	Nonmajor Enterprise Funds
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	420,765
Cash received from other services	382,879
Cash payments to employees for services	(548,452)
Cash payments to suppliers for goods or services	<u>(433,413)</u>
Net cash used by operating activities	<u>(178,221)</u>
Cash flows from non-capital financing activities:	
State grants received	7,039
Federal grants received	<u>202,209</u>
Net cash provided by non-capital financing activities	<u>209,248</u>
Cash flows from capital and related financing activities:	
Gifts, donations, etc.	11,493
Sale of capital assets	<u>8,520</u>
Net cash used by capital and related financing activities	<u>20,013</u>
Cash flows from investing activities:	
Interest on investments	<u>7,268</u>
Net increase (decrease) in cash and cash equivalents	58,308
Cash and cash equivalents at beginning of year	<u>151,291</u>
Cash and cash equivalents at end of year	<u><u>209,599</u></u>
Reconciliation of operating gain (loss) to net cash used by operating activities:	
Operating gain (loss)	(219,358)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	27,693
Depreciation	6,741
Decrease (increase) in inventories	1,185
Decrease (increase) in accounts receivable	663
(Decrease) increase in accounts payable	253
(Decrease) increase in salaries and benefits payable	4,969
(Decrease) increase in deferred revenue	<u>(367)</u>
Net cash used by operating activities	<u><u>(178,221)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received \$27,693 of federal commodities.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, and compensated

absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

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

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

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

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

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

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures did not exceed the amounts budgeted.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2008, the District had the following investments:

	<u>Amortized Cost</u>
	\$
Diversified Portfolio-Iowa School Investment Trust	158
Money Market Fund-IPASeducation	10,443,562

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

Credit risk: The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service. The investments with IPASeducation are not rated because they are registered with the Securities and Exchange Commission.

3. Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	1,817,264	15,995,979	-	17,813,243
Land	1,578,566	-	-	1,578,566
Total capital assets not being depr.	<u>3,395,830</u>	<u>15,995,979</u>	<u>-</u>	<u>19,391,809</u>
Capital assets being depreciated:				
Buildings	12,022,004	444,638	-	12,466,642
Improvements other than buildings	755,095	-	26,483	728,612
Furniture and equipment	1,988,760	243,807	212,572	2,019,995
Total capital assets being deprec.	<u>14,765,859</u>	<u>688,445</u>	<u>239,055</u>	<u>15,215,249</u>
Less accumulated depreciation for:				
Buildings	3,731,677	244,438	-	3,976,115
Improvements other than buildings	527,963	14,211	26,483	515,691
Furniture and equipment	1,328,828	195,058	210,510	1,313,376
Total accumulated depreciation	<u>5,588,468</u>	<u>453,707</u>	<u>236,993</u>	<u>5,805,182</u>
Total capital assets being depreciated, net	<u>9,177,391</u>	<u>234,738</u>	<u>2,062</u>	<u>9,410,067</u>
Governmental activities capital assets, net	<u>12,573,221</u>	<u>16,230,717</u>	<u>2,062</u>	<u>28,801,876</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	96,134	-	15,265	80,869
Less accumulated depreciation	36,064	6,741	15,265	27,540
Business type activities capital assets, net	<u>60,070</u>	<u>(6,741)</u>	<u>-</u>	<u>53,329</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	2,420
Support services:	
Administration services	20,834
Operation and maintenance of plant services	2,748
Transportation	195,058
	<u>221,060</u>
Unallocated depreciation	<u>232,647</u>
Total depreciation expense – governmental activities	<u>453,707</u>
Business type activities:	
Food service	<u>6,741</u>

4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer To	Transfer From	Amount
		\$
Debt Service Fund	Property Plant and Equipment Fund	59,171
Activity Fund	General Fund	4,504

The transfers from were made to reimburse for expenditures and make debt service payments.

5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds	28,030,000	1,015,000	1,230,000	27,815,000	940,000
Capital leases	113,387	-	55,883	57,504	57,504
Compensated absences	79,861	13,327	-	93,188	31,063
Termination benefits	499,415	331,593	127,747	703,261	212,542
Total	<u>28,722,663</u>	<u>1,359,920</u>	<u>1,413,630</u>	<u>28,668,953</u>	<u>1,241,109</u>

Termination Benefits

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

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

The stipend will be paid in the year following retirement.

At June 30, 2008, the District has obligations to twenty participants with a total liability of \$703,261. Actual early retirement expenditures for the year ended June 30, 2008 totaled \$127,747.

Capital Leases

The District's capital lease indebtedness and related schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2008 are as follows:

	<u>Year Ending June 30,</u>	<u>Amount</u>
		\$
	2009	59,171
Minimum Lease Payments		59,171
Less Amount Representing Interest		1,667
Present Value of Minimum Lease Payments		<u>57,504</u>

General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

CLEAR CREEK AMANA BONDS				
Bond Issue of August 1, 2002				
<u>Year ended June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	%	\$	\$	\$
2009	3.40	100,000	20,675	120,675
2010	3.60	105,000	17,275	122,275
2011	3.80	110,000	13,495	123,495
2012	4.00	115,000	9,315	124,315
2013	4.10	115,000	4,715	119,715
Total		<u>545,000</u>	<u>65,475</u>	<u>610,475</u>
Refunding Bond Issue August 2003				
<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	%	\$	\$	\$
2009	3.00	335,000	83,433	418,433
2010	3.00	345,000	73,383	418,383
2011	3.10	350,000	63,033	413,033
2012	3.25	365,000	52,183	417,183
2013	3.30	380,000	40,320	420,320
2014-2015	3.40-3.50	805,000	42,130	847,130
Total		<u>2,580,000</u>	<u>354,482</u>	<u>2,934,482</u>

Bond Issue June 2006				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2009		-	684,450	684,450
2010		-	684,450	684,450
2011		-	684,450	684,450
2012		-	684,450	684,450
2013		-	684,450	684,450
2014-2018		-	3,422,250	3,422,250
2019-2023	4.625-4.75	8,315,000	2,717,025	11,032,025
2024-2026	4.75	6,170,000	594,462	6,764,462
Total		14,485,000	10,155,987	24,640,987

Bond Issue June 2007				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2009	3.80	180,000	349,413	529,413
2010	3.80	175,000	342,572	517,572
2011	3.80	700,000	335,923	1,035,923
2012	3.80	725,000	309,323	1,034,323
2013	3.80	770,000	281,773	1,051,773
2014-2018	3.80	6,255,000	853,112	7,108,112
2019	3.85	385,000	14,822	399,822
Total		9,190,000	2,486,938	11,676,938

Bond Issue May 2008				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2009	3.00	325,000	32,012	357,012
2010	3.00	450,000	20,900	470,900
2011	3.00	100,000	7,400	107,400
2012	3.00	100,000	4,400	104,400
2013	3.50	40,000	1,400	41,400
Total		1,015,000	66,112	1,081,112

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 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$496,984, \$431,508 and \$403,112 respectively, equal to the required contributions for each year.

8. Risk Management

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

9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$467,919 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

10. Beginning balance

The beginning balance of net capital assets was adjusted \$397,491 to correct prior year construction in progress estimates.

11. Commitments

The District has construction commitments for the following as of June 30, 2008:

High School and Elementary building construction contracts for \$8,670,184

REQUIRED SUPPLEMENTARY INFORMATION

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2008

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	12,422,113	829,629	13,251,742	9,978,647	9,978,647	3,273,095
State sources	6,481,142	7,039	6,488,181	6,270,409	6,270,409	217,772
Federal sources	625,576	246,433	872,009	487,600	487,600	384,409
Total revenues	<u>19,528,831</u>	<u>1,083,101</u>	<u>20,611,932</u>	<u>16,736,656</u>	<u>16,736,656</u>	<u>3,875,276</u>
Expenditures/Expenses:						
Instruction	8,442,875	-	8,442,875	8,397,680	8,797,680	354,805
Support services	4,294,419	-	4,294,419	4,428,095	6,168,095	1,873,676
Non-instructional programs	110,589	1,022,706	1,133,295	955,000	1,155,000	21,705
Other expenditures	19,419,521	-	19,419,521	19,486,729	22,486,729	3,067,208
Total expenditures/expenses	<u>32,267,404</u>	<u>1,022,706</u>	<u>33,290,110</u>	<u>33,267,504</u>	<u>38,607,504</u>	<u>5,317,394</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(12,738,573)	60,395	(12,678,178)	(16,530,848)	(21,870,848)	9,192,670
Other financing sources (uses) net	<u>1,028,331</u>	<u>-</u>	<u>1,028,331</u>	<u>1,020,000</u>	<u>1,020,000</u>	<u>8,331</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	(11,710,242)	60,395	(11,649,847)	(15,510,848)	(20,850,848)	9,201,001
Balance beginning of year	<u>25,434,050</u>	<u>183,431</u>	<u>25,617,481</u>	<u>23,880,221</u>	<u>23,880,221</u>	<u>1,737,260</u>
Balance end of year	<u><u>13,723,808</u></u>	<u><u>243,826</u></u>	<u><u>13,967,634</u></u>	<u><u>8,369,373</u></u>	<u><u>3,029,373</u></u>	<u><u>10,938,261</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2008

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$5,340,000.

During the year ended June 30, 2008, expenditures did not exceed the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2008

Assets	Special Revenue Funds				Total \$
	Management Levy	Student Activity Fund	Physical Plant and Equipment	Library Fund	
	\$	\$	\$	\$	
Cash and pooled investments	205,792	169,505	437,861	49,589	862,747
Receivables:					
Property tax:					
Delinquent	4,675	-	9,295	224	14,194
Succeeding year	450,000	-	527,124	22,547	999,671
Accounts	-	1,489	381	-	1,870
Due from other governments	-	350	179,517	-	179,867
Total assets	660,467	171,344	1,154,178	72,360	2,058,349
Liabilities & Fund Balances					
Liabilities:					
Accounts payable	471	2,103	59,526	334	62,434
Salaries and benefits payable	-	-	-	1,112	1,112
Deferred revenue:					
Succeeding year property tax	450,000	-	527,124	22,547	999,671
Other	-	-	179,517	-	179,517
Total liabilities	<u>450,471</u>	<u>2,103</u>	<u>766,167</u>	<u>23,993</u>	<u>1,242,734</u>
Fund balances:					
Reserved for special purposes	-	-	-	31,569	31,569
Unreserved reported in:					
Special revenue funds	<u>209,996</u>	<u>169,241</u>	<u>388,011</u>	<u>16,798</u>	<u>784,046</u>
Total fund balances	<u>209,996</u>	<u>169,241</u>	<u>388,011</u>	<u>48,367</u>	<u>815,615</u>
Total liabilities and fund balances	660,467	171,344	1,154,178	72,360	2,058,349

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	Special Revenue Funds				Total
	Management	Student	Physical	Library	
	Levy	Activity	Plant and	Fund	
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	402,483	-	674,428	22,979	1,099,890
Other	27,288	297,279	27,452	33,069	385,088
State sources	159	-	122	2,300	2,581
Total revenues	<u>429,930</u>	<u>297,279</u>	<u>702,002</u>	<u>58,348</u>	<u>1,487,559</u>
Expenditures:					
Current:					
Instruction:					
Regular	115,476	-	-	-	115,476
Other	-	274,326	-	-	274,326
Support services:					
Instructional staff	-	-	55,855	11,908	67,763
Administration	143,570	1,821	1,200	33,271	179,862
Operation and maintenance of plant	50,331	-	81,457	-	131,788
Transportation	23,950	2,528	144,139	-	170,617
Other expenditures:					
Facilities acquisition	-	-	252,735	-	252,735
Total expenditures	<u>333,327</u>	<u>278,675</u>	<u>535,386</u>	<u>45,179</u>	<u>1,192,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>96,603</u>	<u>18,604</u>	<u>166,616</u>	<u>13,169</u>	<u>294,992</u>
Other financing sources (uses):					
Sales of real property	-	-	3,712	-	3,712
Operating transfers in	-	4,504	-	-	4,504
Operating transfers out	-	-	(59,171)	-	(59,171)
Total other financing sources (uses)	<u>-</u>	<u>4,504</u>	<u>(55,459)</u>	<u>-</u>	<u>(50,955)</u>
Net change in fund balances	96,603	23,108	111,157	13,169	244,037
Fund balances beginning of year	<u>113,393</u>	<u>146,133</u>	<u>276,854</u>	<u>35,198</u>	<u>571,578</u>
Fund balances end of year	<u><u>209,996</u></u>	<u><u>169,241</u></u>	<u><u>388,011</u></u>	<u><u>48,367</u></u>	<u><u>815,615</u></u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Net Assets
Nonmajor Enterprise Funds

June 30, 2008

	Enterprise Funds			Total
	School Nutrition	Daycare	Public Pool	
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	128,524	65,011	16,064	209,599
Accounts receivable	1,337	416	158	1,911
Due from other governments	16,531	827	-	17,358
Inventories	12,815	-	-	12,815
Capital assets, net of accumulated depreciation	53,329	-	-	53,329
Total assets	<u>212,536</u>	<u>66,254</u>	<u>16,222</u>	<u>295,012</u>
Liabilities				
Accounts payable	8	4,545	23	4,576
Salaries and benefits payable	-	30,018	4,222	34,240
Deferred revenue	11,370	1,000	-	12,370
Total liabilities	<u>11,378</u>	<u>35,563</u>	<u>4,245</u>	<u>51,186</u>
Net assets				
Invested in capital assets, net of related debt	53,329	-	-	53,329
Unrestricted	147,829	30,691	11,977	190,497
Total net assets	<u>201,158</u>	<u>30,691</u>	<u>11,977</u>	<u>243,826</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	Enterprise Funds			Total
	School Nutrition	Daycare	Public Pool	
	\$	\$	\$	\$
Operating revenues:				
Local sources:				
Charges for service	421,197	358,350	23,801	803,348
Operating expenses:				
Non-instructional programs:				
Salaries	174,689	259,992	16,228	450,909
Benefits	48,550	51,939	2,023	102,512
Purchased services	10,739	11,466	869	23,074
Supplies	401,129	37,274	1,067	439,470
Depreciation	6,741	-	-	6,741
Total operating expenses	641,848	360,671	20,187	1,022,706
Operating gain (loss)	(220,651)	(2,321)	3,614	(219,358)
Non-operating revenues:				
State sources	7,039	-	-	7,039
Federal sources	229,208	17,225	-	246,433
Interest income	6,532	421	315	7,268
Gifts & Donations	-	9,493	1,000	10,493
Other local sources	8,520	-	-	8,520
Total non-operating revenues	251,299	27,139	1,315	279,753
Change in net assets	30,648	24,818	4,929	60,395
Net assets beginning of year	170,510	5,873	7,048	183,431
Net assets end of year	201,158	30,691	11,977	243,826

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Cash Flows
Nonmajor Enterprise Funds

Year ended June 30, 2008

	Enterprise Funds			Total
	School Nutrition	Daycare	Public Pool	
	\$	\$	\$	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	420,765	-	-	420,765
Cash received from other services	-	358,027	24,852	382,879
Cash payments to employees for services	(223,239)	(305,463)	(19,750)	(548,452)
Cash payments to suppliers for goods or services	(383,672)	(47,760)	(1,981)	(433,413)
Net cash provided by (used by) operating activities	<u>(186,146)</u>	<u>4,804</u>	<u>3,121</u>	<u>(178,221)</u>
Cash flows from non-capital financing activities:				
State grants received	7,039	-	-	7,039
Federal grants received	184,984	17,225	-	202,209
Net cash provided by non-capital financing activities	<u>192,023</u>	<u>17,225</u>	<u>-</u>	<u>209,248</u>
Cash flows from capital and related financing activities:				
Gifts donations etc.	-	10,493	1,000	11,493
Sale/Acquisition of capital assets	8,520	-	-	8,520
Net cash used by capital and related financing activities	<u>8,520</u>	<u>10,493</u>	<u>1,000</u>	<u>20,013</u>
Cash flows from investing activities:				
Interest on investments	6,532	421	315	7,268
Net increase (decrease) in cash and cash equivalents	20,929	32,943	4,436	58,308
Cash and cash equivalents at beginning of year	107,595	32,068	11,628	151,291
Cash and cash equivalents at end of year	<u>128,524</u>	<u>65,011</u>	<u>16,064</u>	<u>209,599</u>
Reconciliation of operating gain (loss) to net cash used by operating activities:				
Operating gain (loss)	(220,651)	(2,321)	3,614	(219,358)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:				
Commodities used	27,693	-	-	27,693
Depreciation	6,741	-	-	6,741
Decrease (increase) in inventories	1,185	-	-	1,185
Decrease (increase) in accounts receivable	(65)	(323)	1,051	663
(Decrease) increase in accounts payable	(682)	980	(45)	253
(Decrease) increase in salaries and benefits payable	-	6,468	(1,499)	4,969
(Decrease) increase in deferred revenue	(367)	-	-	(367)
Net cash provided by (used by) operating activities	<u>(186,146)</u>	<u>4,804</u>	<u>3,121</u>	<u>(178,221)</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2008

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Interest	-	7,668	7,668	-
Memory books	263	1,061	1,324	-
MS student activities	2,660	1,970	891	3,739
JH bigger faster stronger	199	9	-	208
Class of 2011	1,966	1,022	2,500	488
Class of 2008	5,020	98	5,118	-
Class of 2009	116	29,843	20,277	9,682
Class of 2010	642	1,030	1,000	672
Amana Elementary student fund raiser	1,325	787	1,190	922
Amana library fund raiser	11,409	12,636	10,878	13,167
CC Elementary library fundraiser	3,172	10,839	10,373	3,638
Elementary student act.	9,898	7,596	6,832	10,662
CC Elem. clipper care club	1,591	243	114	1,720
Drama	7,641	2,508	2,247	7,902
JH drama	318	366	446	238
Art club	2,244	2,593	2,799	2,038
MS art club	777	87	250	614
CC Elementary art club	603	4,166	4,483	286
HS chorus	341	3,549	3,890	-
MS show choir	366	16	19	363
HS band	3,634	463	425	3,672
HS concessions	496	5,735	4,517	1,714
HS student fund raiser	1,856	2,527	1,911	2,472
Win with wellness	283	13	-	296
Amana fund raising	3,027	519	311	3,235
Athletics	26,257	70,670	74,226	22,701
JH athletics	-	5,828	5,828	-
JH athletic fund raiser/concessions	6,914	1,774	3,635	5,053
HS volleyball club	116	983	8	1,091
HS Girls track club	1,481	5,500	5,412	1,569
HS girls golf club	408	566	974	-
HS Boys basketball club	2,048	7,291	7,060	2,279
HS football club	1,912	5,810	6,057	1,665
HS boys soccer club	63	1,038	732	369
HS girls soccer club	168	26	12	182
Baseball club	3,002	9,013	7,858	4,157
Boys track club	683	3,070	3,601	152
Wrestling club	2,611	5,660	2,603	5,668
HS girls basketball club	-	2,108	773	1,335
Softball club	1,065	14,637	12,419	3,283
HS German club	119	1	102	18
Publications	13,306	2,625	52	15,879

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2008

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Annual	8,525	17,678	15,974	10,229
HS cheerleading club	846	1,436	679	1,603
JH cheerleading club	800	37	-	837
Close up	2,819	60	1,529	1,350
NHS	238	549	694	93
Safe	137	204	253	88
Student assistance team	62	557	403	216
Spanish club	559	26	-	585
Student council	2,059	10,009	9,864	2,204
MS student council	12,917	29,994	26,665	16,246
CC Elementary student council	198	131	176	153
Weight club	-	3,750	3,750	-
Pom squad	2,215	2,259	1,702	2,772
Beginning accrual	(5,242)	(690)	(5,932)	-
Ending accrual	-	1,839	2,103	(264)
	<u>146,133</u>	<u>301,783</u>	<u>278,675</u>	<u>169,241</u>
Totals				

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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

For the Last Four Years

	Modified Accrual Basis			
	2008	2007	2006	2005
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	9,877,435	7,005,106	5,563,759	4,668,747
Tuition	894,697	843,785	864,055	831,045
Other	1,649,981	1,657,083	622,669	490,905
State sources	6,481,142	5,726,397	5,486,156	5,262,267
Federal sources	625,576	524,561	315,725	299,347
Total revenues	<u>19,528,831</u>	<u>15,756,932</u>	<u>12,852,364</u>	<u>11,552,311</u>
Expenditures:				
Instruction:				
Regular	5,294,226	5,134,437	4,825,270	4,678,804
Special	1,710,192	1,442,312	1,229,280	1,582,327
Other	1,438,457	1,291,017	1,295,259	1,125,358
Support services:				
Student	253,504	238,943	221,792	212,790
Instructional staff	523,684	606,214	494,515	471,945
Administration	1,483,939	1,545,928	1,269,213	935,683
Operation and maintenance of plant	1,196,637	1,271,048	1,143,662	1,099,448
Transportation	836,655	745,477	669,869	665,794
Non-instructional programs	110,589	-	31,086	21,792
Other expenditures:				
Facilities acquisition	16,440,617	2,365,508	466,890	223,868
Long-term debt:				
Principal	1,285,883	549,171	470,000	450,000
Interest and other charges	1,225,102	816,347	146,439	164,629
AEA flowthrough	467,919	433,596	388,998	370,505
Total expenditures	<u>32,267,404</u>	<u>16,439,998</u>	<u>12,652,273</u>	<u>12,002,943</u>

CLEAR CREEK AMANA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u> \$
Direct:			
U.S. Department of Education:			
Impact Aid	84.041	FY08	59,844
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
Food Donation (noncash)	10.555	FY08	27,693
National School Lunch Program	10.555	FY08	132,927
School Breakfast Program	10.553	FY08	18,182
			<u>178,802</u>
Child and Adult Care Food Program	10.558	FY08	6,438
Fresh Fruits and Vegetables Gran	10.582	FY08	49,639
Team Nutrition Grant	10.574	FY08	767
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Education Agencies	84.010	FY08	104,318
Improving Teacher Quality State Grants	84.367	FY08	31,546
Grants for State Assessments and Related Activities	84.369	FY08	9,891
Education Technology State Grant	84.318	FY08	282
State Grants for Innovative Programs	84.298	FY08	1,721
Safe & Drug Free Schools and Communities - State Grants	84.186	FY08	3,536
Special Education Grants to State	84.027	FY05	15,059
Fund for the Improvement of Education	84.215	FY08	267,670
Special Education Preschool Grant	84.173	FY08	500
Temporary Assistance for Needy Families:	93.558	FY08	23,604
Grant Wood Area Education Agency:			
Safe & Drug Free Schools	84.184	FY08	4,565
Special Education Grants to States	84.027	FY08	69,945
Vocational Education - Basic Grants to States	84.048	FY08	7,798
U.S. Department of Defense:			
Johnson County:			
Payments in lieu of Real Estate Taxes	12.112	FY08	13,150
U.S. Department of Health and Human Services:			
Iowa County:			
Temporary Assistance for Needy Families	93.558	FY 08	10,778
Total			<u><u>859,853</u></u>

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

Gary E. Horton CPA

902 Central Ave E.-PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated, April 28, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items 08-II-A, 08-II-B, 08-II-C and 08-II-D are material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

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

April 28, 2009

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

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

Compliance

We have audited the compliance of Clear Creek Amana Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Clear Creek Amana Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Clear Creek Amana Community School District's management. Our responsibility is to express an opinion on Clear Creek Amana Community School District's compliance based on our audit.

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

In our opinion, Clear Creek Amana Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 08-III-A and 08-III-B to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program, will not be prevented or detected by the District's internal control. We consider the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 08-III-A and 08-III-B to be material weaknesses.

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

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

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

April 28, 2009

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part II: Findings Related to the Financial Statements:

Significant deficiencies:

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

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

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

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

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

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

Conclusion: Response accepted.

08-II-D Restated Beginning Net Assets: The beginning balance of net assets was restated \$397,491 to correct for adjustment to beginning construction in progress. This adjustment increased beginning net assets from \$9,428,707 to \$9,826,198.

Recommendation: The District has several large construction projects which were started in 6-30-07 and 6-30-08 fiscal years and it is difficult to get an accurate estimate cutoff for in-progress projects.

District Response: We have segregated the projects in our accounting records and will have more accurate estimates as the projects progress.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

No matters were reported.

Significant deficiencies:

CFDA Number 84.215: Fund for Improvement Education
Federal Award Year: 2008
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2008
U.S. Department of Agriculture
Passed through the Iowa Department of Education

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

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

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Part IV: Other Findings Related to Statutory Reporting:

- 08-IV-A Certified Budget: Expenditures for the year ended June 30, 2008, did not exceed the amounts budgeted.
- 08-IV-B Questionable Expenditures: No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 08-IV-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted.
- 08-IV-D Business Transactions: No transactions between the District and District officials or employees were noted.
- 08-IV-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 08-IV-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.
- 08-IV-G Certified Enrollment: The number of students reported to the Iowa Department of Education on Line 12 of the Certified Enrollment Certification Form for October 2007, was overstated by .68 students due to 4 open enrolled students being included in the computation.
- Recommendation: The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.
- District Response: We will contact these departments.
- Conclusion: Response accepted.
- 08-IV-H Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 08-IV-I Certified Annual Report (CAR): The CAR was certified to the Iowa Department of Education timely.