

COLLEGE COMMUNITY SCHOOL DISTRICT
Cedar Rapids, Iowa

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FINDINGS AND QUESTIONED COSTS**
June 30, 2008

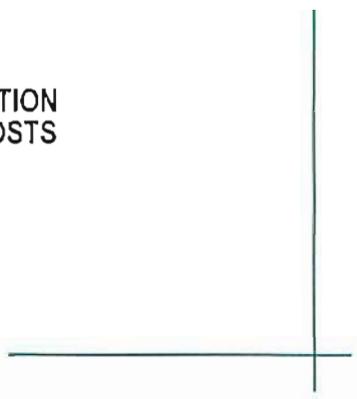


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COLLEGE COMMUNITY SCHOOL DISTRICT

OFFICIALS

June 30, 2008

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2007 Election)		
Randy Bauer	President	2007
Greg Kelsey	Board Member	2008
Lauri Hughes	Board Member	2009
Shirley Exline	Board Member	2008
Brian Farmer	Board Member	2007
Norm Zahradnik	Board Member	2007
John Tittler	Board Member	2009
(After September 2007 Election)		
Randy Bauer	President	2011
Greg Kelsey	Board Member	2011
Lauri Hughes	Board Member	2009
Dorothy Pospischil	Board Member	2011
Dawn Tucker	Board Member	2009
Norm Zahradnik	Board Member	2011
John Tittler	Board Member	2009
<u>School Officials</u>		
Richard Whitehead	Superintendent	2011
James A. Rotter, Jr.	District Secretary - Treasurer and Director of Business Services	Indefinite

Independent Auditor's Report

To the Board of Education of the
College Community School District

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2008 on our consideration of College Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise College Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Cedar Rapids, Iowa
December 9, 2008

Management Discussion and Analysis

This section of the College Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ended June 30, 2008. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

Financial Highlights

- The State of Iowa allowed a 4% growth for the 2007-08 school year. This increase, along with the addition of 122.3 resident students formulated an increase of revenue of \$1,633,252 in the General Fund. The 122.3 student increase represents a 3.2% increase in the District's resident enrollment.
- The District spent a total of \$36.5 million on construction of a new 7-9 building and recital hall during the fiscal year. Construction expenditures for the year represented nearly half of all expenditures in all funds. The net result is expenditures which outpaced revenues across the district by \$18.05M. Total General Obligation Bond Principal totaled \$69.0 Million as of June 30, 2008.
- The General Fund ending fund balance increased from \$3.86 million on June 30, 2007 to \$4.19 million on June 30, 2008. This equates to an 11.77% solvency ratio which is slightly up from a 11.61% ratio one year ago.
- Interest rates took a downward trend during the course of the year from a public fund investment rate of 2.75% in July, 2007 to 1.20% in June, 2008. These rates yielded \$177,368 in revenue compared to \$197,355 in 2006-07 in the General Fund.
- The District continues to convert accounts and reporting as the State reporting documents evolve to comply with No Child Left Behind expectations. The application of the new accounts, specifically project and program account emphasis, continues to change as it applies to the CAR upload. Additional changes from the Department of Education have added to the complexity of the district reporting. As mentioned in past reports, the continual reporting changes will make it difficult to conduct specific account comparisons of previous years to the current.

Overview of the Financial Statements

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

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

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

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

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

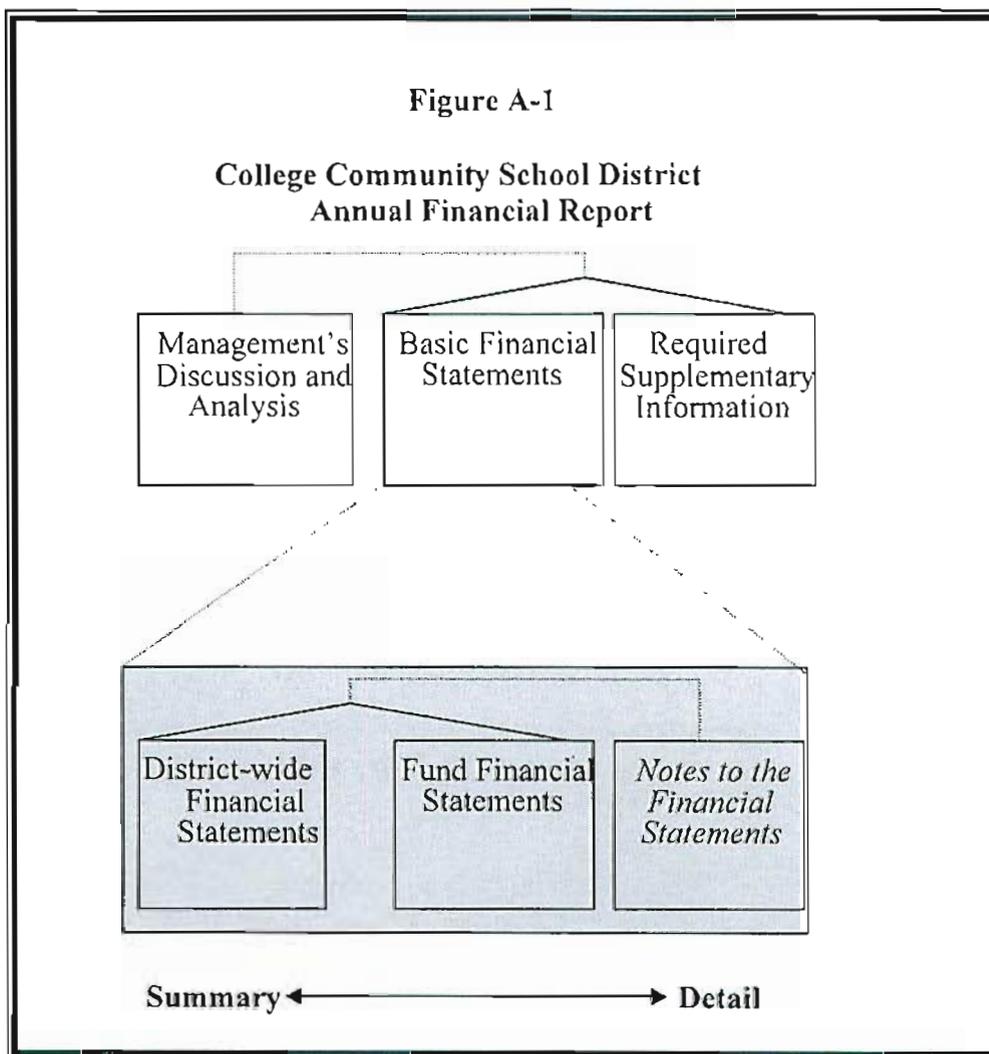


Figure A-2: Major Features of the District Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary,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

District-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Financial Analysis of the District as a Whole

Net assets; The District's net assets are evidenced below in Figure A-3. *Combined* total assets have increased by 4.5% percent while combined total liabilities have decreased .8% percent. Fiscal year 2007-08 marks the 6th year of District implementation of the GASB-34 financial reporting model.

Figure A-3

**CONDENSED STATEMENT OF NET ASSETS
(EXPRESSED IN THOUSANDS)**

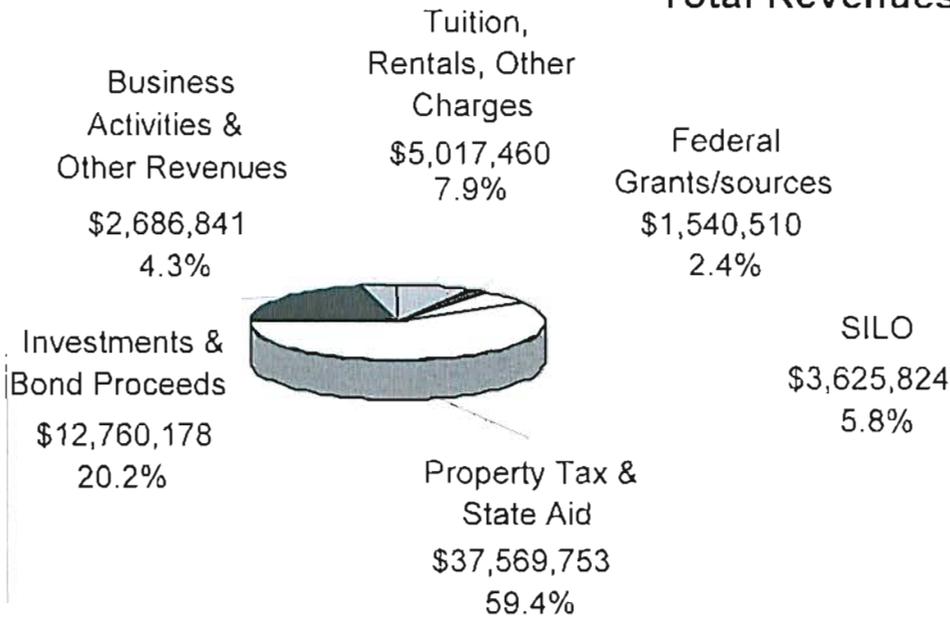
	Governmental Activities		Business-Type Activities		Total School District		Total Change 2007-2008
	2008	2007	2008	2007	2008	2007	
Current and other assets	\$ 43,969	\$ 60,310	\$ 713	\$ 103	\$ 44,682	\$ 60,413	-26.0%
Capital assets	<u>76,925</u>	<u>55,845</u>	<u>318</u>	<u>387</u>	<u>77,243</u>	<u>56,232</u>	37.4%
Total assets	<u>\$ 120,894</u>	<u>\$ 116,155</u>	<u>\$ 1,031</u>	<u>\$ 490</u>	<u>\$ 121,925</u>	<u>\$ 116,645</u>	4.5%
Long-term obligations	\$ 68,013	\$ 71,012	\$ -	\$ -	\$ 68,013	\$ 71,012	-4.2%
Other liabilities	<u>26,365</u>	<u>24,485</u>	<u>522</u>	<u>123</u>	<u>26,887</u>	<u>24,608</u>	9.3%
Total liabilities	<u>\$ 94,378</u>	<u>\$ 95,497</u>	<u>\$ 522</u>	<u>\$ 123</u>	<u>\$ 94,900</u>	<u>\$ 95,620</u>	-0.8%
Net assets:							
Invested in capital assets, net of related debt	\$ 21,301	\$ 16,491	\$ 318	\$ 387	\$ 21,619	\$ 16,878	28.1%
Restricted	1,049	739	-	-	1,049	739	41.9%
Unrestricted	<u>4,166</u>	<u>3,428</u>	<u>191</u>	<u>(20)</u>	<u>4,357</u>	<u>3,408</u>	27.8%
Total net assets	<u>\$ 26,516</u>	<u>\$ 20,658</u>	<u>\$ 509</u>	<u>\$ 367</u>	<u>\$ 27,025</u>	<u>\$ 21,025</u>	28.5%

Figure A-4 below reflects totals from the 2007-08 fiscal year ended June 30, 2008.

Figure A-4	CHANGES IN NET ASSETS (EXPRESSED IN THOUSANDS)					
	Governmental Activities		Business-Type Activities		Total School District	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for service and sales	\$ 4,794	\$ 4,778	\$ 2,865	\$ 2,406	\$ 7,659	\$ 7,184
Operating grants, contributions, and restricted interest	4,352	3,366	724	658	5,076	4,024
Capital grants, contributions, and restricted interest	-	-	-	-	-	-
General revenues:						
Property tax	23,973	20,264	-	-	23,973	20,264
Unrestricted state grants	13,854	12,429	-	-	13,854	12,429
Unrestricted investment earnings	1,557	1,736	10	7	1,567	1,743
Other	89	59	1	7	90	66
Total revenues	<u>48,619</u>	<u>42,632</u>	<u>3,600</u>	<u>3,078</u>	<u>52,219</u>	<u>45,710</u>
Program expenses:						
Governmental activities:						
Instruction	25,351	23,643	-	-	25,351	23,643
Support services	11,010	10,615	-	-	11,010	10,615
Non-instructional programs	-	-	3,458	3,261	3,458	3,261
Other expenses	6,400	7,364	-	-	6,400	7,364
Total expenses	<u>42,761</u>	<u>41,622</u>	<u>3,458</u>	<u>3,261</u>	<u>46,219</u>	<u>44,883</u>
Capital contribution	-	-	-	-	-	-
Changes in net assets	\$ <u>5,858</u>	\$ <u>1,010</u>	\$ <u>142</u>	\$ <u>(183)</u>	\$ <u>6,000</u>	\$ <u>827</u>

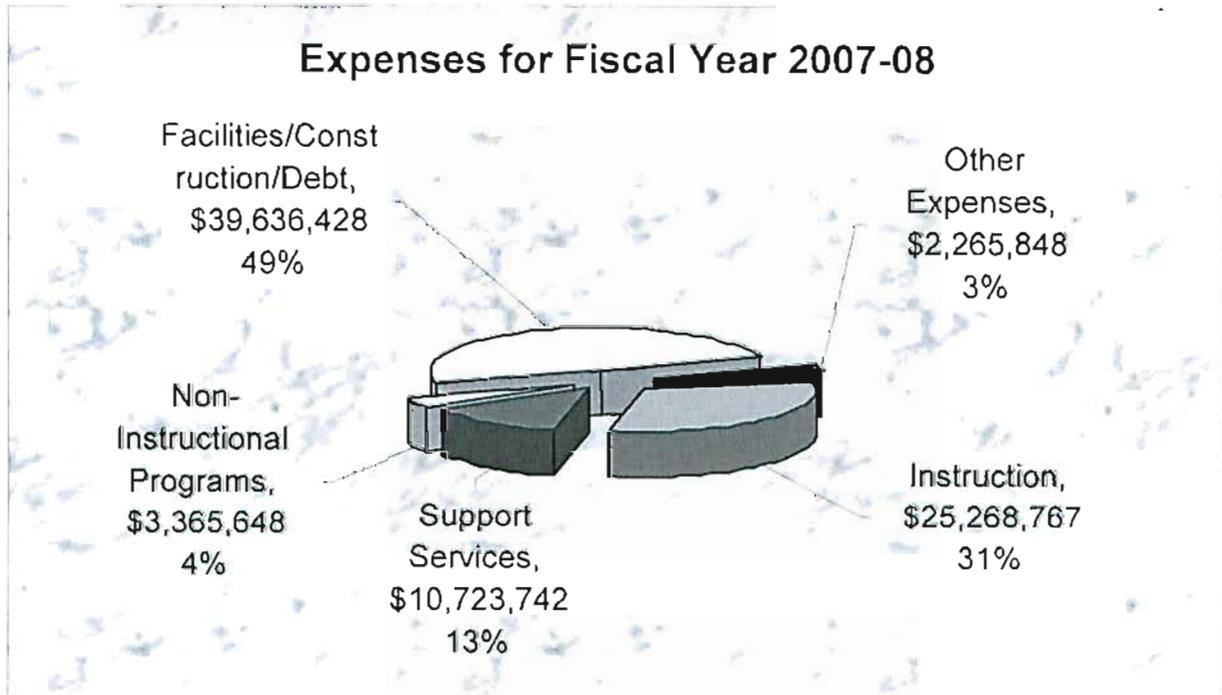
The District's total revenues were up \$6.5 million from the previous year, while total expenditures increased \$1.3 million. Total net assets of the District increased \$6 million. This increase is mostly attributed to the District's governmental activities, which had \$48.6 million in revenues and \$42.7 million in expenditures. General revenues increased in the governmental activities, compared to a year ago, with increased student enrollment and allowable growth having a significant role on revenues generated by the District. During the past 5 years, open enrollment and tuition generated revenue as follows: 2003-04 \$3,284,466, 2004-05 \$3,516,543, 2005-06 \$3,713,077, 2006-07 \$3,483,824 and in 2007-08 \$3,613,434. Business activities had an increase in revenue and an increase in expenditures with a resulting increase of \$142,000 in net assets. This trend is discussed further in the "Financial Analysis of Funds" section later in this report. Increased program expenses are primarily attributed to the District's commitment to lower class size with total FTE of staff growth from 244.28 in 2001-02 to 303.7 at the end of the 2007-08 school year. This calculates to an average of 13.29 FTE positions added per year. Student enrollment during this time increased from 3,155 students in September 2001 to 3,945 in September 2007. This calculates to an average of 131 students per year.

Total Revenues for 2007-08



The chart above illustrates total Revenues for the 2007-08 school year. Property Tax and State Aid account for a large portion of the Revenue. The chart below illustrates total Expenses which indicates the greatest portion of dollars were spent on Facilities and Construction followed by Instruction and Support Services. Non-Instructional expenses would include lunch program and Daycare.

Expenses for Fiscal Year 2007-08



Governmental Activities

The District continues to experience increases in the overall property tax base (taxable valuation) having increased from \$1,031,896,351 in 1999 to \$1,349,715,337 in 2006. This 30.8% increase over the seven year period averages to 4.40% per year. The increase from 2006 to 2007 was 4.27%.

The overall District tax rate remained at \$17.33 per thousand in the 2007-08 year which is the same as the levy of \$17.33 in the 2006-07 school year. The rate remained the same due to a decreased cash reserve and utilization of the SILO revenues to offset tax needs in the debt service fund.

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

Figure A-5	TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 25,351	\$ 19,216
Support services	11,010	9,329
Other expenses	<u>6,400</u>	<u>5,071</u>
Totals	<u>\$ 42,761</u>	<u>\$ 33,616</u>

- The cost of all governmental activities this year was \$42.76 million compared to \$41.62 million a year ago.
- Some of the cost was financed by the users of the District's programs, \$4.79 million, while \$4.78 million was collected a year ago for the same services.
- Most of the District's costs, \$41.19 million, were financed by District and state taxpayers. This portion of governmental activities was financed with \$23.95 million in property taxes and \$17.24 million in state aid.

Business-Type Activities

Revenues of the District's business-type activities were \$3.60 million while expenses were \$3.45 million. (Refer to Figure A-4.) Although these activities are not in place to make a profit, they are organized and structured to operate at a revenue/expenditure neutral position. The additional revenue above expenditures can be attributed to increased user fees and a minimal increase in food and daycare personnel costs. At the present time, the two main funds that make up the Business Type Activities are the Food and Nutrition Fund and the Daycare Fund.

Financial Analysis of the District's Funds

Business-Type Fund Highlights

- The Food and Nutrition Fund balance increased from \$419,649 to \$475,692 over the past fiscal year. This marks the 2nd consecutive year that the fund balance increased. The District has achieved this trend by reducing cost and increasing revenue through increased lunch prices and a negotiated lower starting wage rate for nutritional staff employees. These funds will be necessary as the District begins operating an additional full service kitchen in the fall of 2009.
- The Daycare Fund balance increased by \$8,486 to (\$22,996). The increase is a turnaround from two consecutive negative years. The district has implemented minimal increases in wages of 2%, eliminated a supervisory position, and raised fees to reverse this trend. Fees were increased again for the 2008-09 year and wage increases were minimal.

Governmental Fund Highlights

Overall, the District's Governmental Fund combined fund balances increased from \$5.35 million in fiscal year 2007 to \$8.69 million for fiscal year 2008 excluding the balance in the Capital Projects Fund. A closer look at each individual Governmental Fund reveals the following:

- The Capital Projects Fund(s) balance decreased from a balance of \$33.78 million to \$14.86 million as the new Auditorium and 7-9 Building Projects progressed. Other activity in the funds included SILO Fund revenues and expenditures associated with various projects approved by the Board and SILO monies utilized for Debt Service payments.
- The Management Fund balance increased significantly from \$265,846 to \$541,334. The District pays for its liability, property, fleet, workers compensation insurance, and early separation programs out of the Management Fund. Workers Compensation insurance continues to be monitored closely although the district, in recent years, has declined in small value claims. The District had a low number, two, of certified staff who took advantage of the early separation program. Local property taxes have been slightly increased, \$.02 per thousand, in fiscal year 2008-09 to maintain the balance of the fund, cover rising insurance costs, and anticipated early separation payments.
- The Physical Plant and Equipment Levy, (PPEL) Fund balance increased from \$402,323 to \$613,756. PPEL fund dollars were utilized to make payment on the \$2.3 million Capital Loan Note, purchase technology and complete general maintenance projects. The carryover balance is planned and will be utilized to help complete necessary site work and offset construction costs. The additional fund monies will also be used to help pay off current Capital Loan Note Debt. With its current assessed valuation, the district is able to generate approximately \$1.47 million annually in this fund.
- The "Other" Governmental Funds balance (the Activity Fund), increased from \$450,284 to \$490,650 from the previous fiscal year. The primary activity in this fund includes the Athletic account which continues to generate substantial revenue through family passes and activity tickets.

- The General Fund balance increased slightly from \$3.86 million to \$4.19 million during the fiscal year. This increase is welcome as the district positions itself to open a new building in the fall of 2009. The District has attempted to position itself to achieve and maintain a minimum fund balance of 18% of current General Fund expenditures, or \$5.5 million by the end of the 2008-09 fiscal year. It appears this will not be attainable but the trend will help, and the Board approved a cash reserve levy increase of \$675,000 to help achieve this goal by the end of the 2008-09 fiscal year.

General Fund Budgetary Highlights

Of all Governmental Funds, the General Fund is by far the largest, comprising 45% of all Governmental Fund expenses in the fiscal year. The other large fund, which made up 30.6% of all Governmental Fund expenses, is the Capital Projects Fund. This was due to the construction costs associated with the new recital hall and 7-9 school building.

The General Fund expenditures are updated monthly to monitor expenditures and reflect any changes in staffing and non-staffing costs. A comparison of General Fund budgeted to actual expenditures shows actual expenditures of \$35.29 million, which was less than the original budgeted line item amount of \$37.04 million approved at the October meeting. The District increased its cash reserve for the 2008-09 fiscal year to ensure that adequate cash is available to staff the new building. This has been a much easier process than maintaining the “spending authority” balance as provided by the Iowa School Funding Formula.

The General Fund balance at year-end was 11.77% of fund expenditures, up from 11.61% from a year ago. This remains a reasonable balance to provide for any unexpected emergencies, although the trend must continue. The Board of Education has supported action to make sure District General Fund cash reserves are adequate utilizing local property taxes as necessary to fund the growth of the District. This will need to continue as the student population continues to grow.

Capital Asset and Debt Administration

Capital Assets

By the end of 2008, the District had invested net of depreciation, \$77.2 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) This amount represents a net increase of \$21.01 million from a year ago. The increase is due to the addition of “Construction in progress” items such as the recital hall and new 7-9 building.

Governmental funds account for all of these assets with the exception of \$319,000 which is accounted for in the Food and Nutritional Fund, Print Shop Fund and Student Built House Fund.

This chart will change dramatically again in 2008-09 as the large capital asset projects currently under way will be completed and realized as capital assets of the District. Depreciation of current assets will continue to reduce/offset those totals.

Figure A-6

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

	Governmental Activities		Business-Type Activities		Total School District		Total Change 2007-2008
	2008	2007	2008	2007	2008	2007	
Land	\$ 2,509	\$ 2,509	\$ -	\$ -	\$ 2,509	\$ 2,509	0.0%
Construction in progress	24,323	1,765	-	-	24,323	1,765	1,278.1%
Buildings	46,151	47,287	-	-	46,151	47,287	-2.4%
Improvements other than buildings	2,599	2,752	-	-	2,599	2,752	-5.6%
Furniture and equipment	1,343	1,531	319	387	1,662	1,918	-13.3%
Totals	\$ 76,925	\$ 55,844	\$ 319	\$ 387	\$ 77,244	\$ 56,231	37.4%

Long-Term Debt

At year-end, the District had \$71.10 million in general obligation bonds and other long-term debt outstanding. This represents a decrease of \$2.88 million over the previous fiscal year as can be seen in Figure A-7 below.

Figure A-7

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

	Total School District		Total Change 2007-2008
	2008	2007	
General obligation bonds	\$ 69,005	\$ 71,245	-3.1%
Notes payable	1,486	1,884	-21.1%
Early retirement	611	856	-28.6%
Totals	\$ 71,102	\$ 73,985	-3.9%

Changes in the debt schedule are primarily due to the payment on general obligation bonds and the sale of new bonds. The District continued to take advantage of favorable interest rates by reducing its previous debt through advanced refunding of its issues. The District began in the 07-08 fiscal year to reduce its Debt Service levy utilizing Linn, Johnson, and Benton County SILO funds. Total payments from the SILO funds over the next 10 years will be \$20.0 million.

Factors Bearing on the District's Future

- Financial solvency of the District needs to be of the utmost importance as the District continues to grow and prepare to open a new building in the fall of 2009. As mentioned earlier in this report, additional FTE of certified staff 3 of the last 5 years has outpaced student growth and has required the District to spend down its unspent balance and authority. 1.0 FTE staff had been hired for each 13.3 students on average between 2003 and 2007. The addition of 23+FTE and additional support staff will pose a tremendous challenge as the District works to keep it's spending authority in the black.
- State funding growth for public schools for fiscal year 2008-09 was 4% with projected increased funding for the 2009-10 year at an additional 4%. At the time of this report, it is hopeful that the state will be able to provide the increases necessary and promised as the cost of operating local school districts continues to rise. While the growth is certainly welcome, it will also put pressure on the local tax levy. Currently, there is substantial discussion at the state level concerning the restructuring of Iowa property tax calculations. These are factors that the College Community School District will monitor closely as both topics may have a large impact on the districts tax levy.
- Additional funding for infrastructure needs is being realized through a local option sales tax in Linn and Johnson Counties. With the passage of the SILO tax in both counties, the School Board has committed spending these resources to reduce the debt service levy rates. This will be necessary and welcome by the District tax payers as there will be pressure on the general levy to rise as the student growth continues to outpace the valuation growth thus forcing the general levy higher.
- District certified enrollment increased by 790 students over the past seven years. Under Iowa's school funding formula, District funding is highly dependant upon District enrollments. During the same time, property valuations in the District have not kept pace resulting in upward pressure on the general fund levy per the state aid formula. Given the above mentioned increases, it has become essential to levy for on-time funding to cover the additional costs associated with the increased enrollment. This will also be necessary when the District prepares to open the new 7-9 building. This growth is in line with projections which indicate the District will continue to grow by an average 3.5% per year for the next 7-9 years.
- The District is completing construction of its new 7-9 School Building and new Performing Arts Center attached to the High School. The transition planning and costs associated with transition will be substantial and indicate that an additional \$1.7 million to \$2.0 million in spending authority will be necessary to keep from having a negative spending authority balance. The District has increased the Instructional Support levy from 6.5% to 8.0% in the 2008-09 fiscal year and plans to increase to the maximum 10.0% beginning in the 2009-10 fiscal year.

Contacting the District's Financial Management

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

FINANCIAL STATEMENTS

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 8,438,402	\$ 890,175	\$ 9,328,577
Receivables:			
Property tax:			
Delinquent	115,417	-	115,417
Succeeding year	18,591,537	-	18,591,537
Accounts	18,800	37,220	56,020
Accrued interest	2,047	386	2,433
Due from other governments	2,781,142	-	2,781,142
Internal balances	240,000	(240,000)	-
Inventories	1,108	22,869	23,977
Prepaid expenses	3,843	2,122	5,965
Restricted cash and cash equivalents	13,776,726	-	13,776,726
Capital assets, net of accumulated depreciation	<u>76,925,029</u>	<u>318,300</u>	<u>77,243,329</u>
Total assets	<u>120,894,051</u>	<u>1,031,072</u>	<u>121,925,123</u>
LIABILITIES			
Accounts payable	2,308,064	430,404	2,738,468
Accrued expenses	1,201,781	27,458	1,229,239
Salaries and benefits payable	468,174	63,730	531,904
Due to other governments	497,720	-	497,720
Accrued interest payable	208,310	-	208,310
Deferred revenue	788	-	788
Deferred revenue - succeeding year property tax	18,591,537	-	18,591,537
Long-term liabilities:			
Portion due within one year:			
Bonds payable	2,475,000	-	2,475,000
Notes payable	411,000	-	411,000
Early retirement	202,592	-	202,592
Portion due after one year:			
Bonds payable	66,530,000	-	66,530,000
Notes payable	1,075,000	-	1,075,000
Early retirement	<u>408,035</u>	<u>-</u>	<u>408,035</u>
Total liabilities	<u>94,378,001</u>	<u>521,592</u>	<u>94,899,593</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 21,300,918	\$ 318,300	\$ 21,619,218
Restricted for:			
Physical plant and equipment levy	613,756	-	613,756
Student Activity purposes	490,650	-	490,650
Debt service	(55,452)	-	(55,452)
Unrestricted	<u>4,166,178</u>	<u>191,180</u>	<u>4,357,358</u>
 TOTAL NET ASSETS	 <u>\$ 26,516,050</u>	 <u>\$ 509,480</u>	 <u>\$ 27,025,530</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants Contributions, and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 16,287,571	\$ 1,975,049	\$ 1,020,313	\$ -
Special instruction	5,843,218	1,630,959	197,368	-
Other instruction	3,220,615	1,142,301	169,751	-
	<u>25,351,404</u>	<u>4,748,309</u>	<u>1,387,432</u>	<u>-</u>
Support services:				
Student services	894,530	-	271,631	-
Instructional staff services	1,862,261	-	1,327,222	-
Administration services	3,266,005	-	-	-
Operation and maintenance of plant services	3,172,858	40,145	8,305	-
Transportation services	1,814,834	5,864	28,114	-
	<u>11,010,488</u>	<u>46,009</u>	<u>1,635,272</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	478,343	-	-	-
Long-term debt interest	3,098,772	-	38,788	-
AEA flowthrough	1,290,071	-	1,290,071	-
Loss on disposal of assets	1,734	-	-	-
Premium on Bonds issued	(50,000)	-	-	-
Depreciation (unallocated)	1,581,131	-	-	-
	<u>6,400,051</u>	<u>-</u>	<u>1,328,859</u>	<u>-</u>
Total governmental activities	<u>42,761,943</u>	<u>4,794,318</u>	<u>4,351,563</u>	<u>-</u>
Business-type activities:				
Non-instructional programs:				
Nutrition services	1,848,461	1,289,303	607,238	-
Daycare services	1,141,397	1,030,799	117,224	-
Concession services	111,460	114,809	-	-
Print services	151,277	178,907	-	-
Student built house	205,617	251,526	-	-
	<u>3,458,212</u>	<u>2,865,344</u>	<u>724,462</u>	<u>-</u>
Total business-type activities	<u>3,458,212</u>	<u>2,865,344</u>	<u>724,462</u>	<u>-</u>
Total	<u>\$ 46,220,155</u>	<u>\$ 7,659,662</u>	<u>\$ 5,076,025</u>	<u>\$ -</u>

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (13,292,209)	\$ -	\$ (13,292,209)
(4,014,891)	-	(4,014,891)
<u>(1,908,563)</u>	<u>-</u>	<u>(1,908,563)</u>
<u>(19,215,663)</u>	<u>-</u>	<u>(19,215,663)</u>
(622,899)	-	(622,899)
(535,039)	-	(535,039)
(3,266,005)	-	(3,266,005)
(3,124,408)	-	(3,124,408)
<u>(1,780,856)</u>	<u>-</u>	<u>(1,780,856)</u>
<u>(9,329,207)</u>	<u>-</u>	<u>(9,329,207)</u>
(478,343)	-	(478,343)
(3,059,984)	-	(3,059,984)
-	-	-
(1,734)	-	(1,734)
50,000	-	50,000
<u>(1,581,131)</u>	<u>-</u>	<u>(1,581,131)</u>
<u>(5,071,192)</u>	<u>-</u>	<u>(5,071,192)</u>
<u>(33,616,062)</u>	<u>-</u>	<u>(33,616,062)</u>
-	48,080	48,080
-	6,626	6,626
-	3,349	3,349
-	27,630	27,630
<u>-</u>	<u>45,909</u>	<u>45,909</u>
<u>-</u>	<u>131,594</u>	<u>131,594</u>
\$ <u>(33,616,062)</u>	\$ 131,594	\$ <u>(33,484,468)</u>

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2008

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

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ 17,898,149	\$ -	\$ 17,898,149
4,729,406	-	4,729,406
1,345,239	-	1,345,239
13,854,269	-	13,854,269
1,557,152	10,456	1,567,608
89,494	409	89,903
39,473,709	10,865	39,484,574
5,857,647	142,459	6,000,106
20,658,403	367,021	21,025,424
\$ 26,516,050	\$ 509,480	\$ 27,025,530

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2008

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
ASSETS			
Cash and pooled investments	\$ 3,966,474	\$ 578,497	\$ 128,393
Receivables:			
Property tax:			
Delinquent	79,037	5,966	23,788
Succeeding year	13,268,197	978,313	3,075,123
Accounts	6,055	-	201
Accrued interest	199	98	476
Due from other governments	2,190,272	-	-
Due from other funds	240,000	-	-
Inventories	1,108	-	-
Prepaid expenses	2,795	-	-
Restricted cash and pooled investments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 19,754,137</u>	<u>\$ 1,562,874</u>	<u>\$ 3,227,981</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 123,241	\$ 2,089	\$ -
Accrued expenses	1,201,781	-	-
Salaries and benefits payable	468,077	41,138	-
Due to other governments	497,720	-	-
Deferred revenue	788	-	-
Deferred revenue-succeeding year property tax	13,268,197	978,313	3,075,123
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>15,559,804</u>	<u>1,021,540</u>	<u>3,075,123</u>
Fund balances:			
Reserved for:			
Debt service	-	-	152,858
Unreserved, undesignated reported in:			
General fund	4,194,333	-	-
Special revenue funds	-	541,334	-
Capital projects funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>4,194,333</u>	<u>541,334</u>	<u>152,858</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 19,754,137</u>	<u>\$ 1,562,874</u>	<u>\$ 3,227,981</u>

<u>Capital Projects- \$38.5M MS/AUD</u>	<u>Capital Projects- \$10M MS/AUD</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 38,679	\$ 489	\$ 3,725,870	\$ 8,438,402
-	-	6,626	115,417
-	-	1,269,904	18,591,537
-	12,500	44	18,800
17	-	1,257	2,047
-	-	590,870	2,781,142
-	-	-	240,000
-	-	-	1,108
-	-	1,048	3,843
<u>7,101,684</u>	<u>6,675,042</u>	<u>-</u>	<u>13,776,726</u>
<u>\$ 7,140,380</u>	<u>\$ 6,688,031</u>	<u>\$ 5,595,619</u>	<u>\$ 43,969,022</u>
\$ 1,744,612	\$ 396,504	\$ 41,618	\$ 2,308,064
-	-	-	1,201,781
-	-	97	509,312
-	-	-	497,720
-	-	-	788
-	-	1,269,904	18,591,537
<u>1,744,612</u>	<u>396,504</u>	<u>1,311,619</u>	<u>23,109,202</u>
-	-	-	152,858
-	-	-	4,194,333
-	-	1,104,406	1,645,740
<u>5,395,768</u>	<u>6,291,527</u>	<u>3,179,594</u>	<u>14,866,889</u>
<u>5,395,768</u>	<u>6,291,527</u>	<u>4,284,000</u>	<u>20,859,820</u>
<u>\$ 7,140,380</u>	<u>\$ 6,688,031</u>	<u>\$ 5,595,619</u>	<u>\$ 43,969,022</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

June 30, 2008

Total fund balances of governmental funds (page 26)	\$ 20,859,820
<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.	76,925,029
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(208,310)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(71,060,489)</u>
Net assets of governmental activities (page 20)	<u>\$ 26,516,050</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2008

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Revenues:			
Local sources:			
Local tax	\$ 13,297,770	\$ 1,003,745	\$ 4,715,530
Tuition	3,549,899	-	-
Other	737,119	73,174	51,320
State sources	17,102,615	327	1,344
Federal sources	943,920	-	-
Total revenues	<u>35,631,323</u>	<u>1,077,246</u>	<u>4,768,194</u>
Expenditures:			
Instruction:			
Regular instruction	15,812,424	453,476	-
Special instruction	5,807,547	22,079	-
Other instruction	2,444,404	2,367	-
	<u>24,064,375</u>	<u>477,922</u>	<u>-</u>
Support services:			
Student services	894,530	-	-
Instructional staff services	1,620,534	-	-
Administrative services	3,093,677	55,016	-
Operation and maintenance of plant services	2,968,384	201,584	-
Transportation services	1,363,091	67,236	-
	<u>9,940,216</u>	<u>323,836</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	-	-	-
Long-term debt:			
Principal	-	-	12,638,000
Interest and fiscal charges	-	-	3,153,022
AEA flowthrough	1,290,071	-	-
	<u>1,290,071</u>	<u>-</u>	<u>15,791,022</u>
Total expenditures	<u>35,294,662</u>	<u>801,758</u>	<u>15,791,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>336,661</u>	<u>275,488</u>	<u>(11,022,828)</u>

Exhibit E

<u>Capital Projects- \$38.5M MS/AUD</u>	<u>Capital Projects- \$10M MS/AUD</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ 1,344,856	\$ 20,361,901
-	-	-	3,549,899
966,006	372,114	4,459,468	6,659,201
-	-	383	17,104,669
-	-	-	943,920
<u>966,006</u>	<u>372,114</u>	<u>5,804,707</u>	<u>48,619,590</u>
-	-	-	16,265,900
-	-	-	5,829,626
-	-	740,055	3,186,826
-	-	<u>740,055</u>	<u>25,282,352</u>
-	-	-	894,530
-	-	221,904	1,842,438
-	-	-	3,148,693
-	-	-	3,169,968
-	-	131,544	1,561,871
-	-	<u>353,448</u>	<u>10,617,500</u>
20,169,700	3,029,925	530,301	23,729,926
-	-	-	12,638,000
-	-	-	3,153,022
-	-	-	1,290,071
<u>20,169,700</u>	<u>3,029,925</u>	<u>530,301</u>	<u>40,811,019</u>
<u>20,169,700</u>	<u>3,029,925</u>	<u>1,623,804</u>	<u>76,710,871</u>
<u>(19,203,694)</u>	<u>(2,657,811)</u>	<u>4,180,903</u>	<u>(28,091,281)</u>

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2008

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Other financing sources (uses):			
Operating transfers in	\$ -	\$ -	\$ 975,777
Operating transfers out	-	-	-
General obligation bonds issued	-	-	10,000,000
Premium on Bonds issued	-	-	<u>50,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>11,025,777</u>
Net change in fund balances	336,661	275,488	2,949
Fund balances beginning of year	<u>3,857,672</u>	<u>265,846</u>	<u>149,909</u>
Fund balances end of year	<u>\$ 4,194,333</u>	<u>\$ 541,334</u>	<u>\$ 152,858</u>

Exhibit E

<u>Capital Projects- \$38.5M MS/AUD</u>	<u>Capital Projects- \$10M MS/AUD</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 975,777
-	-	(975,777)	(975,777)
-	-	-	10,000,000
-	-	-	50,000
<u>-</u>	<u>-</u>	<u>(975,777)</u>	<u>10,050,000</u>
(19,203,694)	(2,657,811)	3,205,126	(18,041,281)
<u>24,599,462</u>	<u>8,949,338</u>	<u>1,078,874</u>	<u>38,901,101</u>
<u>\$ 5,395,768</u>	<u>\$ 6,291,527</u>	<u>\$ 4,284,000</u>	<u>\$ 20,859,820</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2007

Net change in fund balances - total governmental funds (page 31) \$ (18,041,281)

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

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

Capital outlays	\$ 23,251,583	
Depreciation expense	(2,169,396)	
Loss on dispositions	<u>(1,734)</u>	21,080,453

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 12,638,000

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

Interest on long-term debt	54,250	
Early retirement	<u>126,225</u>	180,475

Proceeds on the issuance of debt is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Assets. (10,000,000)

Change in net assets of governmental activities (page 24) \$ 5,857,647

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

Year Ended June 30, 2008

	<u>Nonmajor Funds</u>
ASSETS	
Cash and cash equivalents	\$ 890,175
Accounts receivable	37,220
Accrued interest receivable	386
Prepaid expenses	2,122
Inventories	22,869
Capital assets, net of accumulated depreciation	<u>318,300</u>
Total assets	<u>1,271,072</u>
LIABILITIES	
Accounts payable	430,404
Accrued expenses	27,458
Due to other funds	240,000
Salaries and benefits payable	<u>63,730</u>
Total liabilities	<u>761,592</u>
NET ASSETS	
Invested in capital assets, net of related debt	318,300
Unrestricted	<u>191,180</u>
Total net assets	<u>\$ 509,480</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

Year Ended June 30, 2008

	<u>Nonmajor Funds</u>
Operating revenues:	
Local sources:	
Charges for services	\$ 2,864,769
State sources	<u>117,224</u>
Total operating revenues	<u>2,981,993</u>
Operating expenses:	
Salaries	1,441,559
Benefits	286,036
Purchased supplies	24,941
Supplies	1,619,815
Depreciation	<u>85,861</u>
Total operating expenses	<u>3,458,212</u>
Operating loss	<u>(476,219)</u>
Nonoperating revenues:	
Local sources	984
State sources	18,955
Federal sources	588,283
Interest income	<u>10,456</u>
Total nonoperating revenues	<u>618,678</u>
Net income	142,459
Net assets, beginning of year	<u>367,021</u>
Net assets, end of year	<u>\$ 509,480</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statements of Cash Flows

Proprietary Funds

Year Ended June 30, 2008

	<u>Nonmajor Funds</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,350,702
Cash received from day care activities	1,130,555
Cash received from printing	173,226
Cash received from concession sales	114,809
Cash received from student-built houses	251,143
Cash payments to employees for services	(1,709,047)
Cash payments to suppliers for goods or services	<u>(1,260,603)</u>
Net cash provided by operating activities	<u>50,785</u>
Cash flows from non-capital financing activities:	
Other local revenue	984
State grants received	18,955
Federal grants received	<u>588,283</u>
Net cash provided by non-capital financing activities	<u>608,222</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(17,598)</u>
Net cash used in capital and related financing activities	<u>(17,598)</u>
Cash flows from investing activities:	
Interest on investments	<u>10,506</u>
Net increase in cash and cash equivalents	651,915
Cash and cash equivalents, beginning of year	<u>238,260</u>
Cash and cash equivalents, end of year	<u>\$ 890,175</u>

Exhibit I

	Nonmajor Funds
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (476,219)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	85,861
Decrease in inventories	5,455
Decrease in accounts receivable	38,442
Increase in prepaid expenses	(942)
Increase in accounts payable	379,346
Increase in salaries and benefits payable	18,548
Increase in accrued expenses	294
Net cash provided by operating activities	\$ 50,785

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received \$98,510 of federal commodities.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	<u>Agency</u>
ASSETS	
Cash	\$ 249,851
Receivables:	
Accrued interest and other receivables	<u>2,051</u>
Total assets	<u>\$ 251,902</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	\$ 20,342
Other payables	231,560
Net Assets	<u>-</u>
Total liabilities and net assets	<u>\$ 251,902</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

Furniture and equipment:

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

No threshold exists for land, buildings, or improvements.

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

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

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year have been paid as of June 30, 2008.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the non-instructional expenditures functional area exceeded the amounts budgeted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

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

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

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$14,578,910</u>

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

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

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the Organization's financial position. During 2008, financial markets as a whole have incurred significant declines in values. As of December 9, 2008, the Organization's investment portfolio has incurred a significant decline from the values reported in the accompanying financial statements. However, because the values of individual investments fluctuate with market conditions, the amount of investment losses that the Organization will recognize in its future financial statements, if any, cannot be determined.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2008 is as follows:

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(3) Due From and Due to Other Funds (continued)

The Student Built House Fund is repaying the General Fund for costs before sale of house. The balance will be repaid by June 30, 2009.

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue: Physical Plant and Equipment Levy	\$ 375,820
Debt Service	Capital Projects: Benton County SILO	<u>599,957</u>
Total		<u>\$ 975,777</u>

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

(5) Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,509,334	\$ -	\$ -	\$ 2,509,334
Construction in progress	<u>1,764,737</u>	<u>22,809,578</u>	<u>251,148</u>	<u>24,323,167</u>
Total capital assets not being depreciated	<u>4,274,071</u>	<u>22,809,578</u>	<u>251,148</u>	<u>26,832,501</u>
Capital assets being depreciated:				
Buildings	62,899,021	231,461	-	63,130,482
Improvements other than buildings	3,682,767	44,992	-	3,727,759
Furniture and equipment	<u>10,512,169</u>	<u>416,700</u>	<u>79,690</u>	<u>10,849,179</u>
Total capital assets being depreciated	<u>77,093,957</u>	<u>693,153</u>	<u>79,690</u>	<u>77,707,420</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(5) Capital Assets (continued)

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Less accumulated depreciation for:				
Buildings	15,611,576	1,367,536	-	16,979,112
Improvements other than buildings	930,869	198,382	-	1,129,251
Furniture and equipment	<u>8,981,007</u>	<u>603,478</u>	<u>77,956</u>	<u>9,506,529</u>
Total accumulated depreciation	<u>25,523,452</u>	<u>2,169,396</u>	<u>77,956</u>	<u>27,614,892</u>
Total capital assets being depreciated, net	<u>51,570,505</u>	<u>(1,476,243)</u>	<u>1,734</u>	<u>50,092,528</u>
Governmental activities capital assets, net	<u>\$55,844,576</u>	<u>\$21,333,335</u>	<u>\$ 252,882</u>	<u>\$76,925,029</u>
Business-type activities:				
Furniture and equipment	\$1,219,468	\$ 17,598	\$ -	\$1,237,066
Less accumulated depreciation	<u>832,905</u>	<u>85,861</u>	<u>-</u>	<u>918,766</u>
Business-type activities capital assets, net	<u>\$ 386,563</u>	<u>\$ (68,263)</u>	<u>\$ -</u>	<u>\$ 318,300</u>

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

Governmental activities:	
Instruction:	
Regular	\$ 217,009
Special	13,592
Other	33,789
Support services:	
Instructional staff	19,823
Administration	48,199
Operation and maintenance of plant	2,890
Transportation	<u>252,963</u>
	588,265
Unallocated depreciation	<u>1,581,131</u>
	<u>\$2,169,396</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(5) **Capital Assets** (continued)

Business-type activities	
Nutrition services	\$ 58,827
Student-built house	683
Day care	913
Enterprise/resale	1,737
Print services	<u>23,701</u>
	<u>\$ 85,861</u>

(6) **Long-term Debt**

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 71,245,000	\$ 10,000,000	\$ 12,240,000	\$ 69,005,000	\$ 2,475,000
Notes payable	1,884,000	-	398,000	1,486,000	411,000
Early retirement	<u>856,127</u>	<u>-</u>	<u>245,500</u>	<u>610,627</u>	<u>202,592</u>
Total	<u>\$ 73,985,127</u>	<u>\$ 10,000,000</u>	<u>\$ 12,883,500</u>	<u>\$ 71,101,627</u>	<u>\$ 3,088,592</u>

A. Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are available for all employees except bus drivers and is based on classification of employee. At June 30, 2008, the District has obligations to thirty-eight participants with a total liability of \$610,627. Actual early retirement expenditures for the year ended June 30, 2008 totaled \$41,138. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(6) Long-term Debt (continued)

B. Bonds Payable

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

Year Ending June 30,	Bond Issue of 2002A			Bond Issue of 2002B		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	4.60%	\$ -	\$ 209,100	4.00%	\$ 700,000	\$ 57,520
2010	4.60%	-	209,100	4.10%	720,000	29,520
2011	4.60%	-	209,100	-	-	-
2012	4.60%	-	209,100	-	-	-
2013	4.60%	1,100,000	209,100	-	-	-
2014	4.63%	1,200,000	158,500	-	-	-
2015	4.65%	1,300,000	103,000	-	-	-
2016	4.65%	300,000	42,550	-	-	-
2017	4.75%	400,000	28,600	-	-	-
2018	4.80%	200,000	9,600	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
Total		\$ 4,500,000	\$ 1,387,750		\$ 1,420,000	\$ 87,040

Year Ending June 30,	Bond Issue of 2003A			Bond Issue of 2003C		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	2.50%	\$ 435,000	\$ 85,226	2.50%	\$ 25,000	\$ 98,288
2010	2.80%	425,000	74,350	2.75%	25,000	97,664
2011	3.00%	1,015,000	62,450	2.90%	25,000	96,976
2012	3.20%	1,000,000	32,000	3.05%	25,000	96,250
2013	-	-	-	3.25%	25,000	95,488
2014	-	-	-	3.50%	30,000	94,676
2015	-	-	-	3.50%	655,000	93,626
2016	-	-	-	3.50%	2,020,000	70,700
Total		\$ 2,875,000	\$ 254,026		\$ 2,830,000	\$ 743,668

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(6) Long-term Debt (continued)

B. Bonds Payable (continued)

Year Ending June 30,	Bond Issue of 2004			Bond Issue of 2005A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	3.00%	\$ 45,000	\$ 242,118	3.75%	\$ 615,000	\$ 104,406
2010	3.00%	45,000	240,768	3.75%	660,000	81,342
2011	3.25%	45,000	239,418	2.95%	900,000	56,592
2012	3.38%	50,000	237,956	3.05%	985,000	30,042
2013	3.50%	1,050,000	236,268	-	-	-
2014	3.63%	1,035,000	199,518	-	-	-
2015	4.00%	395,000	162,000	-	-	-
2016	4.00%	20,000	146,200	-	-	-
2017	4.00%	20,000	145,400	-	-	-
2018	4.00%	1,120,000	144,600	-	-	-
2019	4.10%	1,210,000	99,800	-	-	-
2020	4.20%	1,195,000	50,190	-	-	-
Total		\$ 6,230,000	\$ 2,144,236		\$ 3,160,000	\$ 272,382

Year Ending June 30,	Bond Issue of 2006			Bond Issue of 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	4.50%	\$ 275,000	\$ 1,267,100	3.75%	\$ 380,000	\$ 392,359
2010	4.50%	445,000	1,254,725	3.75%	235,000	378,109
2011	4.50%	425,000	1,234,700	3.75%	250,000	369,296
2012	4.50%	435,000	1,215,575	3.75%	255,000	359,921
2013	4.00%	415,000	1,196,000	3.75%	255,000	350,359
2014	4.00%	440,000	1,179,400	3.75%	255,000	340,796
2015	4.50%	480,000	1,161,800	3.75%	255,000	331,234
2016	4.50%	515,000	1,140,200	3.75%	260,000	321,671
2017	4.50%	485,000	1,117,025	3.75%	260,000	311,921
2018	4.50%	520,000	1,095,200	3.80%	255,000	302,171
2019	4.50%	580,000	1,071,800	3.85%	265,000	292,482
2020	4.50%	615,000	1,045,700	3.85%	260,000	282,279
2021	4.50%	760,000	1,018,025	3.88%	265,000	272,269
2022	4.50%	3,925,000	983,825	4.00%	270,000	262,000
2023	4.50%	4,115,000	807,200	4.00%	265,000	251,200
2024	4.50%	4,310,000	622,025	4.00%	265,000	240,600
2025	4.50%	4,520,000	428,075	4.00%	260,000	230,000
2026	4.75%	4,730,000	224,675	4.00%	265,000	219,600
2027	-	-	-	4.00%	5,225,000	209,000
Total		\$27,990,000	\$18,063,050		\$10,000,000	\$ 5,717,267

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(6) Long-term Debt (continued)

B. Bonds Payable (continued)

Year Ending June 30,	Bond Issue of 2008			Total	
	Interest Rates	Principal	Interest	Principal	Interest
2009	4.00%	\$ -	\$ 407,279	\$ 2,475,000	\$ 2,863,396
2010	4.00%	-	375,950	2,555,000	2,741,528
2011	4.00%	-	375,950	2,660,000	2,644,482
2012	4.00%	-	375,950	2,750,000	2,556,794
2013	4.00%	-	375,950	2,845,000	2,463,165
2014	4.00%	-	375,950	2,960,000	2,348,840
2015	4.00%	-	375,950	3,085,000	2,227,610
2016	4.00%	115,000	375,950	3,230,000	2,097,271
2017	4.00%	2,190,000	371,350	3,355,000	1,974,296
2018	4.75%	1,415,000	283,750	3,510,000	1,835,321
2019	3.50%	1,600,000	223,612	3,655,000	1,687,693
2020	3.55%	1,735,000	167,612	3,805,000	1,545,781
2021	3.60%	2,945,000	106,020	3,970,000	1,396,314
2022	-	-	-	4,195,000	1,245,825
2023	-	-	-	4,380,000	1,058,400
2024	-	-	-	4,575,000	862,625
2025	-	-	-	4,780,000	658,075
2026	-	-	-	4,995,000	444,275
2027	-	-	-	5,225,000	209,000
Total		\$10,000,000	\$ 4,191,273	\$69,005,000	\$32,860,691

C. Capital Loan Note Payable

The District has two capital loans outstanding to provide funds for construction projects and the purchase of land. The notes bear interest ranging between 2.0% and 3.6% and are payable from the Capital Projects Funds. Details of the District's indebtedness under these agreements at June 30, 2008 are as follows:

Year Ending June 30,	Series 2003B		Series 2005		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 350,000	\$ 28,280	\$ 61,000	\$ 14,796	\$ 411,000	\$ 43,076
2010	355,000	19,880	63,000	12,582	418,000	32,462
2011	355,000	10,296	65,000	10,296	420,000	20,592
2012	-	-	67,000	7,938	67,000	7,938
2013	-	-	170,000	5,490	170,000	5,490
Total	\$ 1,060,000	\$ 58,456	\$ 426,000	\$ 51,102	\$ 1,486,000	\$ 109,558

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(6) Long-term Debt (continued)

During the year ended June 30, 2008, the District issued \$10,000,000 in General Obligation Bonds with an average interest rate of 3.6% to refund \$10,000,000 of outstanding 2001 Series bonds with an average interest rate of 4.9% prior to maturity. The net proceeds of \$10,178,010 (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase certain direct obligations of the United States Government. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 Series bonds. As a result, the 2001 Series bonds are considered to be in-substance defeased and the liability for those bonds has been removed from the District-wide financial statements. The District refunded the 2001 Series bonds to reduce its total debt service payments over the next 13 years by approximately \$1,400,000 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,100,000.

(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 3.9% of their annual salary and the District is required to contribute 6.05% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$1,478,991, \$1,308,040 and \$1,227,768, respectively, equal to the required contributions for each year.

(8) Risk Management

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

(9) **Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,290,071 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(10) **Construction and Other Commitments**

The District entered into various contracts totaling \$31,522,447 for additions to several facilities. As of June 30, 2008, costs of \$22,809,578 had been incurred on the contracts. The balance remaining at June 30, 2008 of \$8,712,869 will be paid when work on the projects progresses.

(11) **New Pronouncements**

As of June 30, 2008, the Governmental Accounting Standards Board had issued the following statement not yet implemented by the District. The statement, which might impact the District, is as follows:

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

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

(12) **Deficit Balance**

The Proprietary - Day Care Fund had a deficit balance of \$22,996 at June 30, 2008 and the Proprietary - Student Built House had a deficit balance of \$191,215 at June 30, 2008. The District has increased fees to accommodate for the deficit in the Day Care Fund. Timing of the house sale caused a deficit balance in the Student Built House Fund.

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

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2008

	<u>Governmental Fund Types Actual</u>	<u>Proprietary Fund Types Actual</u>	<u>Total Actual</u>
REVENUES:			
Local sources	\$ 30,571,001	\$ 2,876,209	\$ 33,447,210
State sources	17,104,669	136,179	17,240,848
Federal sources	<u>943,920</u>	<u>588,283</u>	<u>1,532,203</u>
Total receipts	<u>48,619,590</u>	<u>3,600,671</u>	<u>52,220,261</u>
 EXPENDITURES:			
Instruction	25,282,352	-	25,282,352
Support services	10,617,500	-	10,617,500
Non-instructional programs	-	3,458,212	3,458,212
Other expenditures	<u>40,811,019</u>	<u>-</u>	<u>40,811,019</u>
Total disbursements	<u>76,710,871</u>	<u>3,458,212</u>	<u>80,169,083</u>
 EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (28,091,281)	142,459	 (27,948,822)
 OTHER FINANCING SOURCES, NET	 <u>10,050,000</u>	 <u>-</u>	 <u>10,050,000</u>
 EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	 (18,041,281)	142,459	 (17,898,822)
 BALANCES, BEGINNING OF YEAR	 <u>38,901,101</u>	 <u>367,021</u>	 <u>39,268,122</u>
 BALANCES, END OF YEAR	 <u>\$ 20,859,820</u>	 <u>\$ 509,480</u>	 <u>\$ 21,369,300</u>

<u>Budgeted Amounts</u>		<u>Final to Variance Positive/ (Negative)</u>
<u>Original</u>	<u>Final</u>	
\$ 33,270,730	\$ 33,270,730	\$ 176,480
16,500,265	16,500,265	740,583
1,211,199	1,211,199	321,004
<u>50,982,194</u>	<u>50,982,194</u>	<u>1,238,067</u>
24,206,783	26,364,242	1,081,890
10,976,782	11,020,301	402,801
3,203,720	3,336,968	(121,244)
25,135,634	40,851,265	40,246
<u>63,522,919</u>	<u>81,572,776</u>	<u>1,403,693</u>
(12,540,725)	(30,590,582)	2,641,760
<u>-</u>	<u>-</u>	<u>10,050,000</u>
(12,540,725)	(30,590,582)	12,691,760
<u>39,542,283</u>	<u>39,542,283</u>	<u>(274,161)</u>
<u>\$ 27,001,558</u>	<u>\$ 8,951,701</u>	<u>\$ 12,417,599</u>

See independent auditor's report.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$18,049,857.

During the year ended June 30, 2008, expenditures exceeded the amounts budgeted in the non-instructional expenditures function.

OTHER SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2008

	<u>Special Revenue- Student Activity</u>	<u>Special Revenue- Physical Plant and Equipment Levy</u>
ASSETS		
Cash and pooled investments	\$ 515,030	\$ 622,253
Receivables:		
Property tax:		
Delinquent	-	6,626
Succeeding year	-	1,269,904
Accounts receivable	44	-
Accrued interest	506	614
Due from other governments	-	-
Prepaid expenses	1,048	-
	<u>1,048</u>	<u>-</u>
Total assets	<u>\$ 516,628</u>	<u>\$ 1,899,397</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 25,881	\$ 15,737
Salary and benefits payable	97	-
Deferred revenue-succeeding year property tax	-	1,269,904
	<u>-</u>	<u>1,269,904</u>
Total liabilities	<u>25,978</u>	<u>1,285,641</u>
Fund Equity:		
Unreserved, undesignated fund balances	<u>490,650</u>	<u>613,756</u>
Total liabilities and fund equity	<u>\$ 516,628</u>	<u>\$ 1,899,397</u>

Capital Projects- Benton Co. Silo	<u>Total</u>
\$ 2,588,587	\$ 3,725,870
-	6,626
-	1,269,904
-	44
137	1,257
590,870	590,870
<u>-</u>	<u>1,048</u>
<u>\$ 3,179,594</u>	<u>\$ 5,595,619</u>

\$ -	\$ 41,618
-	97
<u>-</u>	<u>1,269,904</u>
<u>-</u>	<u>1,311,619</u>
<u>3,179,594</u>	<u>4,284,000</u>
<u>\$ 3,179,594</u>	<u>\$ 5,595,619</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2008

	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>
Revenues:		
Local sources:		
Local tax	\$ -	\$ 1,344,856
Other	780,421	53,222
State sources	<u>-</u>	<u>383</u>
Total revenues	<u>780,421</u>	<u>1,398,461</u>
Expenditures:		
Instruction:		
Other instruction	740,055	-
Support services:		
Instructional staff services	-	221,904
Administrative services	-	-
Operation and maintenance of plant services	-	-
Transportation services	-	131,544
Other expenditures:		
Facilities acquisition	<u>-</u>	<u>457,760</u>
Total expenditures	<u>740,055</u>	<u>811,208</u>
Excess of revenues over expenditures	<u>40,366</u>	<u>587,253</u>
Other financing uses:		
Operating transfers in	-	-
Operating transfers out	<u>-</u>	<u>(375,820)</u>
Total other financing uses	<u>-</u>	<u>(375,820)</u>
Excess of revenues over expenditures and other financing uses	40,366	211,433
Fund balances, beginning of year	<u>450,284</u>	<u>402,323</u>
Fund balances, end of year	<u>\$ 490,650</u>	<u>\$ 613,756</u>

Schedule 2

Capital Projects- Benton Co. Silo	Total
\$ -	\$ 1,344,856
3,625,825	4,459,468
<u>-</u>	<u>383</u>
<u>3,625,825</u>	<u>5,804,707</u>
-	740,055
-	221,904
-	-
-	-
-	131,544
<u>72,541</u>	<u>530,301</u>
<u>72,541</u>	<u>1,623,804</u>
<u>3,553,284</u>	<u>4,180,903</u>
<u>(599,957)</u>	<u>(975,777)</u>
<u>(599,957)</u>	<u>(975,777)</u>
2,953,327	3,205,126
<u>226,267</u>	<u>1,078,874</u>
<u>\$ 3,179,594</u>	<u>\$ 4,284,000</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Individual Student Activity Accounts

Year Ended June 30, 2008

	<u>Balance, Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Student activity account:				
Athletic:				
General	\$ 50,385	\$ 124,519	\$ 105,849	\$ 69,055
Student clubs:				
Advisory	77,300	63,243	50,826	89,717
Co-curricular activities:				
High school	4,524	5,564	1,689	8,399
Middle school	5,793	11,110	8,032	8,871
Prairie Crest	4,412	10,252	12,025	2,639
Prairie Heights	13,739	30,568	29,578	14,729
Prairie Ridge	7,743	25,984	21,155	12,572
Prairie View	32,860	8,413	37,098	4,175
Prairie Edge	652	1,375	582	1,445
Student Council	17,758	19,172	21,050	15,880
Class of:				
2007	3,767	-	3,767	-
2008	5,330	3,094	4,716	3,708
2009	963	14,236	10,576	4,623
2010	-	597	275	322
Baseball Club	2,536	5,169	1,094	6,611
Softball Club	2,491	20,291	16,648	6,134
Productions - Theatrical	-			-
Performing Arts Club	270	15,705	14,423	1,552
Special Olympics	104	-	-	104
06-07 Yearbook	4,646	8,113	11,237	1,522
07-08 Yearbook	203	3,426	-	3,629
SADD Organization	140	-	-	140
Spring and Fall Plays	-	1,944	1,944	-
Student club	2,143	-	-	2,143
German Club	2,887	30,909	32,244	1,552
Student Vending	3,078	24,039	23,712	3,405
Student Shake Break	3,579	-	211	3,368
Letterman's Club	13,966	7,158	2,432	18,692
Girls Track Club	2,986	6,085	5,163	3,908
Boys Track Club	3,132	9,404	9,304	3,232
Volleyball Club	9,152	20,178	22,691	6,639
Art Activity	830	333	230	933
Competition Cheerleading	675	185	671	189

Schedule 3

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student activity account (continued):				
Student clubs (continued):				
Instrumental Music	\$ 634	\$ 5,577	\$ 4,283	\$ 1,928
Cheerleading	11,758	23,488	25,727	9,519
Football Club	10,452	11,993	14,151	8,294
Business Prof./America	9,139	15,859	13,367	11,631
Boys Tennis Club	138	420	386	172
Girls Tennis Club	902	2,343	2,135	1,110
Thompson Activity	182	200	87	295
Dalton Activity	1,657	1,726	1,030	2,353
Moeller Activity	-	190	-	190
Boys Soccer Club	3,942	7,020	6,735	4,227
Girls Soccer Club	372	5,919	5,070	1,221
Wrestling Club	20,585	32,712	23,961	29,336
Music Trip	60,684	43,663	27,758	76,589
SAVE	1,515	448	3	1,960
Prairie Dance Team	5,329	19,555	24,132	752
Instrumental Activity	2,230	12,538	11,469	3,299
Hawk Talk - General	2,491	2,484	2,448	2,527
Electric Car Club	3,928	1,152	1,693	3,387
Washington Trip	4,453	44,449	45,799	3,103
Girls Basketball Club	5,242	5,402	8,889	1,755
Boys Basketball Club	5,399	6,001	5,502	5,898
Vocal Music	6,743	37,976	37,907	6,812
Musical	1,989	981	1,094	1,876
Video Club	36	-	-	36
National Honor Society	1,614	1,180	1,828	966
One and Two Act Plays	1,081	476	493	1,064
Girls Golf Club	600	2,505	2,138	967
Boys Golf Club	-	1,075	2	1,073
Band Uniforms	-	8,872	8,872	-
Farm Career Comm Ldrs	314	705	769	250
VICA Club	2,768	4,932	3,267	4,433
PE Club	3,709	2,892	3,435	3,166
Student mentors	237	-	77	160
Graphics Club	-	640	227	413
Drama	-	1,957	1,957	-
Speech	-	833	833	-
International Club	2,117	1,192	3,309	-
	<u>399,899</u>	<u>655,902</u>	<u>634,206</u>	<u>421,595</u>
Total	<u>\$ 450,284</u>	<u>\$ 780,421</u>	<u>\$ 740,055</u>	<u>\$ 490,650</u>

COLLEGE COMMUNITY SCHOOL DISTRICT
 Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash	\$ 217,492	\$ 451,050	\$ 418,691	\$ 249,851
Accrued interest and other receivables	413	2,051	413	2,051
Total assets	<u>\$ 217,905</u>	<u>\$ 453,101</u>	<u>\$ 419,104</u>	<u>\$ 251,902</u>
LIABILITIES				
Accounts payable	\$ 5,869	\$ 20,342	\$ 5,869	\$ 20,342
Other payables	212,036	451,050	431,526	231,560
Total liabilities	<u>\$ 217,905</u>	<u>\$ 471,392</u>	<u>\$ 437,395</u>	<u>\$ 251,902</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

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

For the Last Six Years

	Modified Accrual Basis					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Local sources:						
Local tax	\$ 20,361,901	\$ 20,086,865	\$ 16,951,789	\$ 16,822,033	\$ 15,005,818	\$ 14,562,655
Tuition	3,549,899	3,490,482	3,716,232	3,668,389	3,434,496	3,651,132
Other	6,659,201	3,385,477	1,891,034	1,655,059	1,456,602	1,625,747
Intermediate sources	-	-	-	-	3,917	10,902
State sources	17,104,669	14,985,960	13,320,215	11,996,479	11,027,872	10,563,673
Federal sources	943,920	681,553	841,765	680,771	536,924	529,434
Total revenues	<u>\$ 48,619,590</u>	<u>\$ 42,630,337</u>	<u>\$ 36,721,035</u>	<u>\$ 34,822,731</u>	<u>\$ 31,465,629</u>	<u>\$ 30,943,543</u>
Expenditures:						
Instruction:						
Regular instruction	\$ 16,265,900	\$ 14,419,478	\$ 13,299,906	\$ 12,114,110	\$ 11,208,657	\$ 10,291,874
Special instruction	5,829,626	5,549,502	5,236,403	6,383,557	6,273,271	5,700,649
Other instruction	3,186,826	3,146,535	2,899,110	2,026,955	1,688,377	1,888,385
Support services:						
Student services	894,530	914,795	970,198	997,383	922,990	795,475
Instructional staff services	1,842,438	1,798,291	1,959,626	2,004,418	1,793,657	1,720,285
Administration services	3,148,693	3,159,628	3,024,768	2,743,755	2,170,023	1,992,035
Operation and maintenance of plant services	3,169,968	2,907,370	2,833,886	2,709,306	2,331,951	1,947,185
Transportation services	1,561,871	1,645,811	1,592,256	1,329,826	1,197,953	1,182,336
Other expenditures:						
Facilities acquisition	23,729,926	5,096,572	2,157,313	619,704	5,078,613	8,718,040
Long-term debt:						
Principal	12,638,000	2,096,000	1,939,000	12,340,000	1,760,000	8,550,000
Interest and other charges	3,153,022	2,760,324	1,565,105	2,204,667	1,685,228	2,694,993
AEA Flowthrough	<u>1,290,071</u>	<u>1,162,546</u>	<u>1,039,137</u>	<u>952,080</u>	<u>908,084</u>	<u>915,906</u>
Total expenditures	<u>\$ 76,710,871</u>	<u>\$ 44,656,852</u>	<u>\$ 38,516,708</u>	<u>\$ 46,425,761</u>	<u>\$ 37,018,804</u>	<u>\$ 46,397,163</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:		
Passed through the Iowa Department of Education:		
Food Donation (non-cash)	10.550	\$ <u>98,510</u>
Child Nutrition Cluster:		
School Breakfast Program	10.553	77,774
National School Lunch Program	10.555	<u>411,999</u>
		<u>489,773</u>
Total U.S. Department of Agriculture		<u>588,283</u>
U.S. Department of Education:		
Carol M. White Fund for the Improvement of Education	84.215	231,802
Passed through the Iowa Department of Education:		
Title I - Grants to Local Educational Agencies	84.010	283,819
Safe and Drug Free Schools and Communities State Grants	84.186	10,406
Education for Homeless Children and Youth	84.196	21,225
State Grants for Innovative Programs	84.298A	4,951
Improving Teacher Quality State Grants (Title II)	84.367	83,109
Grants for State Assessments and Related Activities (Title IV-A)	84.369	28,455
Passed through Grant Wood Area Education Agency:		
Special Education - Grants to States		
Idea Part B Flowthrough	84.027	197,368
Vocational Education-Basic Grants to States	84.048A	26,436
Title III - English Language Learning	84.365	<u>3,920</u>
Total U.S. Department of Education		<u>891,491</u>
U.S. Department of Health and Human Services:		
Passed through the Linn County DHRM:		
Medical Assistance Program	93.778	<u>1,894</u>
U.S. Department of Defense:		
Passed through Johnson County:		
Payments to States in Lieu of Real Estate Taxes (Flood Control Payments)	12.112	<u>8,305</u>
Total		<u>\$ 1,489,973</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2008

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

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the College Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether College Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Part IV of the accompanying schedule of findings and questioned costs.

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.

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

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

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

Clifton Henderson LLP

Cedar Rapids, Iowa
December 9, 2008



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

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

Compliance

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

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

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

Internal Control Over Compliance

The management of College Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered College Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College Community School District's internal control over compliance.

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

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

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

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

Clifton Henderson LLP

Cedar Rapids, Iowa
December 9, 2008

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part I: Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

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

Internal control over major programs:

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.550	Special Education - Food Donation (non-cash)
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
84.215	Carol M. White PE Grant Improvement of Education

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

Auditee qualified as low-risk auditee? _____ Yes X No

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

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

Material weakness

No matters were reported.

Instances of Non-compliance

No matters were reported.

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part III: Findings and Questioned Costs for Federal Awards:

Material weakness

No matters were reported.

Instances of Non-compliance

No matters were reported.

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-08 Certified Budget - Expenditures for the year ended June 30, 2008 exceeded the amended certified budget amounts in the non-instruction expenditures function.
- Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion - Response accepted.
- IV-B-08 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-08 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-08 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- IV-G-08 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-08 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-08 Certified Annual Report - The Certified Annual Report was certified to the Department of Education timely and we noted no significant deficiencies in the amounts reported.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2008

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

IV-J-08 Deficit Balances - The District had a deficit balance in the Proprietary - Day Care Fund and Proprietary – Student Built House Fund at June 30, 2008.

Recommendation - The District should take appropriate action to return these funds to sound financial condition.

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

Conclusion - Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT
Corrective Action Plan for Federal Audit Findings
Year Ended June 30, 2008

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

COLLEGE COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Federal Audit Findings
Year Ended June 30, 2008

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not corrected, provide planned corrective action or other explanation.</u>
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No matters notes.

COLLEGE COMMUNITY SCHOOL DISTRICT

Audit Staff

This audit was performed by:

Robert L. Poundstone, CPA, Partner

William M. Vincent, CPA, Partner

Justin Zimmerman, CPA, Manager

Michele Matt, CPA, Senior Manager

Jim Fitzpatrick, CPA, Manager

Josh Barta, Associate

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