

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

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

JUNE 30, 2009

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Central Community Schools of Clinton County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 Election)		
Kurt Rickard	President	2009
Dona Bark	Vice President	2008
Dennis Campbell	Board Member	2010
Bill Turnis	Board Member	2009
James Irwin, Jr.	Board Member	2010

**Board of Education
(After September 2008 Election)**

Kurt Rickard	President	2009
Dennis Campbell	Vice President	2011 *
Christy Kunz	Board Member	2011
Bill Turnis	Board Member	2009
James Irwin, Jr.	Board Member	2011 *

School Officials

Daniel Peterson	Superintendent	2009
Janice Culbertson	District Secretary and Business Manager	2009
Patti Waack	District Treasurer	2009
Brian Gruhn	Attorney	2009
Ahlers & Cooney	Attorney	2009

* Board Term extended per the District's transition for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

NOLTE, CORNMAN & JOHNSON P.C.

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(a professional corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Central Community Schools of Clinton County:

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 Central Community Schools of Clinton County, DeWitt, Iowa as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

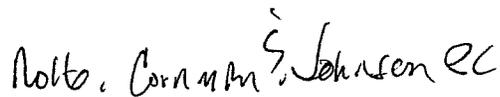
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Central Community Schools of Clinton County at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2010 on our consideration of the Central Community Schools of Clinton County'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, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 16 and 42 through 44 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 an opinion on the financial statements that collectively comprise Central Community Schools of Clinton County'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 five years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

January 27, 2010

Management Discussion and Analysis

Central Community Schools of Clinton County District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

Superintendent Daniel J. Peterson began employment on July 1, 2008. Renee Green was also employed as Middle School/High School Assistant Principal.

Kindergarten enrollment increased. The board was faced with the decision of whether to hire an additional teacher or to hire teacher associates for the classes. It was determined to employ 4 kindergarten associates at 6.5 hours per day each.

403(b) regulations were changed by the federal government. Central Community Schools voted to participate in the State of Iowa sponsored 403(b) plan.

One additional modular classroom was installed at the Ekstrand Elementary School site for the 08-09 school year.

Central Community School District patrons passed the Revenue Purpose Statement for the 1¢ sales tax on September 9, 2008.

On September 9, 2008 Christy Kunz was elected to serve on the Board of Education for a term of three years.

On September 17, 2008 the board voted to initiate a revenue bond from the PPEL fund for a total of \$1,150,000 for the purchase of 72.79 acres of land for \$582,320 and to invest the remaining funds until ready to begin the development of that land. The bond financing was awarded to DeWitt Bank & Trust and First Central State Bank of DeWitt at an average interest rate of 4.078%.

Clinton County Community Development Association awarded a \$15,000 grant to Central Community Schools for partial payment of the high school gymnasium floor renovations. The total cost of the renovations was \$110,388. The board approved the additional funds needed would come from the PPEL fund.

A high school band trip to Florida for 2010-11 was approved by the Board. There will be various fund raising activities throughout the year to support this trip.

Central Community School received \$58,663 in modified allowable growth from SBRC for 11 open enrolled out students.

In December 2008, the state imposed a 1.5% cut in funding. Approximately \$101,172 was cut from state aid funding, \$828 was cut from Instructional Support State Aid, \$8,774 from Salary Improvement Program, \$881 from Professional Development funding, \$834 from Phase I, \$1,906 from Phase II, and \$374 from Model Core Curriculum funding. Some of these cuts were later funded partially by the Stimulus funds.

On January 14, 2009, the Board of Education agreed to enter into a Home School Assistance Program with AEA 9 for competent private instruction families for 2009-10. Central Schools will be allowed to count these students as a .3 weighting on enrollment. It was agreed to pass the .3 funding on to the AEA.

Many hours were spent throughout the year with the architect and various interested groups to develop a facility plan that would serve all our needs. After many discussions, a plan was developed in conjunction with the STAR Committee who has been working several years on an auditorium/gymnasium addition to the high school. The project is planned to be funded by a general obligation bond, a revenue bond with the 1¢ sales tax, and donations received through the efforts of the STAR Committee.

Negotiations with the employees of the Central Community School District were completed for the 2009-10 school year. All groups received a 3.4% package increase.

The Central Administrative Offices located at 100 6th Avenue in DeWitt was sold on March 16, 2009 for a total of \$220,000. It was further agreed that Central Community Schools would use the warehouse at that location for up to 6 months free of charge. Funds were deposited in the PPEL fund.

A hearing was held on March 21, 2009 to seek input on the district exchanging school owned land to the south of the high school with property to the east of the high school. During the hearing, there was some discussion explaining the intent to exchange 23.23 acres of land on the south (school owned) with 11.6 acres to the north (Barber land). This would make the recently purchased land to the south more useable for the school district. In addition, Mr. Barber would contribute the lesser of \$9,000 or half the cost for installing an underground tube in the land to the north.

An approved certified budget for 2009-10 was approved with a \$200,000 levy for the Management Fund, a \$100,000 cash reserve levy in the General Fund, a levy of 33¢/\$1,000 for the PPEL fund. A 10% levy for the Instructional Support program, and 7% income surtax for the Instructional Support program. The overall reduction in taxes levied locally was \$.36/\$1,000.

Discussions began in March regarding the purchase of the ISU office complex located at 331 E. 8th Street in DeWitt for the Administrative Offices. The building was purchased for \$100,000 with the board authorizing needed improvements up to \$25,000.

In April, 2009 the board agreed to recognize bowling as a sport for Central Community Schools. The sport will be implemented for the 2009-10 school year at no cost to the district. Bowling sponsors will raise the funds needed for the first year.

On April 8, K.I.D.S. Committee presented the board with a petition calling for a Special Election on the Issuance of Bonds. The proposal calls for a \$13,950,000 bond election to be put before patrons on June 30, 2009. On June 30, 2009 the general obligation bond issue passed with a 73.6% approval.

Supt. Peterson presented a plan to the board to reduce \$400,000 from the 2009-10 budget needs. The proposed reductions were: Transportation reduction of overtime, mileage: \$20,000; Maintenance reduction of overtime and upgrading efficiencies: \$18,000; School Resource Officer reduction: \$18,000; Curriculum Director position cut: \$54,777; In-service line item reduced by \$10,000; Wellness line item reduced by \$3,000; other line items total reduction of \$45,000; reduction of 8 asst coaches, .5 School Within A School instructor, alternative school teacher associate, extra days for guidance counselor, recoding of Model UN and Youth Symposium to TAG budget, eliminate cheerleading stipend, delete athletic telephone, and eliminate payment for event workers: \$81,386.25; Middle School reduction of .5 School Within A School instructor, 1 teacher, study skills associate, extra days for guidance counselor, open gym, and payment for event workers: \$75,720; Ekstrand reduction of 5 kindergarten associates, and one heath associate: \$74,500.

Central Schools began using biodiesel fuel in the school buses. A biodiesel fuel tank was installed at the bus garage lot. It is estimated to save the district approximately \$10,000 in fuel costs during the 2009-10 school year.

GASB 45 report was generated by Gallagher Services. Central School District has an actuarial estimate of \$52,000 in liabilities for these benefits and was complimented on the efficient program for our district.

Central Community Schools will be sharing a librarian for the second year with Northeast Community Schools. Northeast will be paying 20% of the cost and will receive services one day each week.

Development of the athletic complex located to the south of the high school was discussed. Specs were developed by Hinkle Engineering and put out for bids. The bid was awarded to Rittmer Inc. for a total of \$570,092. A grant was applied for from Clinton County Development Association for \$300,000 and was received. The grant requires a 50% match.

On June 15, 2009, the Board of Education received word that they were accepted for a 2009-10 Preschool program funded through the Iowa Department of Education. The students participating in the program will be counted as certified enrollment and the program will continue each year.

Central Schools received \$126,720 ARRA Stabilization State Aid and \$11,015 ARRA Title I funds which were both used to pay shortages in the General Fund. The \$45,245 ARRA Part B funds will be carried over into 2009-10.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Central Community School of Clinton County as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Community School of Clinton County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Community School of Clinton County acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting a schedule of funding progress for the retiree health plan.

Other Supplementary Information provides detailed information about the nonmajor funds.

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

Figure A-1
Central Community Schools of Clinton County District Annual Financial Report

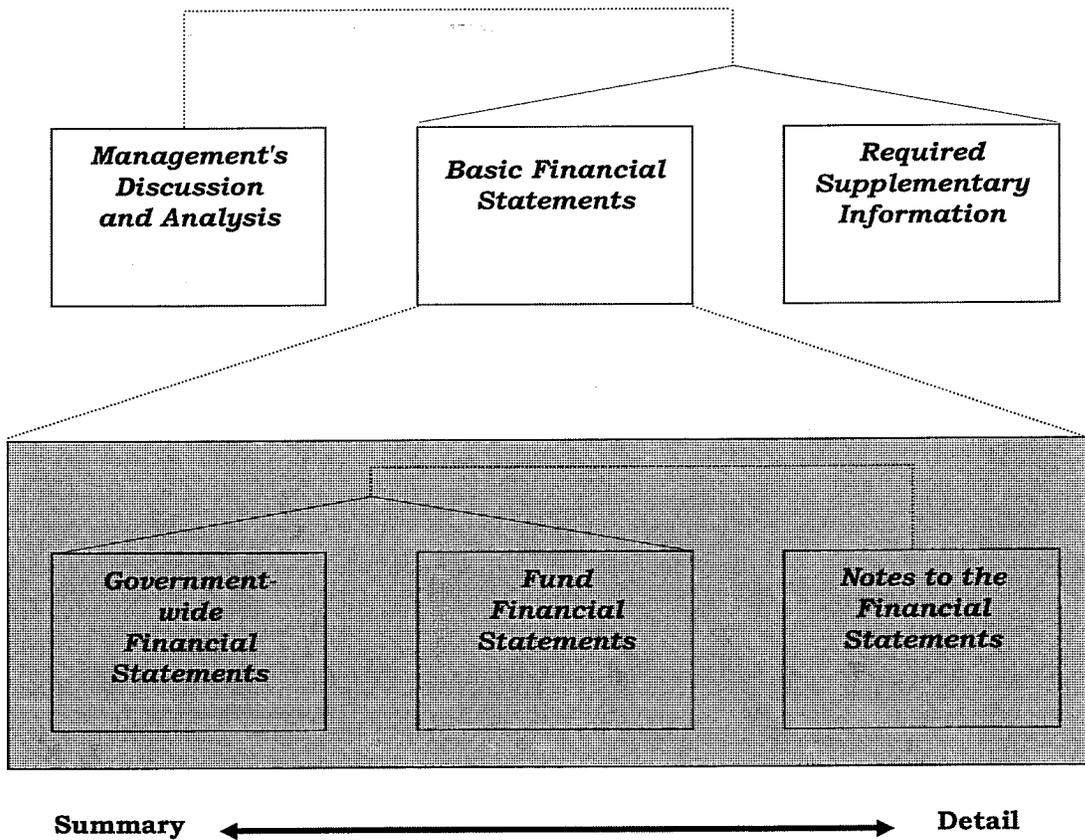


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	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 revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used 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 during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide statements report the District's *net assets* and how they have changed. Net assets -are 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. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property 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 accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

1) *Government 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects, and Debt Service Funds.

The required financial statements for the governmental funds include a balance sheet and statements of revenues, expenditures and changes in fund balances.

2) *Proprietary Funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide 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. The District currently has one enterprise fund, the School Nutrition Fund. The District's internal service funds, one type of proprietary fund, are the same as its governmental activities, but provide more detail and additional information, such as cash flows. The District currently has one internal service fund account accounting for self-funded insurance.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District administers and accounts for certain revenues collected for the PTO, Sabertooth, and Flex funds.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include the statement of fiduciary net assets and the statement of changes in fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2008 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,	
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 10,405,796	10,332,321	97,037	75,574	10,502,833	10,407,895	0.91%
Capital assets	13,167,159	11,935,393	333,925	142,363	13,501,084	12,077,756	11.78%
Total assets	23,572,955	22,267,714	430,962	217,937	24,003,917	22,485,651	6.75%
Long-term obligations	3,327,684	3,214,524	196	0	3,327,880	3,214,524	3.53%
Other liabilities	6,469,725	6,607,088	12,714	7,334	6,482,439	6,614,422	-2.00%
Total liabilities	9,797,409	9,821,612	12,910	7,334	9,810,319	9,828,946	-0.19%
Net assets:							
Invested in capital assets, net of related debt	9,987,159	8,905,393	333,925	142,363	10,321,084	9,047,756	14.07%
Restricted	2,683,767	2,044,645	0	0	2,683,767	2,044,645	31.26%
Unrestricted	1,104,620	1,496,064	84,127	68,240	1,188,747	1,564,304	-24.01%
Total net assets	\$ 13,775,546	12,446,102	418,052	210,603	14,193,598	12,656,705	12.14%

The District's combined net assets increased \$1,536,893 or 12.14% over the prior year. The largest portion of the District's net assets is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets increased by \$639,122 or 31.26% over the prior year.

Unrestricted net assets – are the part of net assets that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement – decreased \$375,557 or 24.01%. This decrease in unrestricted net assets was a result of the District using carryover fund balance to meet its financial obligations during the year and issuing new debt.

Changes in net assets - Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to June 30, 2009.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 710,942	730,851	524,134	481,164	1,235,076	1,212,015	1.90%
Operating grants, contributions, and restricted interest	2,192,300	1,785,430	261,369	255,533	2,453,669	2,040,963	20.22%
General revenues:							
Property tax	4,820,912	4,961,511	0	0	4,820,912	4,961,511	-2.83%
Income surtax	497,072	412,017	0	0	497,072	412,017	20.64%
Statewide sales and services tax	1,255,436	1,019,250	0	0	1,255,436	1,019,250	23.17%
Unrestricted state grants	6,289,496	6,218,918	0	0	6,289,496	6,218,918	1.13%
Unrestricted investment earnings	51,386	117,923	248	252	51,634	118,175	-56.31%
Other	203,973	329,358	1,458	0	205,431	329,358	-37.63%
Transfers	(217,322)	(71,142)	217,322	71,142	0	0	0.00%
Total revenues and transfers	15,804,195	15,504,116	1,004,531	808,091	16,808,726	16,312,207	3.04%
Program expenses:							
Governmental activities:							
Instruction	9,559,421	8,969,752	0	0	9,559,421	8,969,752	6.57%
Support services	3,730,860	4,239,958	8,321	0	3,739,181	4,239,958	-11.81%
Non-instructional programs	35,589	64,977	788,761	732,282	824,350	797,259	3.40%
Other expenses	1,148,881	1,269,494	0	0	1,148,881	1,269,494	-9.50%
Total expenses	14,474,751	14,544,181	797,082	732,282	15,271,833	15,276,463	-0.03%
Changes in net assets	1,329,444	959,935	207,449	75,809	1,536,893	1,035,744	48.39%
Beginning net assets	12,446,102	11,486,167	210,603	134,794	12,656,705	11,620,961	8.91%
Ending net assets	\$ 13,775,546	12,446,102	418,052	210,603	14,193,598	12,656,705	12.14%

As shown in Figure A-4, the District as a whole experienced a 3.04% increase in revenues and a 0.03% decrease in expenses.

Property tax, statewide sales and services tax and unrestricted state grants account for 78.24% of the total revenue, while charges for services and operating grants and contributions accounted for 78.19% of the revenue from the business type activities. The District's expenses

primarily relate to instruction and support services which account for 91.82% of the total expenses.

Governmental Activities

Revenues for governmental activities \$15,804,195 and expenses were \$14,474,751.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 9,559,421	8,969,752	6.57%	7,296,908	7,061,418	3.33%
Support services	3,730,860	4,239,958	-12.01%	3,657,523	4,163,558	-12.15%
Non-instructional programs	35,589	64,977	-45.23%	30,319	64,977	-53.34%
Other expenses	1,148,881	1,269,494	-9.50%	586,759	737,947	-20.49%
Totals	\$ 14,474,751	14,544,181	-0.48%	11,571,509	12,027,900	-3.79%

- The cost financed by users of the Districts programs was \$710,942.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,192,300.
- The net cost of governmental activities was financed with \$4,820,912 in property tax, \$497,072 in income surtax, \$1,255,436 in statewide sales and services tax, \$6,289,496 in unrestricted state grants, \$51,386 in interest income and \$203,973 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$1,004,531 and expenses were \$797,082. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2009, the District did increase meal prices. The meal prices will be increased for FY 10 by \$.10 for breakfasts, lunches, and adult meals. Again the District will be obligating these increased revenues for replacement of obsolete kitchen equipment.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Central Community Schools of Clinton County District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,552,978, above last year's ending fund balance of \$3,371,295. However, the primary reason for the increase was the increased statewide sales tax received in the Capital Projects Fund and issuance of capital loan notes in Special Revenue, Physical Plant and Equipment Levy.

Governmental Fund Highlights

- The District's decreasing General Fund financial position is the product of many factors. The District's General Fund balance was decreased by \$349,515, from a fund balance of \$1,197,407 at the end of fiscal 2008, to \$847,892 in fiscal 2009. Overall total expenditures increased by \$694,240 or 5.35%, however, the most significant increase was in instruction functional area with an increase of \$647,188 or 7.63%. Total revenues increased \$260,190 or an increase of 1.99%. The major reason for the increase was in the instructional functional area concerning an increase in wages and benefits and teaching supplies. The increase in revenues, along with a larger increase in General Fund expenditures ensured the decrease in the financial position of the District.
- The Special Revenue, Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$47,239 in fiscal 2008 to \$783,717 in fiscal 2009. The revenues increased by \$1,321,530 or 284.64%. The increase in revenues was to an increase of local tax, proceeds, from the sale of a piece of land, and the issuance of capital loan notes. Expenditures increased by \$437,950 or 71.63%. This increase in expenditures was due to an increase in facilities acquisitions expenditures. The District bought land with intention of having land improvements made in the future.
- The Capital Projects Fund balance decreased from \$986,011 in fiscal 2008 to \$854,955 in fiscal 2009. Statewide sales and services tax revenues increased 23.17% or \$236,186 over the prior year. Expenditures increased \$143,818 or 138.86% over the prior year. This increase was due to the increase in facilities acquisitions expenditures and the completion of construction in progress projects.
- The Debt Service fund balance decreased from \$742,176 in fiscal 2008 to \$683,389 in fiscal 2009. The decreased in revenues in all funding sources and the increase in the interest payable resulted in the decreased.
- The Management Levy Fund balance decreased from \$339,064 in 2008 to \$300,586 in 2009. This was due to an increase in the support services operation and maintenance of plant services and transportation functional areas.

PROPRIETARY FUND HIGHLIGHTS

The Proprietary Fund net assets increased from \$210,603 at June 30, 2008 to \$418,052 at June 30, 2009, representing an increase of 98.50%. For fiscal 2009, the District received increased monies from charges for services and federal revenue sources of \$48,806. The Proprietary Fund also received a capital contribution from the Governmental Activities of \$217,322 for the purchase of equipment.

BUDGETARY HIGHLIGHTS

The District's revenues were \$307,952 more than budgeted revenues, a variance of 1.87%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. During the year ended June 30, 2009,

expenditures in the instruction and non-instructional functions exceeded the amount budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$13,501,084, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 10.54% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$569,739.

The original cost of the District’s capital assets was \$21,762,429. Governmental funds account for \$21,258,927 with \$503,502 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District’s buildings totaled \$11,058,993 at June 30, 2009, compared to \$9,101,104 at June 30, 2008. This increase resulted from the completion of the high school kitchen renovations, new construction of a cafeteria and alternative school classrooms.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 1,251,215	661,178	0	0	1,251,215	661,178	47.16%
Construction in progress	43,936	1,300,019	0	0	43,936	1,300,019	-2858.89%
Buildings	11,058,993	9,101,104	0	0	11,058,993	9,101,104	17.70%
Land improvements	270,598	288,179	0	0	270,598	288,179	-6.50%
Machinery and equipment	542,417	584,913	333,925	142,363	876,342	727,276	17.01%
Total	\$ 13,167,159	11,935,393	333,925	142,363	13,501,084	12,077,756	10.54%

Note: The above assets are only the capitalized assets over \$5,000 in initial cost. These are the only assets required to be depreciated according to GASB 34 and District policy.

Long-Term Debt

At June 30, 2009, the District had \$3,327,880 in long-term debt outstanding. This represents an increase of 3.53% over last year. (See Figure A-7) More detailed information about the District’s long-term liabilities is available in Note 6 to the financial statements.

The District had \$395,000 in general obligation bonds and \$1,640,000 in revenue bonds outstanding. This represents a decrease of \$995,000 or 32.84% from the previous fiscal year as can be seen in Figure A-7 below. During fiscal year 2008-09, the District had no additional debt accumulation for early retirement.

The District had total outstanding early retirement payable from the Special Revenue, Management Levy Fund of \$90,000 at June 30, 2009. Central Community Schools did not offer a new early retirement plan for 2008-09. However, there was still one year left on the 2007-08 plan that previously been offered.

The District had total outstanding compensated absences payable from the General Fund of \$5,880, as of June 30, 2009.

The District also issued \$1,145,000 in capital loan notes payable from the Special Revenue, Physical Plant and Equipment Levy Fund. These are for the purchase of 72.79 acres of land and its further development in the future.

The District implemented their OPEB benefits as required by GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions for the year ended June 30, 2009. The District's net OPEB liability was determined by an actuarial to be \$52,000 for FY 09.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
General obligation bonds	\$ 395,000	780,000	0	0	395,000	780,000	-49.36%
Revenue bonds	1,640,000	2,250,000	0	0	1,640,000	2,250,000	-27.11%
Capital loan notes	1,145,000	0	0	0	1,145,000	0	100.00%
Early retirement	90,000	180,000	0	0	90,000	180,000	-50.00%
Compensated absences	5,880	4,524	0	0	5,880	4,524	29.97%
Net OPEB liability	51,804	0	196	0	52,000	0	100.00%
Total	\$ 3,327,684	3,214,524	196	0	3,327,880	3,214,524	3.53%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The State has indicated the allowable growth for the upcoming year will be 4%. However, the legislature has indicated that they may not be funding the entire 4%. Most predictions are that there will be another across-the-board cut in funding.
- Central Community Schools is experiencing facility crowding especially at the elementary level. Another module classroom was installed for the 2008-09 school year. With the successful passing of the general obligation bond issue on June 30, 2009, we will be looking forward to improving the facility needs.
- Again we are into a fiscal year where there is no funding for technology from the state. The on-going costs for upgrades of software, licensing, and networking is a major expense to school districts. We are still seeking ways to fund our needs. The District is using some of its limited PPEL funds for technology purchases including classroom computers.
- Central Community Schools has been notified by Wellmark that we will have a 5.3% increase in health insurance premiums for 2009-10. Mercer has been the third party administrator for both health and dental. They no longer perform this service. We will be changing to EBS (Employee Benefit Services) for dental services and Wellmark for the health program beginning 7-1-09.

- Phase IIA construction (cafeteria and alternative school classrooms) is still being completed.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Daniel Peterson, Superintendent, Administrative Offices, 331 E. 8th Street, DeWitt, IA 52742.

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 4,425,796	49,727	4,475,523
Receivables:			
Property tax:			
Delinquent	67,814	0	67,814
Succeeding year	5,021,848	0	5,021,848
Income surtax	411,108	0	411,108
Accounts	49,277	0	49,277
Due from other governments	429,953	4,000	433,953
Inventories	0	43,310	43,310
Capital assets, net of accumulated depreciation	13,167,159	333,925	13,501,084
TOTAL ASSETS	23,572,955	430,962	24,003,917
LIABILITIES			
Accounts payable	49,743	0	49,743
Salaries and benefits payable	1,260,079	4,000	1,264,079
Due to other governments	106,646	0	106,646
Interest payable	28,308	0	28,308
Deferred revenue:			
Succeeding year property tax	5,021,848	0	5,021,848
Other	3,101	0	3,101
Unearned revenue	0	8,714	8,714
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	395,000	0	395,000
Revenue bonds	310,000	0	310,000
Capital loan notes	215,000	0	215,000
Early retirement	90,000	0	90,000
Compensated absences	5,880	0	5,880
Portion due after one year:			
Revenue bonds	1,330,000	0	1,330,000
Capital loan notes	930,000	0	930,000
Net OPEB liability	51,804	196	52,000
TOTAL LIABILITIES	9,797,409	12,910	9,810,319
NET ASSETS			
Invested in capital assets, net of related debt	9,987,159	333,925	10,321,084
Restricted for:			
Debt service	683,389	0	683,389
Categorical funding	68,681	0	68,681
Capital projects	854,955	0	854,955
Management levy	210,586	0	210,586
Physical plant and equipment levy	783,717	0	783,717
Other special revenue purposes	82,439	0	82,439
Unrestricted	1,104,620	84,127	1,188,747
TOTAL NET ASSETS	\$ 13,775,546	418,052	14,193,598

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 7,960,851	338,646	1,422,857	(6,199,348)	0	(6,199,348)
Special	412,305	82,566	130,896	(198,843)	0	(198,843)
Other	1,186,265	271,892	15,656	(898,717)	0	(898,717)
	<u>9,559,421</u>	<u>693,104</u>	<u>1,569,409</u>	<u>(7,296,908)</u>	<u>0</u>	<u>(7,296,908)</u>
Support services:						
Student	553,624	0	0	(553,624)	0	(553,624)
Instructional staff	367,631	0	0	(367,631)	0	(367,631)
Administration	1,446,157	0	0	(1,446,157)	0	(1,446,157)
Operation and maintenance of plant	605,484	0	0	(605,484)	0	(605,484)
Transportation	757,964	17,838	55,499	(684,627)	0	(684,627)
	<u>3,730,860</u>	<u>17,838</u>	<u>55,499</u>	<u>(3,657,523)</u>	<u>0</u>	<u>(3,657,523)</u>
Non-instructional:						
Food service and community service operations	35,589	0	5,270	(30,319)	0	(30,319)
Other expenditures:						
Long-term debt interest	146,411	0	0	(146,411)	0	(146,411)
AEA flowthrough	562,122	0	562,122	0	0	0
Depreciation(unallocated)*	440,348	0	0	(440,348)	0	(440,348)
	<u>1,148,881</u>	<u>0</u>	<u>562,122</u>	<u>(586,759)</u>	<u>0</u>	<u>(586,759)</u>
Total governmental activities	14,474,751	710,942	2,192,300	(11,571,509)	0	(11,571,509)
Business type activities:						
Support services:						
Student	4,000	0	0	0	(4,000)	(4,000)
Administration	4,321	0	0	0	(4,321)	(4,321)
	<u>8,321</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,321)</u>	<u>(8,321)</u>
Non-instructional programs:						
Nutrition services	788,761	524,134	261,369	0	(3,258)	(3,258)
Total business type activities	<u>797,082</u>	<u>524,134</u>	<u>261,369</u>	<u>0</u>	<u>(11,579)</u>	<u>(11,579)</u>
Total	<u>\$ 15,271,833</u>	<u>1,235,076</u>	<u>2,453,669</u>	<u>(11,571,509)</u>	<u>(11,579)</u>	<u>(11,583,088)</u>
General Revenues and Transfers:						
General Revenues:						
Property tax levied for:						
General purposes				\$ 4,028,760	0	4,028,760
Debt services				410,031	0	410,031
Capital outlay				382,121	0	382,121
Income surtax				497,072	0	497,072
Statewide sales and service tax				1,255,436	0	1,255,436
Unrestricted state grants				6,289,496	0	6,289,496
Unrestricted investment earnings				51,386	248	51,634
Other general revenues				203,973	1,458	205,431
Transfers				(217,322)	217,322	0
Total general revenues and transfers				<u>12,900,953</u>	<u>219,028</u>	<u>13,119,981</u>
Changes in net assets				1,329,444	207,449	1,536,893
Net assets beginning of year				12,446,102	210,603	12,656,705
Net assets end of year				<u>\$ 13,775,546</u>	<u>418,052</u>	<u>14,193,598</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue:					Total
	General	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Other Nonmajor Special Revenue	
ASSETS						
Cash and pooled investments	\$ 1,834,228	868,567	994,927	337,503	391,363	4,426,588
Receivables:						
Property tax:						
Delinquent	53,957	5,342	0	5,732	2,783	67,814
Succeeding year	4,012,229	401,476	0	408,145	199,998	5,021,848
Income surtax	411,018	0	0	0	0	411,018
Interfund	104,000	24,278	0	340,154	0	468,432
Accounts	19,006	15,000	0	0	14,186	48,192
Due from other governments	226,881	0	202,546	0	526	429,953
TOTAL ASSETS	\$ 6,661,319	1,314,663	1,197,473	1,091,534	608,856	10,873,845
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund payable	\$ 0	119,890	324,264	0	24,278	468,432
Accounts payable	20,354	9,580	18,254	0	1,555	49,743
Salaries and benefits payable	1,260,079	0	0	0	0	1,260,079
Due to other governments	106,646	0	0	0	0	106,646
Deferred revenue:						
Succeeding year property tax	4,012,229	401,476	0	408,145	199,998	5,021,848
Income surtax	411,018	0	0	0	0	411,018
Other	3,101	0	0	0	0	3,101
Total liabilities	5,813,427	530,946	342,518	408,145	225,831	7,320,867
Fund balances:						
Reserved for:						
Debt service	0	0	0	683,389	0	683,389
Categorical funding	68,681	0	0	0	0	68,681
Unreserved	779,211	783,717	854,955	0	383,025	2,800,908
Total fund balances	847,892	783,717	854,955	683,389	383,025	3,552,978
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,661,319	1,314,663	1,197,473	1,091,534	608,856	10,873,845

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

Total fund balances of governmental funds (page 19)	\$ 3,552,978
 <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.	13,167,159
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	411,108
Blending of the Internal Service Funds to be reflected on an entity-wide basis.	293
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(28,308)
Long-term liabilities, including bonds payable, capital loan note payable, early retirement payable, net OPEB liability and compensated absences payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,327,684)</u>
Net assets of governmental activities (page 17)	<u><u>\$ 13,775,546</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Special Revenue: Physical Plant and Equipment Levy	Capital Projects	Debt Service	Other Nonmajor Special Revenue	Total
REVENUES:						
Local sources:						
Local tax	\$ 4,295,678	382,121	1,255,436	410,031	197,583	6,540,849
Tuition	338,835	0	0	0	0	338,835
Other	285,979	44,705	20,526	1,187	355,011	707,408
Intermediate sources	5,270	0	0	0	0	5,270
State sources	7,935,516	241	0	259	127	7,936,143
Federal sources	460,441	0	0	0	0	460,441
Total revenues	13,321,719	427,067	1,275,962	411,477	552,721	15,988,946
EXPENDITURES:						
Current:						
Instruction:						
Regular	7,832,407	14,559	0	0	116,876	7,963,842
Special	410,219	0	0	0	0	410,219
Other	889,914	0	0	0	291,975	1,181,889
	9,132,540	14,559	0	0	408,851	9,555,950
Support services:						
Student	549,738	0	0	0	1,629	551,367
Instructional staff	297,471	67,023	0	0	2,117	366,611
Administration	1,403,850	7,279	13,920	0	13,224	1,438,273
Operation and maintenance of plant	1,061,022	77,281	0	0	103,192	1,241,495
Transportation	674,491	16,569	0	0	27,616	718,676
	3,986,572	168,152	13,920	0	147,778	4,316,422
Non-instructional:						
Food service and community service operations	0	34,060	0	0	1,529	35,589
Other expenditures:						
Facilities acquisitions	0	806,682	748,540	0	0	1,555,222
Long-term debt:						
Principal	0	0	0	995,000	0	995,000
Interest and fiscal charges	0	0	0	135,187	0	135,187
AEA flowthrough	562,122	0	0	0	0	562,122
	562,122	806,682	748,540	1,130,187	0	3,247,531
Total expenditures	13,681,234	1,023,453	762,460	1,130,187	558,158	17,155,492
Excess(deficiency) of revenues over(under) expenditures	(359,515)	(596,386)	513,502	(718,710)	(5,437)	(1,166,546)
Other financing sources(uses):						
Transfers in	10,000	0	0	659,923	0	669,923
Transfers out	0	(25,886)	(634,037)	0	(10,000)	(669,923)
Issuance of capital loan notes	0	1,145,000	0	0	0	1,145,000
Cost of issuance of capital loan notes	0	(6,250)	(10,521)	0	0	(16,771)
Proceeds from the disposal of property	0	220,000	0	0	0	220,000
Total other financing sources(uses)	10,000	1,332,864	(644,558)	659,923	(10,000)	1,348,229
Net change in fund balances	(349,515)	736,478	(131,056)	(58,787)	(15,437)	181,683
Fund balance beginning of year	1,197,407	47,239	986,011	742,176	398,462	3,371,295
Fund balance end of year	\$ 847,892	783,717	854,955	683,389	383,025	3,552,978

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds (page 21) \$ 181,683

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

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

Capital expenditures	\$ 1,767,200	
Depreciation expense	(535,434)	1,231,766

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. 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.

Issued	(1,145,000)	
Repaid	995,000	(150,000)

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

5,547

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

Early retirement	90,000	
Compensated absences	(1,356)	
Net OPEB liability	(51,804)	36,840

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.

32,571

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis.

(8,963)

Changes in net assets of governmental activities (page 18)

\$ 1,329,444

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2009

	Business Type	
	Activities:	Governmental
	Enterprise	Activities:
	Fund	Internal
	School	Service
	Nutrition	Fund
ASSETS		
Cash and cash equivalents	\$ 49,727	0
Accounts receivable	0	1,085
Inventories	43,310	0
Due from other governments	4,000	0
Capital assets, net of accumulated depreciation	333,925	0
TOTAL ASSETS	430,962	1,085
LIABILITIES		
Excess of warrants issued over bank balance	0	792
Salaries and benefits payable	4,000	0
Unearned revenue	8,714	0
Net OPEB liability	196	0
TOTAL LIABILITES	12,910	792
NET ASSETS		
Invested in capital assets	333,925	0
Unrestricted	84,127	293
TOTAL NET ASSETS	\$ 418,052	293

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 524,134	1,729,179
Other local revenue	1,458	0
TOTAL OPERATING REVENUES	<u>525,592</u>	<u>1,729,179</u>
OPERATING EXPENSES:		
Support services:		
Student:		
Salaries	3,500	0
Benefits	500	0
Administration:		
Benefits	0	1,738,189
Services	958	0
Supplies	3,363	0
	<u>8,321</u>	<u>1,738,189</u>
Non-instructional programs:		
Food service operations:		
Salaries	332,409	0
Benefits	60,810	0
Services	4,964	0
Supplies	356,192	0
Depreciation	34,305	0
Other	81	0
	<u>788,761</u>	<u>0</u>
TOTAL OPERATING EXPENSES	<u>797,082</u>	<u>1,738,189</u>
OPERATING LOSS	<u>(271,490)</u>	<u>(9,010)</u>
NON-OPERATING REVENUES:		
Interest income	248	47
State sources	7,517	0
Federal sources	253,852	0
TOTAL NON-OPERATING REVENUES	<u>261,617</u>	<u>47</u>
Changes in net assets before capital contributions	(9,873)	(8,963)
Capital Contributions	<u>217,322</u>	<u>0</u>
Changes in net assets	207,449	(8,963)
Net assets at beginning of year	<u>210,603</u>	<u>9,256</u>
Net assets end of year	<u>\$ 418,052</u>	<u>293</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	Business Type Activities: Enterprise Fund	Governmental Activites: Internal Service Fund
	School Nutrition	Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 525,514	0
Cash received from miscellaneous operating activities	1,458	1,728,094
Cash payments to employees for services	(393,023)	0
Cash payments to suppliers for goods or services	(319,002)	(1,738,189)
Net cash used in operating activities	(185,053)	(10,095)
Cash flows from non-capital financing activities:		
State grants received	7,517	0
Federal grants received	194,233	0
Net cash provided by non-capital financing activities	201,750	0
Cash flows from capital financing activities:		
Purchase of assets	(8,545)	0
Cash flows from investing activities:		
Interest on investments	248	47
Net increase(decrease) in cash and cash equivalents	8,400	(10,048)
Cash and cash equivalents at beginning of year	41,327	9,256
Cash and cash equivalents at end of year	\$ 49,727	(792)
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (271,490)	(9,010)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	57,123	0
Depreciation	34,305	0
Increase in inventories	(10,567)	0
Increase in accounts receivable	0	(1,085)
Increase in salaries and benefits payable	4,000	0
Increase in unearned revenue	1,380	0
Increase in OPEB liability	196	0
Net cash used in operating activities	\$ (185,053)	(10,095)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:		
Current assets:		
Cash and pooled investments	\$ 49,727	(792)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received federal commodities valued at \$57,123.

During the year ended June 30, 2009, the Nutrition Fund received \$217,322 in contributed capital from the Capital Projects Fund.

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2009

	Private Purpose Trust	
	Scholarship Fund	Agency Fund
ASSETS		
Cash and pooled investments	\$ 314,862	52,922
LIABILITIES		
Due to other groups	0	52,922
NET ASSETS		
Reserved for scholarships	\$ 314,862	0

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2009

	Private Purpose Trust
	Scholarship Fund
Additions:	
Local sources:	
Gifts and contributions	\$ 1,100
Interest income	9,065
Total additions	10,165
 Deductions:	
Support Services:	
Administration:	
Scholarships awarded	6,100
Total deductions	6,100
 Change in net assets	4,065
 Net assets beginning of year	310,797
 Net assets end of year	\$ 314,862

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) **Summary of Significant Accounting Policies**

The Central Community Schools of Clinton County is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. 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 City of DeWitt, Iowa, and the predominate agricultural territory in Clinton County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Central Community Schools of Clinton County 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 Central Community Schools of Clinton County has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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 attributable to the acquisition, construction, or improvement of those assets.

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

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 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 Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other 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.

The Physical Plant and Equipment Levy Fund is utilized to account for major equipment purchases and capital improvements.

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

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

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the District's self-funded dental insurance plan.

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

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

Property Tax Receivable - Property tax in the governmental funds 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 Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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

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

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

Salaries and Benefits Payable - Payroll and related expenditures for contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

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 in 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.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected in the Statement of Net Assets in the Proprietary, School Nutrition Fund.

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 government-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, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Fund 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 government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or 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, 2009, expenditures in the instruction and non-instructional functional areas exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 284,613</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 rated Aaa by Moody's Investors Service.

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

The detail of interfund receivables and payables at June 30, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 324,264
Debt Service	Special Revenue: Physical Plant and Equipment Levy	15,890
Special Revenue: Physical Plant and Equipment Levy	Special Revenue: Management Levy	24,278
General	Special Revenue, Physical Plant and Equipment Levy	<u>104,000</u>
Total		<u>\$ 468,432</u>

(4) Transfers

The detail of transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Sinking	Capital Projects	\$ 634,037
Debt Service	Special Revenue: Physical Plant and Equipment Levy	25,886
General	Special Revenue: Activity Fund	10,000
Total		<u>\$ 669,923</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, 2009 is 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	\$ 661,178	590,037	0	1,251,215
Construction in progress	1,300,019	974,973	2,231,056	43,936
Total capital assets not being depreciated	<u>1,961,197</u>	<u>1,565,010</u>	<u>2,231,056</u>	<u>1,295,151</u>
Capital assets being depreciated:				
Buildings	14,739,388	2,356,056	0	17,095,444
Land improvements	622,797	24,600	0	647,397
Machinery and equipment	2,168,345	52,590	0	2,220,935
Total capital assets being depreciated	<u>17,530,530</u>	<u>2,433,246</u>	<u>0</u>	<u>19,963,776</u>
Less accumulated depreciation for:				
Buildings	5,638,284	398,167	0	6,036,451
Land improvements	334,618	42,181	0	376,799
Machinery and equipment	1,583,432	95,086	0	1,678,518
Total accumulated depreciation	<u>7,556,334</u>	<u>535,434</u>	<u>0</u>	<u>8,091,768</u>
Total capital assets being depreciated, net	<u>9,974,196</u>	<u>1,897,812</u>	<u>0</u>	<u>11,872,008</u>
Governmental activities capital assets, net	<u>\$ 11,935,393</u>	<u>3,462,822</u>	<u>2,231,056</u>	<u>13,167,159</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 385,838	225,867	108,203	503,502
Less accumulated depreciation	243,475	34,305	108,203	169,577
Business type activities capital assets, net	\$ 142,363	191,562	0	333,925

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 26,952
Support services:		
Instructional staff		278
Operation and maintenance of plant		5,484
Transportation		62,372
		<u>95,086</u>
Unallocated depreciation		440,348
		<u>535,434</u>
Total governmental activities depreciation expense		\$ 535,434
Business type activities:		
Food service		\$ 34,305

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 780,000	0	385,000	395,000	395,000
Revenue bonds	2,250,000	0	610,000	1,640,000	310,000
Capital loan notes	0	1,145,000	0	1,145,000	215,000
Early retirement	180,000	0	90,000	90,000	90,000
Compensated absences	4,524	5,880	4,524	5,880	5,880
Net OPEB Liability	0	51,804	0	51,804	0
Total governmental activities	\$ 3,214,524	1,202,684	1,089,524	3,327,684	1,015,880
Business type activities:					
Net OPEB Liability	\$ 0	196	0	196	0

General Obligation Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rate	Bond issue of August 1, 2001		
		Principal	Interest	Total
2010	3.250 %	\$ 395,000	12,844	407,844

Revenue Bonds Payable

Details of the District's June 30, 2009 revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of August 1, 2001				Bond issue of June 25, 2008				Total		
	Interest Rate	Principal	Interest	Total	Interest Rate	Principal	Interest	Total	Principal	Interest	Debt Total
2010	4.400 %	\$ 310,000	37,085	347,085	2.600 %	\$ 0	10,234	0	\$ 310,000	47,319	357,319
2011	4.500	325,000	22,952	347,952	2.950	325,000	15,674	340,674	650,000	38,626	688,626
2012	4.600	340,000	7,820	347,820	3.200	340,000	5,440	345,440	680,000	13,260	693,260
Total		\$ 975,000	67,857	1,042,857		\$ 665,000	31,348	686,114	\$ 1,640,000	99,205	1,739,205

The District has pledged future statewide sales and services tax revenues to repay the \$2,815,000 bonds issued in August of 2001 and the \$975,000 bonds issued in June of 2009 for the purposes of an addition to Ekstrand Elementary and a high school construction project. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2012. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales and services tax revenues. The total principal and interest remaining on the notes are \$1,042,857 and \$686,114, respectively. For the current year, \$350,280 of principal and interest was paid on the bonds issued in August of 2001. There was \$334,497 in principal and interest was paid on the bonds issued in June 2009. Total statewide sales and services tax revenues for the year were \$1,255,436.

Capital Loan Notes

The District issued capital loan notes for the purpose of purchasing 72.79 acres of land and later development. Details of the District's June 30, 2009 capital loan notes indebtedness is as follows:

Year Ending June 30,	Dewitt Bank & Trust Notes issued on September 17, 2008				First Central State Bank Notes issued on September 17, 2008				Total		
	Interest Rate	Principal	Interest	Total	Interest Rate	Principal	Interest	Total	Principal	Interest	Debt Total
2010	4.078 %	\$ 215,000	16,357	231,357	4.078 %	\$ 0	26,090	26,090	\$ 215,000	42,447	257,447
2011	4.078	0	9,048	9,048	4.078	220,000	26,120	246,120	220,000	35,168	255,168
2012	4.078	0	9,048	9,048	4.078	230,000	18,310	248,310	230,000	27,358	257,358
2013	4.078	235,000	9,047	244,047	4.078	0	9,800	9,800	235,000	18,847	253,847
2014	4.078	0	0	0	4.078	245,000	9,800	254,800	245,000	9,800	254,800
Total		\$ 450,000	43,500	493,500		\$ 695,000	90,120	785,120	\$ 1,145,000	133,620	1,278,620

Early Retirement

The District determines to offer early retirement on a yearly basis. The purpose of this Plan is to provide the District's employees with options and opportunities for early retirement from their employment with the District. The requirements for early retirement is: 1) they have completed 25 years of full time contracted service with the District, 2) they will attain the age of at least 55 at the time of application and 3) the early retirement application has to be submitted by a date determined by the board.

Compensated Absences

The District has a compensated absence liability for its office employees. Compensated absences are accrued as a liability as the benefits are earned by the employees. Leave is attributable to past service and the District compensates the employees with approved leave.

(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 4.10% of their annual covered salary and the District is required to contribute 6.35% of its annual covered payroll for the years ended June 30, 2009, 2008, and 2007. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$536,299, \$485,056, and \$444,922, respectively, equal to the required contributions for each year.

(8) Risk Management

The District has a self-funded dental insurance plan. Total out of pocket expense per participant is \$1,000. Settle claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That balance was \$293 at June 30, 2009.

The Central Community Schools of Clinton County is exposed to various risks to 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$562,122 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Other Postemployment Benefits

The District implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description - The District operates a single employer retiree benefit plan which includes medical and prescription drug benefits for retirees and their spouses. There are 237 active and 15 retirees in the plan. Participants must be age 55 or older at retirement.

The medical and prescription drug coverage is provided through a fully insured plan with Wellmark. Retirees under the age of 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution(ARC) of the District, an amount actuarially determined in accordance with GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 99,000
Contributions made	(47,000)
Increase in net OPEB obligation	<u>52,000</u>
Net OPEB obligation, at beginning of year	<u>0</u>
Net OPEB obligation, at end of year	<u>\$ 52,000</u>

For the calculation of the net OPEB obligation, the actuary has set the transition as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the District contributed \$47,000 to the medical plan. Plan members eligible for benefits contributed \$108,000 or 69.68% of the premium cost.

The District's annual OPEB cost, the percentage of the OPEB cost contributed to the plan and the net OPEB obligation as June 30, 2009 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 99,000	30.32%	\$ 52,000

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$930,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability(UAAL)of \$930,000. The annual covered payroll (annual payroll of the active employees covered by the plan) was approximately \$7,268,067 the ratio of the UAAL to covered payroll was 12.80%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding process, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the include techniques designed to the effects of short-term volatility in actuarial perspective of the calculations.

As of July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption include a 4.5% discount rate and is based on the long-term investment yield on the investments used to finance the payments of the benefits. The annual medical trend rate is 11%. The medical trend rate is reduced by 0.5% each year until reaching 5% in 2021.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on gender specific basis. Annual retirement and termination probabilities were developed from retirement probabilities from the IPERS Actuarial Report as June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$370 per month for retirees less than age 65 and \$926 for those who have attained age 65. The salary increase was assumed to be 3.5% per year.

The UAAL is amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2009, expenditures in the instruction and non-instructional functions exceeded the amount budgeted.

(12) Categorical Funding

The District's ending balance for categorical funding by project as of the year ended June 30, 2009, are as follows:

Project	Amount
Home School Assistance Program	\$ 1,664
Talented and gifted	21,579
Beginning teacher mentoring and induction program	1,247
Additional Teacher Contract Day	3,061
Additional Salary/Professional Development	374
Market Factor	11,375
Beginning Administrator Mentoring and Induction Program	1,500
Educational excellence program - Phase II	489
Iowa early intervention block grant	4,041
Professional development for model core curriculum	8,910
Professional development	6,204
Market factor incentives	8,237
Total	<u>\$ 68,681</u>

(13) Construction Commitments

The District has entered into various contracts for the construction of a vocational education building and athletic complex. As of June 30, 2009, costs of \$10,521 in architect fees for the vocational educational building and \$33,415 in architect fees for the athletic complex had been incurred against the contracts. The total cost of the new vocational educational building and the new athletic complex will be added to the District's fixed asset listing upon completion.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2009

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type				Actual
	Actual	Actual		Original	Final	Variance
Revenues:						
Local	\$ 7,587,092	525,840	8,112,932	7,881,814	7,881,814	231,118
Intermediate	5,270	0	5,270	0	0	5,270
State	7,936,143	7,517	7,943,660	8,084,625	8,084,625	(140,965)
Federal	460,441	253,852	714,293	501,764	501,764	212,529
Total revenues	<u>15,988,946</u>	<u>787,209</u>	<u>16,776,155</u>	<u>16,468,203</u>	<u>16,468,203</u>	<u>307,952</u>
Expenditures/expenses:						
Instruction	9,555,950	0	9,555,950	9,016,895	9,500,000	(55,950)
Support services	4,316,422	8,321	4,324,743	4,444,475	4,750,000	425,257
Non-instructional programs	35,589	788,761	824,350	735,000	745,000	(79,350)
Other expenditures	3,247,531	0	3,247,531	2,728,385	3,300,000	52,469
Total expenditures/expenses	<u>17,155,492</u>	<u>797,082</u>	<u>17,952,574</u>	<u>16,924,755</u>	<u>18,295,000</u>	<u>342,426</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	(1,166,546)	(9,873)	(1,176,419)	(456,552)	(1,826,797)	650,378
Other financing sources, net	1,348,229	217,322	1,565,551	1,500	1,500	1,564,051
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	181,683	207,449	389,132	(455,052)	(1,825,297)	2,214,429
Balance beginning of year	3,371,295	210,603	3,581,898	1,794,411	1,794,411	1,787,487
Balance end of year	<u>\$ 3,552,978</u>	<u>418,052</u>	<u>3,971,030</u>	<u>1,339,359</u>	<u>(30,886)</u>	<u>4,001,916</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison 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 the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted two budget amendment increasing budget expenditures by \$1,370,245.

During the year ended June 30, 2009, expenditures in the instruction and non-instructional programs functional areas exceeded the amount budgeted.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 (In Thousands)
 REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UUAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [[b-a]/c]
July 1, 2008	\$ 0	930	930	0.00%	\$ 7,268	12.80%

See Note 10 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2009

	<u>Nonmajor Special Revenue Funds</u>		
	Manage- ment Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 321,685	69,678	391,363
Receivables:			
Property tax:			
Current year delinquent	2,783	0	2,783
Succeeding year	199,998	0	199,998
Accounts	0	14,186	14,186
Due from other governments	396	130	526
TOTAL ASSETS	<u>\$ 524,862</u>	<u>83,994</u>	<u>608,856</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund payable	\$ 24,278	0	24,278
Accounts payable	0	1,555	1,555
Deferred revenue:			
Succeeding year property tax	199,998	0	199,998
Total liabilities	<u>224,276</u>	<u>1,555</u>	<u>225,831</u>
Fund balances:			
Unreserved	<u>300,586</u>	<u>82,439</u>	<u>383,025</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 524,862</u>	<u>83,994</u>	<u>608,856</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2009

	Nonmajor Special Revenue Funds		
	Manage- ment Levy	Student Activity	Total
REVENUES:			
Local:			
Local tax	\$ 197,583	0	197,583
Other	27,292	327,719	355,011
State	127	0	127
TOTAL REVENUES	<u>225,002</u>	<u>327,719</u>	<u>552,721</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	116,876	0	116,876
Other	0	291,975	291,975
Support services:			
Student	1,629	0	1,629
Instructional staff	882	1,235	2,117
Administration	11,756	1,468	13,224
Operation and maintenance of plant	103,192	0	103,192
Transportation	27,616	0	27,616
Non-instructional:			
Food service and community service operations	1,529	0	1,529
TOTAL EXPENDITURES	<u>263,480</u>	<u>294,678</u>	<u>558,158</u>
Excess(deficiency) of revenues over(under) expenditures	(38,478)	33,041	(5,437)
OTHER FINANCING USES:			
Transfer out	0	(10,000)	(10,000)
Net change in fund balances	(38,478)	23,041	(15,437)
Fund balances beginning of year	339,064	59,398	398,462
Fund balances end of year	<u>\$ 300,586</u>	<u>82,439</u>	<u>383,025</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Activity tickets	\$ 165	30,878	28,130	2,913
Interest	1,470	171	420	1,221
MS drama	198	222	0	420
MS vocal music	3,845	897	0	4,742
MS instrumental music	541	228	699	70
MS general athletics	37	94	0	131
MS boys basketball	17	113	0	130
MS boys football	1,974	3,015	4,989	0
MS boys track	60	92	0	152
MS cross country	96	0	55	41
MS boys wrestling	204	0	204	0
MS girls basketball	110	885	995	0
MS girls volleyball	393	1,004	1,273	124
MS girls track	119	0	119	0
MS yearbook	1,930	0	512	1,418
MS student building project	470	0	53	417
MS concessions	6,737	7,517	6,060	8,194
D.A.R.E.	314	0	0	314
MS student council	1,371	3,550	3,204	1,717
HS drama	8,203	724	49	8,878
HS speech	416	111	353	174
HS vocal music	3,416	5,730	4,730	4,416
HS instrumental music	7,482	46,537	37,395	16,624
HS musicals	4,650	831	373	5,108
HS general athletics	231	19,409	20,156	(516)
HS boys basketball	2,757	0	2,749	8
HS boys football	648	31,411	31,977	82
HS boys soccer	(5)	5,062	5,057	0
HS boys baseball	(177)	18,304	16,709	1,418
HS boys track	(43)	19,028	14,338	4,647
HS cross country	39	2,004	1,623	420
HS boys golf	49	1,085	1,134	0
HS boys wrestling	122	9,901	8,310	1,713
HS girls basketball	113	6,212	6,163	162
HS girls volleyball	140	2,303	2,443	0
HS girls soccer	63	3,040	3,073	30
HS girls softball	1,158	9,731	6,045	4,844
HS girls track	100	8,865	7,003	1,962
HS girls golf	59	140	199	0
HS yearbook	(7,394)	21,949	23,081	(8,526)
HS newspaper	(24)	250	223	3

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
HS Concessions	0	3,118	3,118	0
HS cheerleading	549	660	310	899
HS central sensations dance	948	1,144	1,958	134
HS FFA	2,082	25,677	24,075	3,684
HS food production	(141)	457	537	(221)
HS national honor society	4,099	2,837	3,114	3,822
HS student council	5,516	5,411	6,540	4,387
HS SADD	767	0	0	767
HS class of 2009	1,120	128	1,248	0
HS class of 2010	489	13,881	12,307	2,063
HS class of 2011	149	459	16	592
HS class of 2012	0	130	36	94
Publications trip	43	0	0	43
Ekstrand special olympics	1,125	2,234	1,884	1,475
Ekstrand student council	598	2,992	2,342	1,248
Ekstrand resale	0	7,298	7,297	1
Total	\$ 59,398	327,719	304,678	82,439

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2009

	Debt Service Fund		
	Debt Service	Debt Sinking	Total
ASSETS			
Cash and pooled investments	\$ (321,213)	658,716	337,503
Receivables:			
Property tax:			
Current year delinquent	5,732	0	5,732
Succeeding year	408,145	0	408,145
Interfund	340,154	0	340,154
TOTAL ASSETS	\$ 432,818	658,716	1,091,534
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 408,145	0	408,145
Total liabilities	408,145	0	408,145
Fund balances:			
Reserved for debt service	24,673	658,716	683,389
Total fund balances	24,673	658,716	683,389
TOTAL LIABILITIES AND FUND BALANCES	\$ 432,818	658,716	1,091,534

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DEBT SERVICES FUNDS
 YEAR ENDED JUNE 30, 2009

	Debt Service Fund		
	Debt Service	Debt Sinking	Total
REVENUES:			
Local sources:			
Local tax	\$ 410,031	0	410,031
Other	478	709	1,187
State sources	259	0	259
TOTAL REVENUES	<u>410,768</u>	<u>709</u>	<u>411,477</u>
EXPENDITURES:			
Current:			
Other expenditures:			
Long-term debt:			
Principal	385,000	610,000	995,000
Interest and fiscal charges	55,904	79,283	135,187
TOTAL EXPENDITURES	<u>440,904</u>	<u>689,283</u>	<u>1,130,187</u>
Deficiency of revenues under expenditures	(30,136)	(688,574)	(718,710)
Other financing sources:			
Transfers in	25,886	634,037	659,923
Net change in fund balances	(4,250)	(54,537)	(58,787)
Fund balance beginning of year	28,923	713,253	742,176
Fund balance end of year	<u>\$ 24,673</u>	<u>658,716</u>	<u>683,389</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2009

	Private Purpose Trust - Scholarship Fund		
	Paarmann Scholarship	Hilbert Scholarship	Total
ASSETS			
Cash and pooled investments	\$ 100,976	213,886	314,862
LIABILITIES			
	0	0	0
NET ASSETS			
Reserved for scholarships	\$ 100,976	213,886	314,862

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2009

	Private Purpose Trust - Scholarship Fund				
	Paarmann	Hilbert	Barnes	Student Council	Total
	Scholarship	Scholarship	Scholarship	Scholarship	
Additions:					
Local sources:					
Interest income	\$ 3,061	6,004	0	0	9,065
Gifts and Contributions	0	0	500	600	1,100
Total additions	3,061	6,004	500	600	10,165
Deductions:					
Support services:					
Administration:					
Scholarships awarded	5,000	0	500	600	6,100
Changes in net assets	(1,939)	6,004	0	0	4,065
Net assets beginning of year	102,915	207,882	0	0	310,797
Net assets end of year	\$ 100,976	213,886	0	0	314,862

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2009

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 53,257	123,534	123,869	52,922
Accounts receivable	3,056	0	3,056	0
	<u>\$ 56,313</u>	<u>123,534</u>	<u>126,925</u>	<u>52,922</u>
LIABILITIES				
Due to other groups	\$ 56,313	123,534	126,925	52,922
	<u>\$ 56,313</u>	<u>123,534</u>	<u>126,925</u>	<u>52,922</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	Years Ended June 30,					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 6,540,849	6,375,125	6,219,477	5,481,937	5,446,878	5,482,019
Tuition	338,835	406,013	360,671	371,388	370,479	423,082
Other	707,408	777,642	839,859	756,758	628,988	742,359
Intermediate sources	5,270	2,829	8,321	3,332	6,847	923
State sources	7,936,143	7,620,385	7,336,027	7,203,485	7,095,910	6,855,614
Federal sources	460,441	315,295	270,098	279,964	328,961	381,623
Total	\$ 15,988,946	15,497,289	15,034,453	14,096,864	13,878,063	13,885,620
Expenditures:						
Instruction:						
Regular	\$ 7,963,842	7,338,551	5,084,403	4,758,348	4,844,291	4,895,670
Special	410,219	396,363	1,942,885	1,884,306	2,194,872	2,258,272
Other support	1,181,889	1,222,816	1,480,076	1,510,257	1,086,120	1,121,948
Support services:						
Student	551,367	570,702	586,018	508,169	523,889	511,424
Instructional staff	366,611	407,089	449,007	422,505	397,983	398,076
Administration	1,438,273	1,407,794	1,296,742	1,285,114	1,409,492	1,328,615
Operation and maintenance of plant	1,241,495	1,131,053	1,031,531	1,014,598	969,635	879,635
Transportation	718,676	842,314	643,292	867,954	651,042	621,878
Other support	0	0	0	0	0	85,835
Non-instructional	35,589	64,977	0	8,341	1,136	6,516
Other expenditures:						
Facilities acquisitions	1,555,222	1,589,624	3,103,586	569,556	361,492	179,475
Long-term debt:						
Principal	995,000	650,000	630,000	600,000	575,000	550,000
Interest and fiscal charges	135,187	108,327	134,389	159,723	182,884	205,115
AEA flow-through	562,122	531,547	510,131	481,919	473,224	472,520
Total	\$ 17,155,492	16,261,157	16,892,060	14,070,790	13,671,060	13,514,979

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 09	\$ 28,452
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 09	221,400
			<u>249,852</u>
TEAM NUTRITION GRANT	10.574	FY 09	<u>4,000</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES			
	84.010	1082-G	113,422
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 09	11,015
			<u>124,437</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 09	<u>7,806</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 08	282
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 09	4,082
			<u>4,364</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 09	<u>51,234</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 09	<u>6,841</u>
ARRA - STATE FISCAL STABILIZATION FUNDS (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 09	<u>126,729</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)			
	84.027	FY 09	85,651
ARRA - SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 09	45,245
			<u>130,896</u>
TOTAL			<u>\$ 706,159</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Central Community Schools of Clinton County 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 amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

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(a professional corporation)

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

To the Board of Education of the
Central Community Schools of Clinton County:

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 Central Community Schools of Clinton County as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 27, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-09 is a material weakness.

Compliance and Other Matters

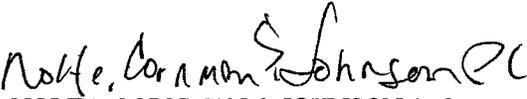
As part of obtaining reasonable assurance about whether Central Community Schools of Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community Schools of Clinton County and other parties to whom Central Community Schools of Clinton County 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 Central Community Schools of Clinton County 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.


NOLTE, CORNMAN & JOHNSON, P.C.

January 27, 2010

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Telephone (641) 792-1910

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

To the Board of Education of
Central Community Schools of Clinton County:

Compliance

We have audited the compliance of Central Community Schools of Clinton County with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Central Community Schools of Clinton County'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 Central Community Schools of Clinton County's management. Our responsibility is to express an opinion on Central Community Schools of Clinton County's compliance based on our audit.

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

In our opinion, Central Community Schools of Clinton County 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, 2009.

Internal Control Over Compliance

The management of Central Community Schools of Clinton County 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 Central Community Schools of Clinton County'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 Central Community Schools of Clinton County's internal control over compliance.

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 District'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 a material weaknesses, as defined below.

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

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community Schools of Clinton County and other parties to whom Central Community Schools of Clinton County 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.


NOLTE, CORNMAN & JOHNSON, P.C.

January 27, 2010

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund-(SFSF) -
 - Education State Grants, Recovery Act

 - Clustered Programs:
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 - ARRA - Title I Grants to Local Education Agencies, Recovery Act

 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Central Community Schools of Clinton County did not qualify as a low-risk auditee.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person in the Student Activity fund.

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

Response - We will be reviewing the various job responsibilities in relation to the financial functions and try to separate similar related responsibilities.

Conclusion - Response Accepted.

CONTROL DEFICIENCIES:

II-B-09 Scholarship Awards - We noted that when scholarships were awarded to the student from the trust fund the check was being written directly to the student.

Recommendation - A better practice would be for the District to write the check to the individual and the college/university the student is attending once the student has supplied proof of attendance to the District.

Response - We have already implemented new procedures and are only issuing the scholarship awards to the educational institution the recipient is attending.

Conclusion - Response Accepted.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were noted.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - District expenditures for the year ended June 30, 2009 exceeded the amount budgeted in the instruction and non-instructional functions.

Recommendation - The 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 - We will try to identify these areas before we exceed the budgeted amounts. The function areas are being exceeded by the accrual amounts for the summer. During the year, the functional area totals are monitored very closely.

Conclusion - Response Accepted.

IV-B-09 Questionable Disbursements - We noted during our audit that the District purchased "gas cards" as incentives or prizes for fundraisers. The student had the option of taking a gift or a gas card for a prize. Gift or gas cards do not appear to meet the definition of public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make the necessary adjustments to comply.

Response - The gift cards were brought to our attention. We have now implemented procedures to avoid conflict with the public purpose.

Conclusion - Response Accepted.

IV-C-09 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-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Bill Bauman, coach Owner of Sports Apparel	Sports supplies	\$5,087
Madonna Schlotfeldt, food service	Cakes for reception	\$151
Bev Boussetot, teacher Spouse is co-owner of Scott Drugstore	Film and supplies	\$116
Rodney Wold, bus driver Owner of Wold's Petro Shop	Tire repairs	\$22

In accordance with the Attorney General's opinion dated November 9, 1976, above transactions with the spouse of the District's employee does not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the owners of businesses do not appear to represent a conflict of interest.

IV-E-09 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-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-09 Certified Enrollment - The number of basic enrolled students reported to the Iowa Department of Education on line 1 of the Certified Enrollment Certification Form for October 2008 was understated by .1 students. This resulted in understating the total actual enrollment at line 7 by .1 student.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The .1 student discrepancy was a competent private instruction student. There was some confusion in the classification and identification. We will verify those numbers more closely in the future.

Conclusion - Response Accepted.

IV-H-09 Deposits and Investments - We noted 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.

IV-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-J-09 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-K-09 Statewide Sales and Service Tax - During our audit, there was no instances of non-compliance noted with the use of the statewide sales and services tax revenue provisions Chapter 423F.3 of the Code of Iowa.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales services tax are as follows:

Beginning Balance		\$	0
Statewide sales and services tax revenue			<u>1,255,436</u>
Expenditures/transfers out:			
School infrastructures:			
Buildings	\$621,399		
Debt service for school infrastructure:			
Revenue bond debt	<u>634,037</u>		<u>1,255,436</u>
Ending Balance		\$	<u><u>0</u></u>

IV-L-09 Physical Plant and Equipment Levy (PPEL) - We noted during our audit that the District bought new furniture from the PPEL fund, which was less than \$500 per single unit. According to Chapter 298.3 of the Code of Iowa, PPEL monies may be used for a purchase of a single unit of equipment exceeding \$500 per unit.

Recommendation - The District should review their procedures to ensure that purchases made from these funds are in compliance with Chapter 298.3 of the Code of Iowa.

Response - All expenditures in this fund will be reviewed as to their compliance with the requirements in PPEL.

Conclusion - Response Accepted.

IV-M-09 Financial Condition -The District has three deficit account balances in the Special Revenue, Student Activity Fund totaling \$9,263.

Recommendation -The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts. The District should investigate alternatives to eliminate these deficit balances.

Response – We have met with supervisors/administrators in control of these funds and they are working to bring the accounts to a positive balance.

Conclusion - Response Accepted.

IV-N-09 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

There are Interest accounts. These accounts should be allocated among the Student Activity Funds that earned the interest. This allocation should be done at least annually.

During our audit, we noted that there were Box Tops donations being receipted into the Ekstrand Student Council account. Donations given to a school should be expended according to the donor's request in the fund that can legally expend the donation. According to information contained on the website for Box Tops, the donation can be used for items such as books, computers, or playground equipment. Currently, the District records the Box Top donations in the Student Activity Fund. Since the items listed for purchase with Box Tops donations are more instructional in nature, the most appropriate place to record these donations would be in the General Fund.

Response – We will be monitoring the revenues and expenditures in the various accounts to insure they are in compliance with Code and regulations. We have reviewed the Box Top donations and will be continuing to deposit those in the Activity Fund to be used for purposes authorized by that fund. The Board of Directors has passed a board motion, authorizing this transaction.

In the past, we have taken the stand that the interest earned in the activity fund is money to be used for the good of all as determined by the Board of Directors. We would prefer not to distribute the interest to all of the various accounts. Interest earnings in the Activity Fund do not accumulate as in the past, therefore, distributing it to all the various accounts, would not allow for any significant amount to be added to any one account.

Conclusion - Response acknowledged. The interest earned is a result of the Student Activity accounts that have balances. Logically, the earnings should be allocated to those clubs and organizations. We suggest the District allocate interest at least on an annual basis.