

**CLINTON COMMUNITY SCHOOL DISTRICT**  
Clinton, Iowa

**FINANCIAL STATEMENTS**  
June 30, 2009

**CLINTON COMMUNITY SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>OFFICIALS</b> .....	1
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	4
<b>BASIC FINANCIAL STATEMENTS</b> .....	14

**Exhibit**

Government-wide Financial Statements:		
Statement of Net Assets.....	A	15
Statement of Activities.....	B	16
Governmental Fund Financial Statements:		
Balance Sheet.....	C	18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets.....	D	19
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	E	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	F	22
Proprietary Fund Financial Statements:		
Statement of Net Assets.....	G	23
Statement of Revenues, Expenses, and Changes in Net Assets.....	H	24
Statement of Cash Flows.....	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets.....	J	28
Statement of Changes in Fiduciary Net Assets.....	K	29
Notes to Financial Statements.....		30
<b>REQUIRED SUPPLEMENTAL INFORMATION</b> .....		47

Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds.....		48
Note to Required Supplemental Information - Budgetary Reporting.....		49
Schedule of Funding Progress for the Retiree Health Plan.....		50

<b>OTHER SUPPLEMENTAL INFORMATION</b> .....		51
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**Schedule**

Nonmajor Funds:		
Combining Balance Sheet.....	1	52
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit).....	2	53
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund.....	3	55
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types.....	4	56

CLINTON COMMUNITY SCHOOL DISTRICT

TABLE OF CONTENTS

(Continued)

	PAGE
<b>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.....</b>	57
<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....</b>	59
Schedule of Expenditures of Federal Awards.....	61
Schedule of Findings and Questioned Costs.....	62
Summary Schedule of Prior Federal Audit Findings.....	68

CLINTON COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term</u>
<b>Board of Education (Before September 2008 Election)</b>		
James Tuisi	President	September 2008
Dave Frett	Vice President	September 2008
Thea Engelson	Board Member	September 2009
Wendy Krajnovich	Board Member	September 2009
Mercia Wolf	Board Member	September 2009
Joani Kittoe	Board Member	September 2010
Stephen Teney	Board Member	September 2010

<b>Board of Education (After September 2008 Election)</b>		
Thea Engelson	President	September 2009
Wendy Krajnovich	Vice President	September 2009
Mercia Wolf	Board Member	September 2009
Joani Kittoe	Board Member	September 2011
Steve Luett	Board Member	September 2011
James McGraw	Board Member	September 2011
Stephen Teney	Board Member	September 2011

<b>School Officials</b>		
Dr Richard Basden	Superintendent	Current
Gayle Isaac	District Secretary/Treasurer and Business Manager	February 2010
Jan Culbertson	District Secretary/Treasurer and Business Manager	Current

## Independent Auditor's Report

To the Board of Education  
Clinton Community School District  
Clinton, Iowa

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Clinton Community School District, Clinton, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, business-type activities, each major fund, and the aggregate remaining fund information of Clinton Community School District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2010, on our consideration of Clinton Community School District's internal control over financial reporting and on 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 13 and 48 through 50 are not required parts of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton Community School District's basic financial statements. The financial statements for the years ended June 30, 2008, 2007, 2006, 2005, 2004 and 2003 (which are not presented herein) were audited by other auditors who expressed an unqualified opinion on those financial statements. Other supplemental information included in Schedules 1 through 4, and the schedule of expenditures of federal awards required by U.S. Office of Management and Budget 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.

*Will, Park & Foster, CPA PC*

Clinton, Iowa  
May 24, 2010

**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

As management of the Clinton Community School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the financial statements.

**FINANCIAL HIGHLIGHTS**

- General revenues accounted for \$40.4 million of the government-wide revenue, or 81.5% of all fiscal year 2009 revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$9.2 million or 18.5% of total fiscal year 2009 revenues.
- The District had approximately \$45.4 million in expenses related to governmental activities; of which \$7.3 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$40.4 million provided for the remaining costs of these programs.
- Interest rates decreased slightly from an average monthly yield rate of 3.58% in June 2008 to an average of 2.41% in June 2009.

The following actions were taken by the Board of Education during 2008-09 and impacted the financial position of the district:

1. On October 13, 2008, the County Auditor confirmed that Steven Luett and James McGraw were elected to Director At-Large positions for a period of 3 years.
2. On December 8, 2008, the board agreed to allow the City to utilize the Harding School site for a period of 2 years.
3. January 26, 2009, Director of Finance Gayle Issac reported that the software financial package, Alio, was installed 6 months ago and is now doing well.
4. In January, the board began discussing the financial situation of the district and recommendations were made to make \$600,000 in budget reductions.
5. In January, the decision was made to enter into ISCAP for the second half of the year.
6. February 19, 2009 an athletic booster group proposed a plan for \$1.5 athletic facility improvements in the district. They offered to fund the improvements through fundraising and donations. The project was titled Restoring Royalty.
7. February 2009 the State announced they would only be funding 2% of the proposed 4% allowable growth. For Clinton CSD that would reduce funds by \$660,000.
8. In February, the board decided to move forward with projects to be funded with one cent sales tax revenue: a) air conditioning and heating upgrades for Bluff and Whittier Elementary Schools, b) construct an aquatic center at Central High School, and c) construct a new middle school.
9. The board agreed on new elementary boundaries within the district. Action was taken in March 2009.
10. May 2009, the board agreed to transfer Trust Fund dollars to the Foundation for investment and distribution purposes.

**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains required supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation, and maintenance of plant, student transportation, operation of non-instructional services, and capital construction. The business-type activities of the District include food services.

The government-wide financial statements can be found on pages 15 through 17 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of resources that can be spent, as well as on balances of resources that can be spent, that are available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 19 and 22, respectively.

**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

The District maintains eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Local Option Sales Tax, and Debt Service Funds which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 18 and 20-21 of this report.

**Proprietary funds.** Proprietary funds are used to account for activities that are similar to private business activities. Proprietary funds are reported in the same manner as the government-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provides more detail and additional information, such as cash flows. The District has two enterprise funds: School Nutrition and Student Construction. The District's internal service funds are used to account for health benefits for District employees and print shop activities. The internal service funds are allocated to the governmental activities column on the statement of activities. The basic proprietary fund financial statements can be found on pages 23-27 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 30-46 of this report.

Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as instruction, administration, and building maintenance	Activities the District operates similar to private businesses such as school nutrition and childcare	Activities in which the District administers resources on behalf of someone else, such as scholarships
Required financial statements	Statement of Net Assets  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets  Statement of Revenues, Expenses, and Changes in Net Assets  Statement of Cash Flows	Statement of Fiduciary Net Assets  Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
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 within specified periods after year end; expenditures when goods or services are received and liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A budgetary comparison statement has been provided as required supplemental information.

The required supplemental information can be found on pages 47-50 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$28.3 million as of June 30, 2009.

A portion of the District's net assets (89.3%) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The government-wide statements also include approximately \$12.4 million in long-term liabilities (see Note 6 on pages 38-41), including general obligation bonds, notes, and compensated absences.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition, refinancing and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2009.

Condensed Statement of Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008-2009
Current and other assets	24.5	27.0	1.3	1.2	25.8	28.2	9.3%
Capital assets	31.4	31.2	0.6	0.7	32.0	31.9	-0.3%
<b>Total assets</b>	<b>55.9</b>	<b>58.2</b>	<b>1.9</b>	<b>1.9</b>	<b>57.8</b>	<b>60.1</b>	<b>4.0%</b>
Current and other liabilities	16.8	19.4	0.1	0.0	16.9	19.4	14.8%
Long-term liabilities	15.0	12.4	0.0	0.0	15.0	12.4	-17.3%
<b>Total liabilities</b>	<b>31.8</b>	<b>31.8</b>	<b>0.1</b>	<b>0.0</b>	<b>31.9</b>	<b>31.8</b>	<b>0.3%</b>
Invested in capital assets, net of related debt	22.2	24.5	0.6	0.7	22.8	25.2	10.5%
Restricted	0.1	0.1	0.0	0.0	0.1	0.1	0.0%
Unrestricted	1.9	1.8	1.2	1.2	3.1	3.0	-3.2%
<b>Total net assets</b>	<b>24.2</b>	<b>26.4</b>	<b>1.8</b>	<b>1.9</b>	<b>26.0</b>	<b>28.3</b>	<b>8.8%</b>

Note: totals may not add due to rounding

**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

**Changes in net assets.** The District's total revenues for the fiscal year ended June 30, 2009 were \$49.4 million. The total cost of all programs and services was \$47.1 million. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2009.

**Changes in Net Assets from Operating Results (in millions of dollars)**

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008-2009
<b>Revenues</b>							
Program revenues							
Charges for services	0.7	0.8	0.7	0.7	1.4	1.5	7.1%
Operating grants and contributions	4.4	6.4	1.1	1.1	5.5	7.5	36.4%
General revenues							
Property and mobile home taxes	12.2	11.8	0.0	0.0	12.2	11.8	-3.3%
Local option sales taxes	2.6	3.7	0.0	0.0	2.6	3.7	42.3%
AEA flowthrough	1.6	1.6	0.0	0.0	1.6	1.6	0.0%
Unrestricted investment earnings	0.5	0.3	0.0	0.0	0.5	0.3	-40.0%
Unrestricted state aid	22.3	22.1	0.0	0.0	22.3	22.1	-0.9%
Other	0.1	0.9	0.0	0.0	0.1	0.9	800.0%
<b>Total revenues</b>	<b>44.4</b>	<b>47.6</b>	<b>1.8</b>	<b>1.8</b>	<b>46.2</b>	<b>49.4</b>	<b>6.9%</b>
<b>Expenses</b>							
Instruction	26.6	29.4	0.0	0.0	26.6	29.4	10.5%
Support services							
Student services	2.3	2.3	0.0	0.0	2.3	2.3	0.0%
Instructional staff services	1.2	1.2	0.0	0.0	1.2	1.2	0.0%
Administration services	2.7	2.9	0.0	0.0	2.7	2.9	7.4%
Plant operation and maintenance	3.9	4.1	0.0	0.0	3.9	4.1	5.1%
Student transportation	1.5	1.8	0.0	0.0	1.5	1.8	20.0%
Central support services	1.8	1.5	0.0	0.0	1.8	1.5	-16.7%
Non-instructional programs	0.0	0.0	1.7	1.8	1.7	1.8	5.9%
Other expenditures							
Facilities acquisitions	0.7	0.0	0.0	0.0	0.7	0.0	-100.0%
Long-term debt interest	0.7	0.5	0.0	0.0	0.7	0.5	-28.6%
AEA flow through	1.6	1.6	0.0	0.0	1.6	1.6	0.0%
<b>Total expenses</b>	<b>43.0</b>	<b>45.3</b>	<b>1.7</b>	<b>1.8</b>	<b>44.7</b>	<b>47.1</b>	<b>5.4%</b>
<b>Change in net assets</b>	<b>1.4</b>	<b>2.3</b>	<b>0.1</b>	<b>0.0</b>	<b>1.5</b>	<b>2.3</b>	<b>53.3%</b>
<b>Net assets, beginning of year</b>	<b>22.7</b>	<b>24.1</b>	<b>1.8</b>	<b>1.9</b>	<b>24.5</b>	<b>26.0</b>	<b>6.1%</b>
<b>Net assets, end of year</b>	<b>24.1</b>	<b>26.4</b>	<b>1.9</b>	<b>1.9</b>	<b>26.0</b>	<b>28.3</b>	<b>8.8%</b>

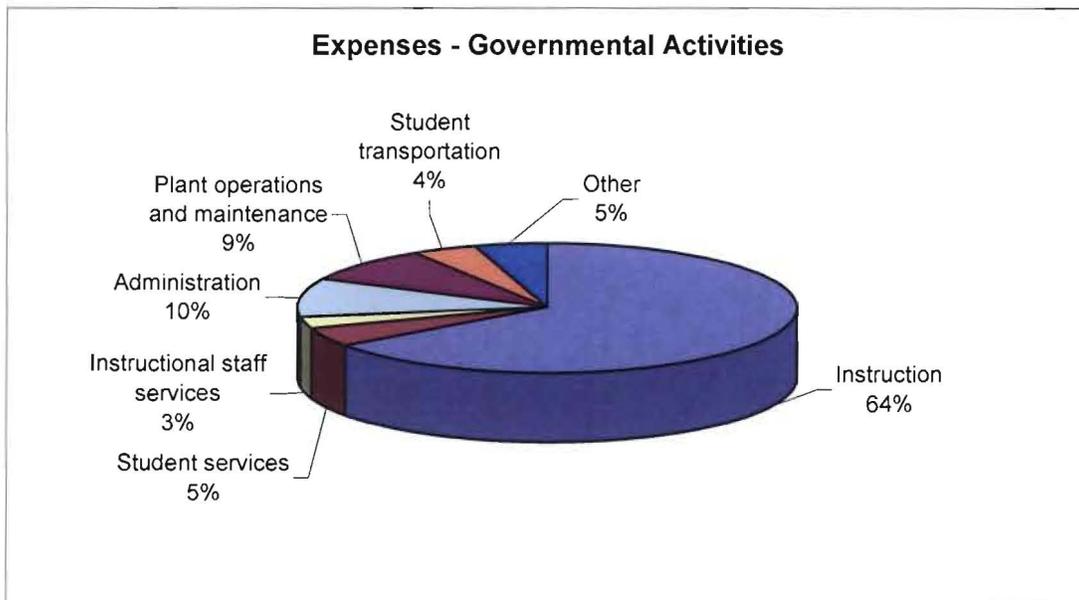
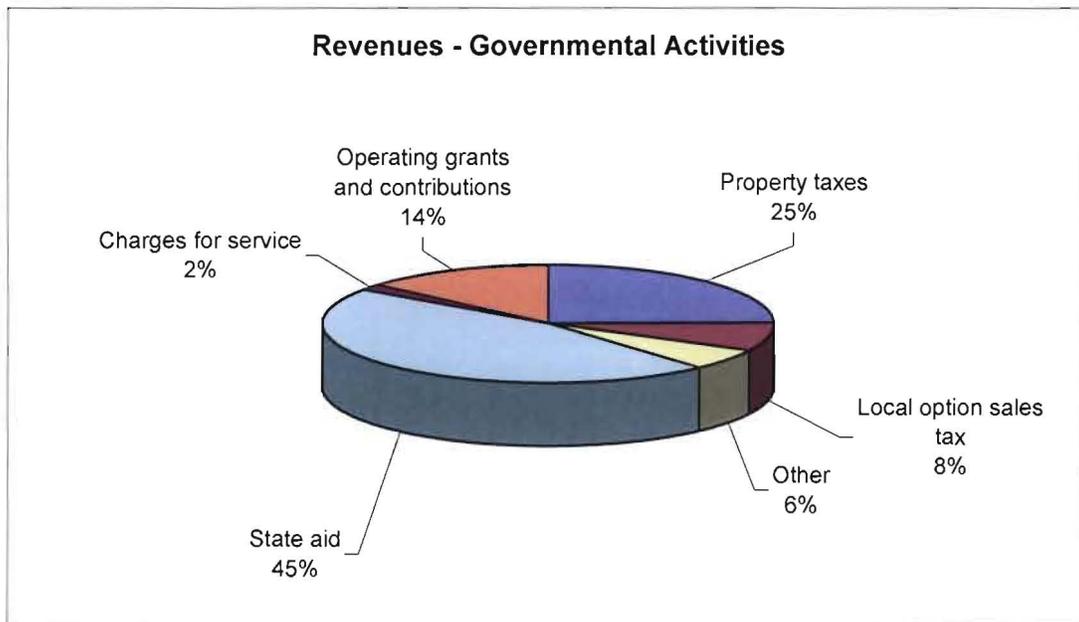
*Note: totals may not add due to rounding*

**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

**Governmental Activities**

Unrestricted state aid, property taxes, and sales tax are the primary sources of revenue for the District accounting for approximately 78% of total governmental revenues.

Instruction constitutes the largest portion of expenditures at \$29.5 million or 64%. The District offers a wide array of programs including general education, special education, vocational and college preparatory classes. The purely administrative activities of the District accounted for 10% of total costs. Approximately 71% of the District's expenditures are salaries and benefits.



**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

The following table presents the cost of the District's functional governmental activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2008	2009	2008-2009	2008	2009	2008-2009
Instruction	26.6	29.5	10.9%	21.7	22.9	5.5%
Student and Instructional Services	3.5	3.4	-2.9%	3.3	2.8	-15.2%
Administrative and Business	4.5	4.4	-2.2%	4.5	4.4	-2.2%
Maintenance and Operations	3.9	4.1	5.1%	3.9	4.1	5.1%
Transportation	1.5	1.8	20.0%	1.5	1.8	20.0%
Other	2.9	2.2	-24.1%	2.9	2.1	-27.6%
<b>Total</b>	<b>42.9</b>	<b>45.4</b>	<b>5.8%</b>	<b>37.8</b>	<b>38.1</b>	<b>0.8%</b>

*Note: totals may not add due to rounding*

- The cost of all governmental activities this year was \$45 million.
- Federal and state governments and charges for services subsidized certain governmental activities with grants and contributions and other local revenues of \$7.3 million.
- Net cost of governmental activities (\$38.1 million) was financed by general revenues, which are made up of primarily property and local option sales tax (\$15.5 million) and state aid (\$22.1 million). Investment earnings, sale of equipment and miscellaneous sources accounted for \$2.8 million.

**Business-type activities**

Revenues of the District's business-type activities were \$1.8 million and expenses were \$1.8 million. The District's business-type activities include the Student Construction and School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and interest earnings.

The School Nutrition Fund primary expenses are staff and commodities. The District's free and reduced participation increased during the fiscal year. The School Nutrition fund had a change in net assets of approximately \$51,000 for fiscal year 2009.

**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that can be spent. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$2.0 million. This decrease was primarily due to an increase in instructional costs during the year.

The Local Option Sales Tax Fund is restricted to school construction; the fund balance increase of \$.5 million was due to revenues exceeding the transfer of funds to pay debt obligation.

The Debt Service Fund balance increased by \$.2 million, due to the fact that revenues exceeded principal and interest payments.

**BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. 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 budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District did amend its annual operating budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplemental information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and other governmental funds are not presented in the budgetary comparison on pages 48-49.

**Legal Budgetary Highlights**

The District's total actual receipts were approximately \$2.5 million more than the total budgeted receipts, a variance of 5.4%.

The District's total actual expenditures were approximately \$1.3 million more than the total budgeted expenditures, a variance of 2.7%.

**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2009, the District had invested \$58.1 million in capital assets, including land, construction in progress, school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of approximately \$ .9 million from last year. Total depreciation expense for the year was \$ 1.2 million.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2009.

**Capital Assets (net of depreciation, in millions of dollars)**

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008-2009
Land	1.0	1.0	0.0	0.0	1.0	1.0	0.0%
Construction in progress	0.8	0.3	0.0	0.2	0.8	0.5	-37.5%
Land improvements	0.0	0.2	0.0	0.0	0.0	0.2	-
Buildings	28.3	28.3	0.0	0.0	28.3	28.3	0.0%
Equipment and furniture	0.7	0.8	0.5	0.5	1.2	1.3	8.3%
Buses	0.5	0.6	0.0	0.0	0.5	0.6	20.0%
<b>Total assets</b>	<b>31.3</b>	<b>31.2</b>	<b>0.5</b>	<b>0.7</b>	<b>31.8</b>	<b>31.9</b>	<b>0.3%</b>

*Note: totals may not add due to rounding*

Additional information on the District's capital assets can be found in Note 5 on pages 37-38 of this report.

**Debt Administration.** At year-end, the District had \$12.4 million in general obligation bonds and other long-term debt outstanding, of which \$3.6 million is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2009.

	Total Cost School District		Percentage Change
	2008	2009	2008-2009
General obligation bonds	5.5	5.0	-9.1%
SILO revenue bonds	8.1	5.6	-30.9%
Quality zone academy bonds	1.0	1.0	0.0%
Note payable	0.1	0.1	0.0%
Compensated absences	0.3	0.4	33.3%
Net OPEB liability	0.0	0.3	-
<b>Total</b>	<b>15.0</b>	<b>12.4</b>	<b>-17.3%</b>

*Note: totals may not add due to rounding*

**CLINTON COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

State statutes currently limit the amount of general obligation debt a district may issue to 5 percent of its total assessed valuation. The current debt limitation for the District is \$59.6 million, which is more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 6 on pages 38-41 of this report.

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- District enrollment decreased in fiscal year 2008-2009 by nearly 45 students, this negative note is exacerbated by an increase of an additional 15.1 students in the open enrolled out program bringing that total to 231.1 students for fiscal year 2008-09. The open enrolled in students did not change from 56 the previous year. Under Iowa's school funding formula, District funding for the next year is highly dependent upon the District's enrollment on student count day in October. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- The certified teaching staff was increased by 7 teachers for FY09. The total certified staff for fiscal year 2009 was 345.33.
- Clinton Community School District qualified for the State's 4 year old pre-school program with 243 students participating.
- The economic growth of Clinton is very positive, with industrial expansion and the establishment of new business in the area.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Office, Clinton Community School District, 600 South 4<sup>th</sup> Street, Clinton, Iowa 52732.

## **BASIC FINANCIAL STATEMENTS**

CLINTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 830,635	\$ 1,137,265	\$ 1,967,900
Investments	8,356,350	-	8,356,350
ISCAP	1,012,820	-	1,012,820
Property taxes receivable			
Current year delinquent	1,075,462	-	1,075,462
Succeeding year	11,603,923	-	11,603,923
Accrued interest receivable	6,294	-	6,294
ISCAP accrued interest receivable	21,371	-	21,371
Other receivables	1,184,598	-	1,184,598
Prepays	3,550	-	3,550
Due from other governments	2,852,750	17,746	2,870,496
Inventories	51,077	87,178	138,255
Capital assets, net of accumulated depreciation	31,210,303	737,729	31,948,032
Total assets	<u>58,209,133</u>	<u>1,979,918</u>	<u>60,189,051</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,139,659	39,082	1,178,741
Accrued payroll and deductions	3,931,971	-	3,931,971
ISCAP warrants payable	1,000,000	-	1,000,000
ISCAP accrued interest payable	17,180	-	17,180
ISCAP unamortized premium	10,910	-	10,910
Accrued interest payable	32,822	-	32,822
Deferred revenue	13,320,663	10,766	13,331,429
Long-term liabilities			
Portion due within one year:			
Bonds payable	3,170,311	-	3,170,311
Compensated absences	436,978	-	436,978
Portion due after one year:			
Bonds payable	8,465,434	-	8,465,434
Net OPEB liability	307,119	-	307,119
Total liabilities	<u>31,833,047</u>	<u>49,848</u>	<u>31,882,895</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	24,539,557	737,729	25,277,286
Restricted for:			
Physical plant and equipment	64,759	-	64,759
Unrestricted	1,771,770	1,192,341	2,964,111
Total net assets	<u>\$ 26,376,086</u>	<u>\$ 1,930,070</u>	<u>\$ 28,306,156</u>

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Governmental activities:			
Instruction			
Regular instruction	\$ 14,914,825	\$ 281,335	\$ 4,483,014
Special instruction	9,658,531	149,297	1,198,808
Other instruction	4,882,149	365,378	70,371
	<u>29,455,505</u>	<u>796,010</u>	<u>5,752,193</u>
Support services			
Student services	2,263,138	-	658,883
Instructional staff services	1,162,007	-	-
General administration	536,975	-	-
Building administration	2,309,403	-	-
Business administration	1,593,634	-	-
Plant operations and maintenance	4,101,964	35,407	-
Student transportation	1,817,544	16,926	27,980
	<u>13,784,665</u>	<u>52,333</u>	<u>686,863</u>
Non-instructional programs	<u>17,419</u>	<u>-</u>	<u>-</u>
Other expenditures			
Facilities acquisition	17,452	-	-
Long-term debt interest	520,551	-	-
AEA flowthrough	1,613,528	-	-
	<u>2,151,531</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>45,409,120</u>	<u>848,343</u>	<u>6,439,056</u>
Business-type activities:			
Non-instructional programs			
Nutrition services	1,804,255	745,353	1,116,638
Student construction	8,908	1,510	357
	<u>1,813,163</u>	<u>746,863</u>	<u>1,116,995</u>
Total business-type activities	<u>1,813,163</u>	<u>746,863</u>	<u>1,116,995</u>
Total	<u>\$ 47,222,283</u>	<u>\$ 1,595,206</u>	<u>\$ 7,556,051</u>

General revenues:

- Property and mobile home taxes
- Local option sales tax
- Unrestricted student book fees
- Unrestricted state aid
- AEA flowthrough
- Unrestricted investment earnings
- Miscellaneous
- Total general revenues

**CHANGE IN NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

See notes to financial statements.

EXHIBIT B

Net (Expenses) Revenues  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (10,150,476)	\$ -	\$ (10,150,476)
(8,310,426)	-	(8,310,426)
(4,446,400)	-	(4,446,400)
<u>(22,907,302)</u>	<u>-</u>	<u>(22,907,302)</u>
(1,604,255)	-	(1,604,255)
(1,162,007)	-	(1,162,007)
(536,975)	-	(536,975)
(2,309,403)	-	(2,309,403)
(1,593,634)	-	(1,593,634)
(4,066,557)	-	(4,066,557)
(1,772,638)	-	(1,772,638)
<u>(13,045,469)</u>	<u>-</u>	<u>(13,045,469)</u>
(17,419)	-	(17,419)
(17,452)	-	(17,452)
(520,551)	-	(520,551)
(1,613,528)	-	(1,613,528)
<u>(2,151,531)</u>	<u>-</u>	<u>(2,151,531)</u>
<u>(38,121,721)</u>	<u>-</u>	<u>(38,121,721)</u>
-	57,736	57,736
<u>-</u>	<u>(7,041)</u>	<u>(7,041)</u>
-	50,695	50,695
<u>(38,121,721)</u>	<u>50,695</u>	<u>(38,071,026)</u>
11,760,630	-	11,760,630
3,731,318	-	3,731,318
54,475	-	54,475
22,100,368	-	22,100,368
1,613,528	-	1,613,528
289,018	-	289,018
803,067	-	803,067
<u>40,352,404</u>	<u>-</u>	<u>40,352,404</u>
2,230,683	50,695	2,281,378
<u>24,145,403</u>	<u>1,879,375</u>	<u>26,024,778</u>
<u>\$ 26,376,086</u>	<u>\$ 1,930,070</u>	<u>\$ 28,306,156</u>

CLINTON COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

EXHIBIT C

	General	Local Option Sales Tax Fund	Debt Service Fund	Nonmajor Funds	Total
<b>ASSETS</b>					
Cash (overdrafts) and cash equivalents	\$ (4,489,335)	\$ (226,672)	\$ 706,997	\$ (430,974)	\$ (4,439,984)
Investments	6,595,109	1,761,071	170	-	8,356,350
ISCAP	1,012,820	-	-	-	1,012,820
Property taxes receivable					
Current year delinquent	908,754	-	74,892	91,816	1,075,462
Succeeding year	9,917,979	-	718,955	966,989	11,603,923
Accrued interest receivable	-	6,294	-	-	6,294
ISCAP accrued interest receivable	21,371	-	-	-	21,371
Other receivables	424,054	-	-	73,408	497,462
Prepays	3,550	-	-	-	3,550
Due from other governments	2,293,535	559,215	-	-	2,852,750
<b>TOTAL ASSETS</b>	<b>\$ 16,687,837</b>	<b>\$ 2,099,908</b>	<b>\$ 1,501,014</b>	<b>\$ 701,239</b>	<b>\$ 20,989,998</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 286,155	\$ 500	\$ -	\$ 113,901	\$ 400,556
Accrued payroll and deductions	3,931,971	-	-	-	3,931,971
ISCAP warrants payable	1,000,000	-	-	-	1,000,000
ISCAP accrued interest payable	17,180	-	-	-	17,180
ISCAP unamortized premium	10,910	-	-	-	10,910
Deferred revenue					
Succeeding year property tax	9,917,979	-	718,955	966,989	11,603,923
Other	2,889,466	-	62,422	76,002	3,027,890
<b>Total liabilities</b>	<b>18,053,661</b>	<b>500</b>	<b>781,377</b>	<b>1,156,892</b>	<b>19,992,430</b>
<b>Fund balances (deficit)</b>					
Reserved for:					
Debt service	-	-	719,637	-	719,637
Unreserved	(1,365,824)	2,099,408	-	(455,653)	277,931
<b>Total fund balances (deficit)</b>	<b>(1,365,824)</b>	<b>2,099,408</b>	<b>719,637</b>	<b>(455,653)</b>	<b>997,568</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 16,687,837</b>	<b>\$ 2,099,908</b>	<b>\$ 1,501,014</b>	<b>\$ 701,239</b>	<b>\$ 20,989,998</b>

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009**

**Total fund balances of governmental funds (page 18)** \$ 997,568

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 31,205,951

Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 1,311,150

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (32,822)

Accounts payable that do not require the use of current financial resources are therefore, not reported as a liability in the governmental funds. (151,277)

The Internal Service Funds are used by management to charge the costs of self funding the District's health insurance benefit plan and print shop activities to individual funds.

The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

Capital assets	\$ 4,352	
Remaining assets and liabilities	<u>5,421,006</u>	5,425,358

Long-term liabilities, including bonds payable and compensated absences, and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (12,379,842)

**Net assets of governmental activities (page 15)** \$ 26,376,086

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	General	Local Option Sales Tax Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Local sources					
Taxes	\$ 9,712,494	\$ 3,731,318	\$ 650,785	\$ 816,116	\$ 14,910,713
Tuition	430,632	-	-	-	430,632
Other	369,965	107,796	-	-	477,761
Intermediate sources					
Interest on investments	235,076	43,807	9,279	857	289,019
Miscellaneous	-	-	-	795,297	795,297
State sources	26,902,563	-	628	-	26,903,191
Federal sources	2,522,040	-	-	-	2,522,040
Total revenues	<u>40,172,770</u>	<u>3,882,921</u>	<u>660,692</u>	<u>1,612,270</u>	<u>46,328,653</u>
<b>EXPENDITURES</b>					
Current operating:					
Instruction					
Regular instruction	13,682,908	-	-	167,189	13,850,097
Special instruction	9,414,033	-	-	-	9,414,033
Other instruction	4,391,453	-	-	439,868	4,831,321
Total instruction	<u>27,488,394</u>	<u>-</u>	<u>-</u>	<u>607,057</u>	<u>28,095,451</u>
Support services					
Student services	2,230,313	-	-	7,048	2,237,361
Instructional staff services	1,138,916	-	-	1,313	1,140,229
General administration	521,230	4,929	-	6,037	532,196
Building administration	2,188,122	-	-	-	2,188,122
Business administration	1,509,639	-	-	659	1,510,298
Plant operations and maintenance	3,791,325	-	-	244,613	4,035,938
Student transportation	1,620,342	-	-	74,592	1,694,934
Total support services	<u>12,999,887</u>	<u>4,929</u>	<u>-</u>	<u>334,262</u>	<u>13,339,078</u>

CLINTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	General	Local Option Sales Tax Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Non-instructional programs	\$ 166	\$ -	\$ -	\$ 5,246	\$ 5,412
Other expenditures					
Facilities acquisition	-	217,435	-	762,310	979,745
Long-term debt					
Principal	-	-	3,030,259	-	3,030,259
Interest and finance charges	-	-	531,968	-	531,968
AEA flow through	1,613,528	-	-	-	1,613,528
Total other expenditures	<u>1,613,528</u>	<u>217,435</u>	<u>3,562,227</u>	<u>762,310</u>	<u>6,155,500</u>
Total expenditures	<u>42,101,975</u>	<u>222,364</u>	<u>3,562,227</u>	<u>1,708,875</u>	<u>47,595,441</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,929,205)</u>	<u>3,660,557</u>	<u>(2,901,535)</u>	<u>(96,605)</u>	<u>(1,266,788)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	3,144,568	-	3,144,568
Transfers out	<u>(23,467)</u>	<u>(3,121,101)</u>	<u>-</u>	<u>-</u>	<u>(3,144,568)</u>
Total other financing sources (uses)	<u>(23,467)</u>	<u>(3,121,101)</u>	<u>3,144,568</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,952,672)	539,456	243,033	(96,605)	(1,266,788)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>586,848</u>	<u>1,559,952</u>	<u>476,604</u>	<u>(359,048)</u>	<u>2,264,356</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ (1,365,824)</u>	<u>\$ 2,099,408</u>	<u>\$ 719,637</u>	<u>\$ (455,653)</u>	<u>\$ 997,568</u>

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2009

Net change in fund balances - total governmental funds (page 21) \$ (1,266,788)

*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 reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as

Capital outlays	\$ 956,739	
Depreciation expense	<u>(1,109,371)</u>	(152,632)

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 liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

Repaid		3,030,259
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Some receivables will not be collected for several months after fiscal year end, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred revenues. They are, however, recorded as revenues in the statement of activities.

1,311,150

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.

Change in accrued interest payable		11,418
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accounts payable	(151,277)	
Change in compensated absences	(96,998)	
Other post employment benefits	<u>(307,119)</u>	(555,394)

The Internal Service Funds are used by management to charge the costs of employee health benefits and printing to individual funds. The net revenue of the Internal Service Funds is reported with governmental

Depreciation expense	(379)	
Net revenue of remaining accounts	<u>(146,951)</u>	<u>(147,330)</u>

Change in net assets of governmental activities (page 17) \$ 2,230,683

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2009

	<u>Enterprise Fund</u>			<u>Internal Service Funds</u>		<u>Total Internal Service</u>
	<u>School Nutrition</u>	<u>Nonmajor Student Construction</u>	<u>Total Enterprise</u>	<u>Insurance</u>	<u>Print Shop</u>	
<b>ASSETS</b>						
Current assets:						
Cash (overdrafts) and cash equivalents	\$ 1,136,215	\$ 1,050	\$ 1,137,265	\$ 5,345,476	\$ (74,857)	\$ 5,270,619
Other receivables	-	-	-	687,136	-	687,136
Due from other governments	17,746	-	17,746	-	-	-
Inventories	87,178	-	87,178	-	51,077	51,077
Total current assets	<u>1,241,139</u>	<u>1,050</u>	<u>1,242,189</u>	<u>6,032,612</u>	<u>(23,780)</u>	<u>6,008,832</u>
Noncurrent assets:						
Land and construction in progress	-	204,041	204,041	-	-	-
Furniture and equipment	859,476	-	859,476	-	51,239	51,239
Less accumulated depreciation	(325,788)	-	(325,788)	-	(46,887)	(46,887)
Total noncurrent assets	<u>533,688</u>	<u>204,041</u>	<u>737,729</u>	<u>-</u>	<u>4,352</u>	<u>4,352</u>
Total assets	<u>1,774,827</u>	<u>205,091</u>	<u>1,979,918</u>	<u>6,032,612</u>	<u>(19,428)</u>	<u>6,013,184</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	31,887	7,195	39,082	38,116	4,710	42,826
Claims payable	-	-	-	545,000	-	545,000
Deferred revenue	10,766	-	10,766	-	-	-
Total liabilities	<u>42,653</u>	<u>7,195</u>	<u>49,848</u>	<u>583,116</u>	<u>4,710</u>	<u>587,826</u>
<b>NET ASSETS</b>						
Invested in capital assets	533,688	204,041	737,729	-	4,352	4,352
Unrestricted	1,198,486	(6,145)	1,192,341	5,449,496	(28,490)	5,421,006
Total net assets	<u>\$ 1,732,174</u>	<u>\$ 197,896</u>	<u>\$ 1,930,070</u>	<u>\$ 5,449,496</u>	<u>\$ (24,138)</u>	<u>\$ 5,425,358</u>

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2009**

	<u>Enterprise Funds</u>		<u>Total Enterprise</u>
	<u>School Nutrition</u>	<u>Nonmajor Student Construction</u>	
<b>OPERATING REVENUES</b>			
Local sources			
Food service sales	\$ 745,353	\$ -	\$ 745,353
Charges to other funds	-	-	-
Other	-	1,510	1,510
Total operating revenues	<u>745,353</u>	<u>1,510</u>	<u>746,863</u>
<b>OPERATING EXPENSES</b>			
Non-instructional programs			
Food service operations			
Salaries	612,188	-	612,188
Employee benefits	129,094	-	129,094
Other purchased services	55,520	3,329	58,849
Supplies	942,130	5,579	947,709
Depreciation	65,323	-	65,323
Other operating costs	-	-	-
Total operating expenses	<u>1,804,255</u>	<u>8,908</u>	<u>1,813,163</u>
Operating loss	<u>(1,058,902)</u>	<u>(7,398)</u>	<u>(1,066,300)</u>
<b>NON-OPERATING REVENUES</b>			
State sources	19,414	-	19,414
Federal sources			
Federal food commodities	92,572	-	92,572
Federal subsidy	1,004,652	-	1,004,652
Interest on investments	-	357	357
Total non-operating revenues	<u>1,116,638</u>	<u>357</u>	<u>1,116,995</u>
<b>NET INCOME (LOSS)</b>	57,736	(7,041)	50,695
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,674,438</u>	<u>204,937</u>	<u>1,879,375</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,732,174</u>	<u>\$ 197,896</u>	<u>\$ 1,930,070</u>

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
Year Ended June 30, 2009

	Internal Service Funds		Total Internal Service
	Insurance	Print Shop	
<b>OPERATING REVENUES</b>			
Local sources			
Food service sales	\$ -	\$ -	\$ -
Charges to other funds	5,273,941	124,177	5,398,118
Other	-	-	-
Total operating revenues	<u>5,273,941</u>	<u>124,177</u>	<u>5,398,118</u>
<b>OPERATING EXPENSES</b>			
Non-instructional programs			
Food service operations			
Salaries	-	-	-
Employee benefits	-	-	-
Other purchased services	-	-	-
Supplies	-	-	-
Depreciation	-	379	379
Other operating costs	<u>5,366,018</u>	<u>179,051</u>	<u>5,545,069</u>
Total operating expenses	<u>5,366,018</u>	<u>179,430</u>	<u>5,545,448</u>
Operating loss	<u>(92,077)</u>	<u>(55,253)</u>	<u>(147,330)</u>
<b>NON-OPERATING REVENUES</b>			
State sources	-	-	-
Federal sources			
Federal food commodities	-	-	-
Federal subsidy	-	-	-
Interest on investments	-	-	-
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET INCOME (LOSS)</b>	<u>(92,077)</u>	<u>(55,253)</u>	<u>(147,330)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>5,541,573</u>	<u>31,115</u>	<u>5,572,688</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 5,449,496</u>	<u>\$ (24,138)</u>	<u>\$ 5,425,358</u>

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2009

	Enterprise Funds			Internal Service Funds		Total Internal Service
	School Nutrition	Nonmajor Student Construction	Total Enterprise	Insurance	Print Shop	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from sale of lunches and breakfasts	\$ 748,340	\$ -	\$ 748,340	\$ -	\$ -	\$ -
Cash received from operating fund reimbursements	-	1,510	1,510	5,196,499	124,177	5,320,676
Cash payments to employees for services	(741,282)	-	(741,282)	-	-	-
Cash payments to suppliers for goods and services	(951,863)	(1,808)	(953,671)	(5,277,574)	(194,707)	(5,472,281)
Net cash used in operating activities	(944,805)	(298)	(945,103)	(81,075)	(70,530)	(151,605)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Operating grants received	1,023,780	-	1,023,780	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of equipment/construction in progress	(84,976)	(68,794)	(153,770)	-	(1,859)	(1,859)
Net cash used in capital and related financing activities	(84,976)	(68,794)	(153,770)	-	(1,859)	(1,859)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	-	357	357	-	-	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(6,001)	(68,735)	(74,736)	(81,075)	(72,389)	(153,464)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,142,216	69,785	1,212,001	5,426,551	(2,468)	5,424,083
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 1,136,215	\$ 1,050	\$ 1,137,265	\$ 5,345,476	\$ (74,857)	\$ 5,270,619

CLINTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2009

	Enterprise Funds			Internal Service Funds		Total Internal Service
	School Nutrition	Nonmajor Student Construction	Total Enterprise	Insurance	Print Shop	
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>						
Operating loss	\$ (1,058,902)	\$ (7,398)	\$ (1,066,300)	\$ (92,077)	\$ (55,253)	\$ (147,330)
Adjustments to reconcile operating loss to net cash used in operating activities:						
Commodities used	79,542	-	79,542	-	-	-
Depreciation	65,323	-	65,323	-	379	379
(Increase) decrease in other receivables	3,394	-	3,394	(77,442)	-	(77,442)
(Increase) decrease in inventories	-	-	-	-	(18,889)	(18,889)
Increase (decrease) in accounts payable and accrued liabilities	(33,755)	7,100	(26,655)	(456,556)	3,233	(453,323)
Increase (decrease) in claims payable	-	-	-	545,000	-	545,000
Increase (decrease) in deferred revenues	(407)	-	(407)	-	-	-
<b>Net cash used in operating activities</b>	<b>\$ (944,805)</b>	<b>\$ (298)</b>	<b>\$ (945,103)</b>	<b>\$ (81,075)</b>	<b>\$ (70,530)</b>	<b>\$ (151,605)</b>

**NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

During the year ended June 30, 2009, the District received \$92,572 of federal commodities.

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2009

	Private Purpose Trust Scholarship	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 3,997
Other accounts receivable	-	5
Total assets	<u>-</u>	<u>4,002</u>
<b>LIABILITIES</b>		
Due to other groups	<u>-</u>	<u>4,002</u>
Total liabilities	<u>-</u>	<u>4,002</u>
<b>NET ASSETS</b>		
None	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Year Ended June 30, 2009**

	<u>Private Purpose Trust Scholarship</u>
<b>ADDITIONS</b>	
Local sources	
Interest	\$ 3,955
Memorials/contributions	<u>3,707</u>
Total additions	<u>7,662</u>
<b>DEDUCTIONS</b>	
Support services	
Scholarships	<u>370,410</u>
Total deductions	<u>370,410</u>
<b>CHANGE IN NET ASSETS</b>	(362,748)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>362,748</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ -</u></u>

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Clinton Community School District is a political subdivision of the State of Iowa and provides elementary and secondary education to the citizens within the District. The District encompasses an area of approximately 18 square miles of the City of Clinton's 34.75 square miles. Within the District are twelve schools, including four elementary schools for grades kindergarten to five, two middle schools for grades six to eight, one high school for grades nine to twelve, and one alternative high school. Financial accountability for the District's operations is vested with the independently elected Board of Education. Management of the District is appointed by and is accountable to the Board of Education. The District is an independent reporting entity, unaffiliated with the City of Clinton or other local government jurisdictions.

For financial reporting purposes, Clinton Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Clinton Community School District 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 does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the City's Conference Board.

**B. Basis of Presentation**

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

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

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

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

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

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation** (continued)

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

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

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other 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 Local Option Sales Tax Fund is used to account for the revenue from a local sales and service tax imposed in the County of Clinton at the rate of one percent. The money received from the tax shall be spent for school infrastructure as defined by Iowa Code.

The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

The District's major proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

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

The Private Purpose Trust Scholarship 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.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting**

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

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

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

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.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following accounting policies are followed in preparing the balance sheet:

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

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

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, 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 becomes 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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

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

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

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

Land	\$	500
Land improvements		500
Buildings		500
Furniture and equipment		500

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Fund Equity (continued)**

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

Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

**Salaries and Benefits Payable** - Payroll and related expenditures for teachers with annual 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

**Compensated Absences** - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds 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 Equity** - 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 Accounting**

The budgetary comparison and related disclosures are reported as Required Supplemental Information.

**F. Subsequent Events**

Management has evaluated subsequent events through May 24, 2010, the date the financial statements were available to be issued.

**CLINTON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 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:

	<b>Amortized Cost</b>
Diversified Portfolio	<b>\$ 8,356,350</b>

These 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.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

**NOTE 3 - INTERFUND TRANSFERS**

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

	<b>Transfers In</b>	<b>Transfers Out</b>
General fund	\$ -	\$ 23,467
Local option sales tax fund	-	3,121,101
Debt service fund	3,144,568	-
<b>Total</b>	<b>\$ 3,144,568</b>	<b>\$ 3,144,568</b>

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

**CLINTON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 4 - Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual insurance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2009 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2008-09A	06/26/08	06/25/09	\$ -	\$ -	\$ -	\$ -
2008-09B	01/21/09	01/21/10	1,012,820	21,371	1,000,000	17,180
Total			<u>\$ 1,012,820</u>	<u>\$ 21,371</u>	<u>\$ 1,000,000</u>	<u>\$ 17,180</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayment must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2008-09A	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
2008-09B	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009 was as follows:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,023,840	\$ -	\$ 5,553	\$ 1,018,287
Construction in progress	<u>781,993</u>	<u>269,145</u>	<u>781,992</u>	<u>269,146</u>
Total capital assets not being depreciated	<u>1,805,833</u>	<u>269,145</u>	<u>787,545</u>	<u>1,287,433</u>
Capital assets being depreciated:				
Land improvements	989,429	226,403	-	1,215,832
Buildings	43,879,940	956,709	-	44,836,649
Furniture and equipment	7,056,244	66,942	-	7,123,186
Buses and other pupil transportation equipment	<u>2,510,051</u>	<u>226,945</u>	<u>165,620</u>	<u>2,571,376</u>
Total capital assets being depreciated	<u>54,435,664</u>	<u>1,476,999</u>	<u>165,620</u>	<u>55,747,043</u>
Less accumulated depreciation for:				
Land improvements	918,414	78,562	-	996,976
Buildings	15,593,703	893,085	-	16,486,788
Furniture and equipment	6,319,822	30,855	-	6,350,677
Buses and other pupil transportation equipment	<u>2,048,104</u>	<u>107,248</u>	<u>165,620</u>	<u>1,989,732</u>
Total accumulated depreciation	<u>24,880,043</u>	<u>1,109,750</u>	<u>165,620</u>	<u>25,824,173</u>
 Total capital assets being depreciated, net	 <u>29,555,621</u>	 <u>367,249</u>	 <u>-</u>	 <u>29,922,870</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$31,361,454</u></b>	<b><u>\$ 636,394</u></b>	<b><u>\$ 787,545</u></b>	<b><u>\$31,210,303</u></b>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 135,247	\$ 68,793	\$ -	\$ 204,040
Capital assets being depreciated:				
Furniture and equipment	774,499	84,977	-	859,476
Less accumulated depreciation	<u>260,464</u>	<u>65,323</u>	<u>-</u>	<u>325,787</u>
 Capital assets being depreciated, net:	 <u>514,035</u>	 <u>19,654</u>	 <u>-</u>	 <u>533,689</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 649,282</u></b>	<b><u>\$ 88,447</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 737,729</u></b>

**CLINTON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

    Regular \$ 863,052

Support services:

    General administration 97,186

    Plant operations and maintenance 32,840

    Student transportation 104,665

    Non-instructional 12,007

**Total depreciation expense - governmental activities \$ 1,109,750**

Business-type activities:

School nutrition:

    Food service operations \$ 65,323

**NOTE 6 - LONG-TERM LIABILITIES**

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 6,480,000	\$ -	\$ 515,000	\$ 5,965,000	\$ 535,000
SILO revenue bonds	8,086,004	-	2,495,259	5,590,745	2,615,311
Note payable	100,000	-	20,000	80,000	20,000
Compensated absences	339,980	421,332	324,334	436,978	436,978
Net OPEB liability	<u>-</u>	<u>307,119</u>	<u>-</u>	<u>307,119</u>	<u>-</u>
<b>Total</b>	<u>\$15,005,984</u>	<u>\$ 728,451</u>	<u>\$ 3,354,593</u>	<u>\$ 12,379,842</u>	<u>\$ 3,607,289</u>

**CLINTON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

**General Obligation Bonds**

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

<u>Year Ending June 30,</u>	<u>Infrastructure LOST Revenue Bonds 2002</u>			<u>General Obligation School Refunding Bond Issue of 2005</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ -	\$ -	\$ -	\$ 535,000	\$ 183,958	\$ 718,958
2011	1,000,000	-	1,000,000	555,000	166,303	721,303
2012	-	-	-	580,000	147,433	727,433
2013	-	-	-	605,000	127,133	732,133
2014	-	-	-	630,000	105,050	735,050
2015-17	-	-	-	2,060,000	166,398	2,226,398
<b>Total</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ 4,965,000</b>	<b>\$ 896,275</b>	<b>\$ 5,861,275</b>

<u>Year Ending June 30,</u>	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 535,000	\$ 183,958	\$ 718,958
2011	1,555,000	166,303	1,721,303
2012	580,000	147,433	727,433
2013	605,000	127,133	732,133
2014	630,000	105,050	735,050
2015-17	2,060,000	166,398	2,226,398
<b>Total</b>	<b>\$ 5,965,000</b>	<b>\$ 896,275</b>	<b>\$ 6,861,275</b>

**General Obligation Refunding Bonds**

On May 1, 2005, the District issued \$5,975,000 of general obligation refunding bonds, with interest rates ranging from 3.05% to 4.05%, for a crossover refunding of a portion of the general obligation bonds issued February 1, 1998. The District entered in to an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Securities. These securities were placed in an escrow account for the express purpose of paying the \$5,910,000 principal on the refunded general obligation bonds when they become callable on June 1, 2007 and the interest from May 1, 2005 to and including June 1, 2007 on the refunding bonds. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunded debt is not considered extinguished.

The District refunded the bonds to reduce its total debt service payments by approximately \$310,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$257,000.

**CLINTON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

**Revenue Bonds**

Details of the District's June 30, 2009 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	SILO Series 2006			SILO Series 2007		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 1,112,205	\$ 88,372	\$ 1,200,577	\$ 1,247,215	\$ 99,099	\$ 1,346,314
2011	1,165,852	34,725	1,200,577	1,307,374	38,941	1,346,315
2012	99,656	392	100,048	111,753	440	112,193
<b>Total</b>	<b>\$ 2,377,713</b>	<b>\$ 123,489</b>	<b>\$ 2,501,202</b>	<b>\$ 2,666,342</b>	<b>\$ 138,480</b>	<b>\$ 2,804,822</b>

Year Ending June 30,	SILO Series 2007A			Total		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 255,891	\$ 19,797	\$ 275,688	\$ 2,615,311	\$ 207,268	\$ 2,822,579
2011	267,913	7,775	275,688	2,741,139	81,441	2,822,580
2012	22,886	88	22,974	234,295	920	235,215
<b>Total</b>	<b>\$ 546,690</b>	<b>\$ 27,660</b>	<b>\$ 574,350</b>	<b>\$ 5,590,745</b>	<b>\$ 289,629</b>	<b>\$ 5,880,374</b>

The District has pledged future local option sales and services tax revenues to repay the \$12,550,000 bonds issued during the June 30, 2007 fiscal year. The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option 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 limit of the district. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid is \$5,880,374. For the current year, total principal and interest paid was \$2,822,580 and total local option sales and service tax revenues were \$3,731,318.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) All proceeds from the local option sales and services tax shall be placed in a Revenue Fund.
- b) Monies in the Revenue Fund shall be disbursed to make deposits into a Sinking Fund to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Monies in the Revenue Fund shall next be disbursed to establish and maintain a Reserve Fund.
- d) Monies in the Revenue Fund shall next be deposited into a Redemption Fund until such time as all of the bonds have been discharged and satisfied.

**CLINTON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

**Note Payable**

During the year ended June 30, 2009, the District issued School Equipment Notes to provide funds for the purchase of equipment. The notes bear interest at 3.64% per annum and are payable from the General Fund. Details of the District's indebtedness under the agreements in effect at June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>School Equipment Purchase Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 20,000	\$ 2,639	\$ 22,639
2011	20,000	1,911	21,911
2012	20,000	1,183	21,183
2013	20,000	455	20,455
<b>Total</b>	<u>\$ 80,000</u>	<u>\$ 6,188</u>	<u>\$ 86,188</u>

**NOTE 7 - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments by fund as of June 30, 2009 are as follows:

	<u>General Fund</u>
State appropriations	
Prevent thru Mentor	\$ 14,053
Transportation Aid - nonpublic students	13,745
Vocational Aid	6,878
Youth Mentoring	10,417
Other	5,026
Total state appropriations	<u>50,119</u>
Federal appropriations	
21 <sup>st</sup> Century	130,703
JEL	1,745
Medical Assistance Program	37,249
Perkins Grant	63,445
Safe and Drug Free Schools	1,972
Soar to Success	24,291
Special Education - Grants to States - Part B	124,488
TAP	28,148
Title I	217,068
Title IIIA	150,561
Title V	8,272
Total federal appropriations	<u>787,942</u>
Miscellaneous	
Income Surtax Receivable	<u>1,455,474</u>
<b>Total due from other governments</b>	<u>\$ 2,293,535</u>

**CLINTON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 7 - DUE FROM OTHER GOVERNMENTS (CONTINUED)**

	<b>Local Option Sales Tax Fund</b>
Miscellaneous	
Local option sales tax	<u>\$ 559,215</u>
	<b>School Nutrition Fund</b>
Federal appropriations	
Summer food program	<u>\$ 17,746</u>

**NOTE 8 - 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 supplemental 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 annual covered payroll for the years ended June 30, 2009, 2008, and 2007. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$1,552,416, \$1,391,269, and \$1,272,510, respectively, equal to the required contributions for each year.

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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 provides medical and prescription drug benefits for retirees and their spouses. There are 437 active and 41 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 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 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 Statement 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.

**CLINTON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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	\$ 361,876
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	361,876
Contributions made	<u>(54,757)</u>
Increase in net OPEB obligation	307,119
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 307,119</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of 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 \$54,757 to the medical plan.

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

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 361,876	15.1%	\$ 307,119

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 \$2.662 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.662 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$16,000,000, and the ratio of the UAAL to covered payroll was 16.6%. 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 reported amounts and assumptions 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 progress, 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 plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CLINTON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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 employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000 (2/3 Female, 1/3 Male). Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

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

**NOTE 10 - CONTINGENT LIABILITIES**

As of June 30, 2009, the District is contingently liable for the unvested portion of sick leave, which totals approximately \$15,167,931.

**NOTE 11 - RISK MANAGEMENT**

Clinton Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. There have been no significant reductions in insurance coverage from coverage in the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District also has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 120% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$45,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three fiscal 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 catastrophe losses. That reserve was \$545,000 at June 30, 2009. Changes in the aggregate claims liability for the current year is as follows:

	<u>2009</u>
Balance, beginning of year	\$ 475,000
Incurred claims (including IBNRs)	5,436,018
Claim payments	<u>5,366,018</u>
<b>Balance, end of year</b>	<b><u>\$ 545,000</u></b>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 12 - OPERATING LEASES**

The District has various operating leases expiring on various dates through 2013 with various minimum annual rentals. The following is a schedule, by year, of the future minimum rentals due under these operating leases:

Year Ended June 30,	
2010	\$ 93,340
2011	90,288
2012	71,206
2013	<u>11,382</u>
<b>Total</b>	<b><u>\$ 266,216</u></b>

Rental payments made during the year ended June 30, 2009 for all operating leases totaled approximately \$99,900.

**NOTE 13 - AREA EDUCATION AGENCY**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,613,528 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

**NOTE 14 - CONSTRUCTION COMMITMENTS**

The District has entered into contracts totaling \$1,264,254 for various construction projects. As of June 30, 2009, costs of \$189,010 had been incurred against the contracts. The balance of \$1,075,244 remaining at June 30, 2009 will be paid as work on the projects progress.

**NOTE 15 - FUND BALANCE DEFICIT**

At June 30, 2009, the General Fund, Special Revenue Fund - Student Activity Fund, and Special Revenue Fund - Capital Projects and Other Revenue Fund had fund balance deficits of \$1,365,824, \$614,686, and \$164,890, respectively, resulting from current expenses in excess of total revenues. It is expected that revenues for the next year will provide a positive fund balance.

**NOTE 16 - NEW PRONOUNCEMENTS**

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

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the District beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 16 - NEW PRONOUNCEMENTS (CONTINUED)**

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the District beginning with its year ending June 30, 2010. This statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the District beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

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

**NOTE 17 - CONTINGENCIES**

On January 14, 2010, a significant embezzlement was discovered within the District. Immediately following, the Iowa State Auditor's Office was contacted and an investigation started. District losses are expect to be partially covered by insurance, but an estimate of loss has not yet been determined.

**NOTE 18 - SUBSEQUENT EVENTS**

In March 2010 the District issued School Infrastructure, Sales, Services and Use Tax Revenue Bonds, Series 2010 in the amount of \$30,000,000 at an interest rate of 4.59%. Proceeds from the revenue bonds will be used to fund the new middle school, electrical and heating upgrades to Whittier Elementary and Bluff Elementary, and for construction of the new pool at the high school.

Subsequent to year end the District entered in to multiple contracts totaling approximately \$3,115,000 for projects relating to the Clinton High School concession stand and pool addition, Bluff and Whittier Elementary air conditioning upgrades, Eagle Heights baseball field, concession and restroom building additions.

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

**REQUIRED SUPPLEMENTAL INFORMATION**

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES -**  
**BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
Year Ended June 30, 2009

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Local sources						
Taxes	\$ 14,910,713	\$ -	\$14,910,713	\$ 11,983,253	\$11,983,253	\$ 2,927,460
Other local sources	908,393	746,863	1,655,256	3,590,217	3,590,217	(1,934,961)
Intermediate sources						
Interest on investments	289,019	357	289,376	210,000	210,000	79,376
Miscellaneous	795,297	-	795,297	1,280,000	1,280,000	(484,703)
Slate sources	26,903,191	19,414	26,922,605	25,667,384	25,667,384	1,255,221
Federal sources	2,522,040	1,097,224	3,619,264	2,988,649	2,988,649	630,615
Total revenues	<u>46,328,653</u>	<u>1,863,858</u>	<u>48,192,511</u>	<u>45,719,503</u>	<u>45,719,503</u>	<u>2,473,008</u>
<b>EXPENDITURES</b>						
Instruction	28,095,451	-	28,095,451	26,701,223	27,101,223	(994,228)
Support services	13,339,078	-	13,339,078	11,782,236	12,682,236	(656,842)
Non-instructional programs	5,412	1,813,163	1,818,575	1,794,384	1,794,384	(24,191)
Other expenditures	6,155,500	-	6,155,500	5,548,929	6,548,929	393,429
Total expenditures	<u>47,595,441</u>	<u>1,813,163</u>	<u>49,408,604</u>	<u>45,826,772</u>	<u>48,126,772</u>	<u>(1,281,832)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,266,788)	50,695	(1,216,093)	(107,269)	(2,407,269)	1,191,176
<b>OTHER FINANCING SOURCES (USES), NET</b>	-	-	-	65,000	65,000	(65,000)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(1,266,788)	50,695	(1,216,093)	(42,269)	(2,342,269)	1,126,176
<b>BALANCES, BEGINNING OF YEAR</b>	<u>2,264,356</u>	<u>1,879,375</u>	<u>4,143,731</u>	<u>2,331,599</u>	<u>2,331,599</u>	<u>1,812,132</u>
<b>BALANCES, END OF YEAR</b>	<u>\$ 997,568</u>	<u>\$1,930,070</u>	<u>\$ 2,927,638</u>	<u>\$ 2,289,330</u>	<u>\$ (10,670)</u>	<u>\$ 2,938,308</u>

See accompanying independent auditor's report.

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION - BUDGETARY REPORTING**  
**June 30, 2009**

This budgetary comparison is presented as Required Supplemental 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 comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$2,300,000.

During the year ended June 30, 2009, expenditures in the instruction, support services, and non-instructional programs functions exceeded the amounts budgeted.

**CLINTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
(In Thousands)  
REQUIRED SUPPLEMENTARY INFORMATION**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UALL as a Percentage of Covered Payroll ((b-a)/c)</u>
July 1, 2008	-	\$ 2,662	\$ 2,662	0.00%	\$ 16,000	16.6%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

**OTHER SUPPLEMENTAL INFORMATION**

CLINTON COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2009

	Student Activity Fund	Management	Physical Plant and Equipment Fund	Capital Projects Other Revenue Fund	Helen O. Stoddard Bequest	Margaret N. Kracht Gift	Total
<b>ASSETS</b>							
Cash (overdrafts) and cash equivalents	\$ (606,386)	\$ 182,248	\$ 62,015	\$ (135,229)	\$ 66,295	\$ 83	\$ (430,974)
Property taxes receivable							
Current year delinquent	-	64,378	27,438	-	-	-	91,816
Succeeding year	-	699,999	266,990	-	-	-	966,989
Other receivables	725	-	8,683	64,000	-	-	73,408
<b>TOTAL ASSETS</b>	<u>\$ (605,661)</u>	<u>\$ 946,625</u>	<u>\$ 365,126</u>	<u>\$ (71,229)</u>	<u>\$ 66,295</u>	<u>\$ 83</u>	<u>\$ 701,239</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>							
Liabilities							
Accounts payable and accrued liabilities	9,025	1,019	10,196	93,661	-	-	\$ 113,901
Deferred revenue	-	752,820	290,171	-	-	-	1,042,991
Total liabilities	9,025	753,839	300,367	93,661	-	-	1,156,892
Fund balances (deficit)							
Unreserved	(614,686)	192,786	64,759	(164,890)	66,295	83	(455,653)
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ (605,661)</u>	<u>\$ 946,625</u>	<u>\$ 365,126</u>	<u>\$ (71,229)</u>	<u>\$ 66,295</u>	<u>\$ 83</u>	<u>\$ 701,239</u>

CLINTON COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS  
 Year Ended June 30, 2009

	Student Activity Fund	Management	Physical Plant and Equipment Fund	Capital Projects Other Revenue Fund	Helen O. Stoddard Bequest	Margaret N. Kracht Gift	Total
<b>REVENUES</b>							
Taxes	\$ -	\$ 593,984	\$ 222,132	\$ -	\$ -	\$ -	\$ 816,116
Interest on investments	-	-	-	-	857	-	857
Miscellaneous							
Student activities	373,011	-	-	-	-	-	373,011
Donations	16,965	-	-	-	-	-	16,965
Other	51,486	-	20,000	333,029	-	-	404,515
State sources	-	592	214	-	-	-	806
Total miscellaneous	<u>441,462</u>	<u>592</u>	<u>20,214</u>	<u>333,029</u>	<u>-</u>	<u>-</u>	<u>795,297</u>
 Total revenues	<u>441,462</u>	<u>594,576</u>	<u>242,346</u>	<u>333,029</u>	<u>857</u>	<u>-</u>	<u>1,612,270</u>
<b>EXPENDITURES</b>							
Current operating:							
Instruction							
Regular instruction	-	167,189	-	-	-	-	167,189
Other instruction	439,868	-	-	-	-	-	439,868
Total instructions	<u>439,868</u>	<u>167,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>607,057</u>
Support services							
Student services	788	6,260	-	-	-	-	7,048
Instructional staff services	1,174	139	-	-	-	-	1,313
General administration	-	6,037	-	-	-	-	6,037
Business administration	582	-	77	-	-	-	659
Plant operations and maintenance	15,517	228,130	966	-	-	-	244,613
Student transportation	35,192	39,400	-	-	-	-	74,592
Total support services	<u>53,253</u>	<u>279,966</u>	<u>1,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,262</u>

CLINTON COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS  
Year Ended June 30, 2009

	Student Activity Fund	Management	Physical Plant and Equipment Fund	Capital Projects Other Revenue Fund	Helen O. Stoddard Bequest	Margaret N. Kracht Gift	Total
<b>EXPENDITURES (CONTINUED)</b>							
Current operating: (continued)							
Non-instructional programs	\$ -	\$ 5,246	\$ -	\$ -	\$ -	\$ -	\$ 5,246
Other expenditures							
Facilities acquisition	-	-	264,391	497,919	-	-	762,310
Total other expenditures	-	-	264,391	497,919	-	-	762,310
Total expenditures	493,121	452,401	265,434	497,919	-	-	1,708,875
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(51,659)	142,175	(23,088)	(164,890)	857	-	(96,605)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	(563,027)	50,611	87,847	-	65,438	83	(359,048)
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ (614,686)</u>	<u>\$ 192,786</u>	<u>\$ 64,759</u>	<u>\$ (164,890)</u>	<u>\$ 66,295</u>	<u>\$ 83</u>	<u>\$ (455,653)</u>

CLINTON COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 Year Ended June 30, 2009

	<u>Balance, June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2009</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,118	\$ -	\$ 121	\$ 3,997
Other accounts receivable	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,118</u>	<u>\$ 5</u>	<u>\$ 121</u>	<u>\$ 4,002</u>
 <b>LIABILITIES</b>				
Due to other groups	<u>\$ 4,118</u>	<u>\$ 5</u>	<u>\$ 121</u>	<u>\$ 4,002</u>

**CLINTON COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION**  
**ALL GOVERNMENTAL FUND TYPES**  
**For the Last Seven Years**

	Modified Accrual Basis						
	2009	2008	2007	2006	2005	2004	2003
<b>REVENUES</b>							
Local sources	\$ 15,819,106	\$ 15,103,876	\$ 14,697,134	\$ 13,662,495	\$ 12,518,893	\$ 12,722,834	\$ 12,760,713
Intermediate sources	1,084,316	1,353,835	2,345,250	2,035,721	1,905,217	1,730,164	1,595,305
State sources	26,903,191	25,688,335	23,994,622	22,411,152	21,919,637	20,601,507	21,074,476
Federal sources	2,522,040	2,231,413	2,684,375	2,840,567	3,141,686	1,875,296	1,731,519
<b>TOTAL REVENUES</b>	<b><u>\$ 46,328,653</u></b>	<b><u>\$ 44,377,459</u></b>	<b><u>\$ 43,721,381</u></b>	<b><u>\$ 40,949,935</u></b>	<b><u>\$ 39,485,433</u></b>	<b><u>\$ 36,929,801</u></b>	<b><u>\$ 37,162,013</u></b>
<b>EXPENDITURES</b>							
Instruction	\$ 28,095,451	\$ 26,072,867	\$ 25,120,818	\$ 23,924,938	\$ 24,073,051	\$ 23,259,448	\$ 22,762,499
Support services							
Student services	2,237,361	2,372,567	2,455,271	2,566,531	1,483,900	1,029,640	940,944
Instructional staff services	1,140,229	1,220,633	1,162,756	1,242,624	1,171,251	1,063,808	932,782
General administration	532,196	675,091	550,268	511,883	424,403	317,858	303,965
Building administration	2,188,122	1,999,990	2,012,362	1,892,744	1,589,125	1,476,661	1,560,723
Business administration	1,510,298	1,765,364	1,515,714	1,665,013	396,758	434,251	360,447
Plant operations and maintenance	4,035,938	3,917,586	3,760,269	3,817,687	3,965,345	3,604,006	3,732,438
Student transportation	1,694,934	1,455,990	917,280	1,249,182	1,501,224	1,230,300	1,208,200
Central support services	-	-	-	-	794,977	686,826	617,288
Non-instructional programs	5,412	4,024	2,786	11,419	119,332	332,125	305,474
Other expenditures	6,155,500	8,554,663	20,509,803	6,650,066	11,102,858	2,942,719	2,491,775
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 47,595,441</u></b>	<b><u>\$ 48,038,775</u></b>	<b><u>\$ 58,007,327</u></b>	<b><u>\$ 43,532,087</u></b>	<b><u>\$ 46,622,224</u></b>	<b><u>\$ 36,377,642</u></b>	<b><u>\$ 35,216,535</u></b>



**Winkel, Parker  
& Foster, CPA PC**

Certified Public Accountants & Consultants

**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  
Clinton Community School District  
Clinton, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton Community School District as of and for the year ended June 30, 2009, which collectively comprise Clinton Community School District's basic financial statements listed in the table of contents, and have issued our report thereon dated May 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Clinton Community School District'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 an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clinton Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated May 24, 2010.

Comments involving statutory and other legal matters about Clinton Community School 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.

Clinton Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on Clinton Community School District's responses, we did not audit Clinton Community School District's response 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 Clinton Community School District and other parties to whom Clinton Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specific parties.

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



Clinton, Iowa  
May 24, 2010

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

To the Board of Education  
Clinton Community School District  
Clinton, Iowa

**Compliance**

We have audited the compliance of Clinton Community School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Clinton Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Clinton Community School District's management. Our responsibility is to express an opinion on Clinton Community School District's compliance based on our audit.

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

In our opinion, Clinton Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of Clinton Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Clinton Community School District's internal control over compliance with the 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 the entity's internal control over compliance.

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

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

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

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

*Wills, Park & Foster, CPA PC*

Clinton, Iowa  
May 24, 2010

**CLINTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2009**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Direct:			
Department of Education			
Fund for the Improvement of Education -			
Safe and Drug Free Schools and Communities	84.184	FY 09	\$ 148,961
Department of Health and Human Services			
Medical Assistance Program	93.778	FY 09	<u>40,352</u>
			<u>189,313</u>
Indirect:			
US Department of Agriculture			
Iowa Department of Education			
Food Distribution (noncash)	10.550	FY 09	<u>92,572</u>
School Nutrition Cluster Programs			
School Breakfast Program	10.553	FY 09	207,259
National School Lunch Program	10.555	FY 09	751,781
Summer Food Service Program	10.559	FY 09	<u>37,107</u>
			<u>996,147</u>
Fresh Fruit and Vegetable Program	10.582	FY 09	<u>8,505</u>
Department of Education			
Iowa Department of Education			
Title I Grants to Local Educational Agencies	84.010	FY 09	<u>854,949</u>
Career and Technical Education -			
Basic Grants to States	84.048	FY 09	<u>63,445</u>
State Grants for Innovative Programs	84.298	FY 09	<u>8,272</u>
Safe and Drug Free Schools and Communities -			
State Grants	84.186	FY 09	<u>10,818</u>
21 <sup>st</sup> Century Community Learning Centers	84.287	FY 09	<u>427,150</u>
Special Education - Grants to States	84.027	FY 09	<u>248,975</u>
Grants for State Assessments and Related Activities	84.369	FY 09	<u>26,416</u>
Rehabilitation Services - Vocational Rehabilitation			
Grants to States	84.126	FY 09	<u>57,266</u>
Improving Teacher Quality State Grants	84.367	FY 09	<u>259,208</u>
English Language Acquisition Grants	84.365	FY 09	<u>3,226</u>
ARRA - State Fiscal Stabilization Fund (SFSF) -			
Education State Grants, Recovery Act	84.394	FY 09	<u>378,566</u>
Department of Health and Human Services			
Iowa Department of Education			
Drug Abuse and Addiction Research Programs	93.279	FY 09	<u>55,000</u>
<b>Total</b>			<b><u>\$ 3,679,828</u></b>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Clinton Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on the 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.



**CLINTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**Section II: Financial Statement Findings:**

**Significant Deficiencies**

II-A-09 Bank Reconciliations

Criteria - Monthly bank reconciliations are the primary internal control procedure relating to the District's cash and investment accounts.

Condition - During the audit, we noted that bank reconciliations were not being performed on a monthly basis and the year-end bank reconciliation did not agree to the general ledger.

Effect - Not reconciling accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis.

Cause - The District has not assigned duties to ensure bank reconciliations are completed on a monthly basis.

Recommendation - All cash and investment accounts should be reconciled on a monthly basis and agreed to the general ledger control accounts.

Response - The District will review current procedures and adjust accordingly.

Conclusion - Response accepted.

II-B-09 Financial Reporting

Criteria - Reconciling account balances and supporting documentation to control accounts is the primary internal control procedure relating to these account balances.

Condition - During the audit, we identified material amounts of receivables, capital asset additions, accounts payable, and revenue not recorded in the District's financial statements.

Effect - Transaction errors or other problems could occur and not be detected in a timely manner.

Cause - The District has not implemented procedures to ensure receivables, capital asset additions, accounts payable, and revenue are recorded.

Recommendation - The District should implement procedures to ensure all receivables, capital asset additions, accounts payable, and revenue are identified and included in the District's financial statements.

Response - The District will review current procedures and adjust accordingly.

Conclusion - Response accepted.

**CLINTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**Section II: Financial Statement Findings (continued):**

**Significant Deficiencies (continued)**

II-C-09 Segregation of Duties

Criteria - Internal controls should be in place to reduce to a relatively low risk the likelihood a material misstatement could occur and not be detected. A good internal control system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition - The District does not have proper segregation of duties over the receipt cycle.

Effect - Transaction errors or other problems could occur and not be detected in a timely manner.

Cause - The District has not assigned duties in the receipt cycle to achieve an adequate segregation of duties.

Recommendation - The District should be aware of the lack of segregation of duties over the receipt cycle and review controls which could be put in place to mitigate the risk that misstatements could occur and not be detected.

Response - The District will review controls which could be in place to mitigate the risk that misstatements could occur and not be detected.

Conclusion - Response accepted.

II-D-09 Journal Entries

Criteria - Internal controls should be in place to reduce to a relatively low risk the likelihood a material misstatement could occur and not be detected.

Condition - The District does not have effective internal controls over journal entries.

Effect - As a result of this condition, there is a higher risk that account balances could be materially misstated.

Cause - The District has not assigned duties to have journal entries reviewed by someone other than the preparer.

Recommendation - Another employee or member of management should review journal entries and supporting documentation on a monthly basis. The reviewer should then sign and date the entries as an indication of approval.

Response - The District will review current procedures and adjust accordingly.

Conclusion - Response accepted.

**CLINTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**Section II: Financial Statement Findings (continued):**

**Significant Deficiencies (continued)**

II-E-09 Financial Statement Preparation

Criteria - The District engages Winkel, Parker & Foster, CPA PC to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Winkel, Parker & Foster, CPA PC cannot be considered part of the District's internal control system.

Condition - The District has not implemented procedures, to the degree necessary, to perform a review and assume responsibility of the District's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors would be identified and corrected.

Effect - Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause - The District has relied on independent auditors to some degree to provide assurance that the financial statements, including disclosures, are not misstated.

Recommendation - Management should perform a comprehensive review of the financial statements to ensure that the financial statements, including disclosures, are complete and accurate.

Response - Management will perform a comprehensive review of the financial statements to ensure that the financial statements, including disclosures, are complete and accurate.

Conclusion - Response accepted.

**Instances of Non-compliance**

No matters were reported.

**CLINTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**Section III: Federal Award Findings and Questioned Costs:**

**Significant Deficiencies**

No matters were reported.

**Instances of Non-compliance**

No matters were reported.

**CLINTON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

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

IV-A-09 Certified Budget - Expenditures for the year ended June 30, 2009 exceeded the amended certified budget amounts in the instruction, support services, and non-instructional programs function.

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

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

Conclusion - Response accepted.

IV-B-09 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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 - No business transactions between the District and District officials or employees were noted.

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 ensure that coverage is adequate for current operations.

IV-F-09 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-09 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

IV-I-09 Certified Annual Report - The Certified Annual Report was certified with the Iowa Department of Education timely.

IV-J-09 Deficit Balances - The general fund, special revenue fund - student activity fund, and the special revenue fund - capital projects other revenue fund had deficit balances at June 30, 2009.

Recommendation - The District should investigate alternatives to eliminate these deficits and return the accounts to a sound financial condition.

Response - The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts.

Conclusion - Response accepted.

**CLINTON COMMUNITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2009**

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not corrected, please provide planned corrective action or other explanation</u>
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N/A



**Winkel, Parker  
& Foster, CPA PC**

Certified Public Accountants & Consultants

Board of Directors  
Clinton Community School District  
Clinton, Iowa

We have completed our audit of the Clinton Community School District's financial statements as of and for the year ended June 30, 2009, and have issued our report dated May 24, 2010. In connection with our audit engagement, we noted the following matters which we would like to bring to your attention.

### **Reconcile Accounts to Supporting Documents**

In order to make the financial reports generated by the accounting system as meaningful as possible, the District should reconcile the general ledger accounts for cash, accounts receivable, capital assets, and accounts payable to supporting documentation on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

During the audit we noted that the year-end bank reconciliation, accounts receivable listing, capital asset listing, and accounts payable listing did not agree to the general ledger. As a result of these reconciliations not being performed, we noted the following:

During our review of cash we noted checks listed as outstanding that actually cleared the bank. We also noted several checks that have been outstanding for a year or more. We recommend that the list of outstanding checks be reviewed regularly and that all checks not returned by the banks within a reasonable period of time be investigated. A bank reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash and investment transactions have been recorded properly and to discover errors. Further, another person other than the individual who prepared the bank reconciliation should review the reconciliation, reconciling items, and sign and date the reconciliation as an indication of approval.

During our review of accounts receivable we noted two invoices that were included twice in the year-end accounts receivable balance. In addition, we noted accounts receivable that were not included in accounts receivable balance, yet should have been. A reconciliation of accounts receivable from the general ledger to the accounts receivable detail should be prepared to check that the recording of transactions is accurate and proper.

During our review of accounts payable we noted several items that were improperly excluded from the listing as well as several items that were improperly included in the listing. A reconciliation of accounts payable from the general ledger to the outstanding accounts payable detail should be prepared to determine that the recording of transactions is accurate and proper.

During our review of capital assets we noted several items that were improperly excluded from the listing. The detailed capital asset records should be updated each time a capital asset is purchased, sold, or discarded.

These reconciliations and adjustments will ensure meaningful and accurate financial statements. The financial statements can then be used to assist management in the decision-making process of the District.

### **Improve Monthly Procedures**

During the audit we noted several transactions were not being posted timely or accurately. We recommend that the District establish a formal listing of all the items needed to be recorded on a monthly basis. This would ensure meaningful and accurate financial statements.

### **Grant Management**

During the audit we noted that various individuals have been assigned to handle the management of grants received by the District. Although they are tracking awards, filing reports, and reconciling expenditures relating to the individual grants, no one individual is reconciling the proper recording of the grant revenue. We recommend that an individual is assigned to reconcile the proper recording of grant revenue. Grant revenues should be recorded timely and accurately to ensure all revenues are properly coded and received.

This letter is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Walt, Park & Foster, CPA PC*

Clinton, Iowa  
May 24, 2010