

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

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

JUNE 30, 2010

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Central Community Schools of Clinton County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
Kurt Rickard	President	2009
Dennis Campbell	Vice President	2011
Christy Kunz	Board Member	2011
Bill Turnis	Board Member	2009
James Irwin, Jr.	Board Member	2011
Board of Education (After September 2009 Election)		
Kurt Rickard	President	2013
Dennis Campbell	Vice President	2011
Christy Kunz	Board Member	2011
Bill Turnis	Board Member	2013
James Irwin, Jr.	Board Member	2011
School Officials		
Daniel Peterson	Superintendent	2010
Janice Culbertson	District Secretary and Business Manager (Resigned March 2010)	2010
Cindy McAleer	District Secretary and Business Manager (Appointed March 2010)	2010
Patti Waack	District Treasurer	2010
Brett Nitzchke	Attorney	2010

Central Community Schools of Clinton County

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County, DeWitt, Iowa as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2011 on our consideration of the Central Community Schools of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Members American Institute & Iowa Society of Certified Public Accountants

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central Community Schools of Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for six years ended June 30, 2009 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

February 18, 2011

Management Discussion and Analysis

Central Community Schools of Clinton County District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- General Fund revenues decreased from \$13,331,719 in fiscal 2009 to \$13,174,911 in fiscal 2010, while General Fund expenditures increased from \$13,681,234 in fiscal 2009 to \$14,215,550 in fiscal 2010. This resulted in a decrease in the District's General Fund balance from \$847,892 in fiscal 2009 to a deficit balance of \$192,747 in fiscal 2010, a 122.73% decrease from the prior year.
- The decrease in General Fund revenues was attributable to the decrease in state funding because of the 10% across the board cut. The increase in expenditures was due primarily to increases in negotiated salaries and benefits as well as increases in expenditures funded by grants received by the District.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) decreased from 5.84% for fiscal year 2009 compared -2.13% for fiscal year 2010. The State School Budget Review Committee recommends a solvency ratio of 5% - 10%.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

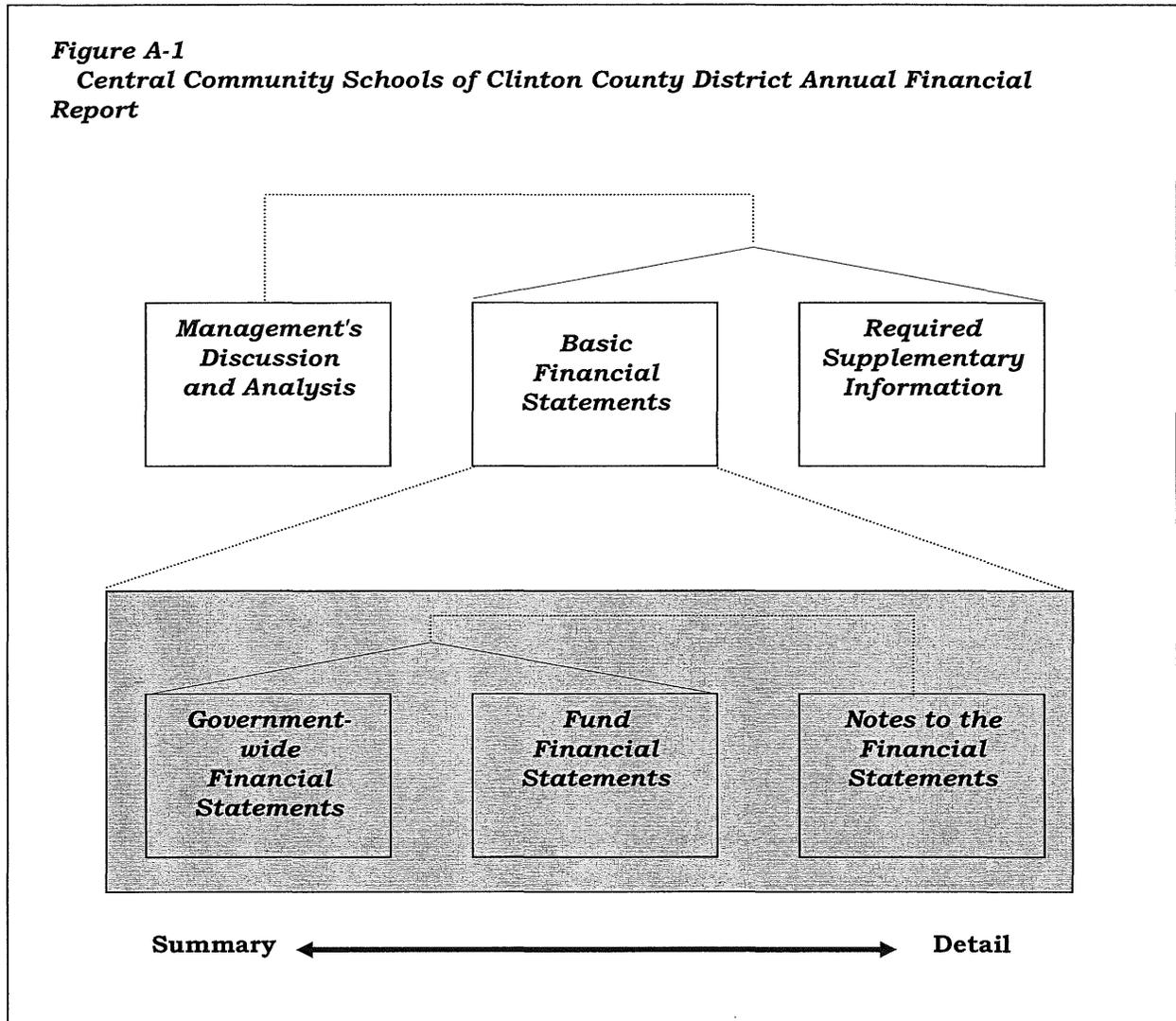


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

1) *Government Funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2009 compared to June 30, 2010.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 33,573,367	10,405,796	131,534	97,037	33,704,901	10,502,833	220.91%
Capital assets	15,073,809	13,167,159	295,068	333,925	15,368,877	13,501,084	13.83%
Total assets	48,647,176	23,572,955	426,602	430,962	49,073,778	24,003,917	104.44%
Long-term obligations	27,097,901	3,327,684	314	196	27,098,215	3,327,880	714.28%
Other liabilities	7,854,864	6,469,725	20,708	12,714	7,875,572	6,482,439	21.49%
Total liabilities	34,952,765	9,797,409	21,022	12,910	34,973,787	9,810,319	256.50%
Net assets:							
Invested in capital assets, net of related debt	11,307,322	9,987,159	295,068	333,925	11,602,390	10,321,084	12.41%
Restricted	2,571,989	2,683,767	0	0	2,571,989	2,683,767	-4.16%
Unrestricted	(184,900)	1,104,620	110,512	84,127	(74,388)	1,188,747	-106.26%
Total net assets	\$ 13,694,411	13,775,546	405,580	418,052	14,099,991	14,193,598	-0.66%

The District's combined net assets decreased \$93,607 or 0.66% over the prior year. The largest portion of the District's net assets is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets decreased by \$111,778 or 4.16% over the prior year. The decrease in restricted net assets can be attributed to the decreases in fund balance for the Management Levy Fund and the Physical Plant and Equipment Levy Fund.

Unrestricted net assets – are the part of net assets that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement – decreased \$1,263,135 or 106.26%. This decrease in unrestricted net assets was a result of the District using carryover fund balance of the General Fund to meet its financial obligations during the year.

Changes in net assets - Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2010.

	Governmental Activities		Business type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 679,574	710,942	575,337	524,134	1,254,911	1,235,076	1.61%
Operating grants, contributions, and restricted interest	3,247,963	2,192,300	314,751	261,369	3,562,714	2,453,669	45.20%
Capital grants, contributions, and restricted interest	375,254	0	0	0	375,254	0	100.00%
General revenues:							
Property tax	4,910,890	4,820,912	0	0	4,910,890	4,820,912	1.87%
Income surtax	524,638	497,072	0	0	524,638	497,072	5.55%
Statewide sales, services and use tax	1,141,591	1,255,436	0	0	1,141,591	1,255,436	-9.07%
Unrestricted state grants	5,031,928	6,289,496	0	0	5,031,928	6,289,496	-19.99%
Unrestricted investment earnings	39,591	51,386	345	248	39,936	51,634	-22.66%
Other	219,668	203,973	5,037	1,458	224,705	205,431	9.38%
Transfers	0	(217,322)	0	217,322	0	0	100.00%
Total revenues and transfers	16,171,097	15,804,195	895,470	1,004,531	17,066,567	16,808,726	1.53%
Program expenses:							
Governmental activities:							
Instruction	10,236,525	9,559,421	0	0	10,236,525	9,559,421	7.08%
Support services	4,195,084	3,730,860	1,231	8,321	4,196,315	3,739,181	12.23%
Non-instructional programs	0	35,589	906,711	788,761	906,711	824,350	9.99%
Other expenses	1,820,623	1,148,881	0	0	1,820,623	1,148,881	58.47%
Total expenses	16,252,232	14,474,751	907,942	797,082	17,160,174	15,271,833	12.36%
Changes in net assets	(81,135)	1,329,444	(12,472)	207,449	(93,607)	1,536,893	-106.09%
Beginning net assets	13,775,546	12,446,102	418,052	210,603	14,193,598	12,656,705	12.14%
Ending net assets	\$ 13,694,411	13,775,546	405,580	418,052	14,099,991	14,193,598	-0.66%

In fiscal year 2010, property tax and unrestricted state grants accounted for 61.49% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.40% of business type activities revenue.

The District's total revenues were approximately \$17.07 million, of which approximately \$16.17 million was for governmental activities and approximately \$0.90 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.53% increase in revenues and a 12.36% increase in expenses. Property tax increased \$89,978 to fund the increase in expenses. The increase in expenses is mainly due to increases in salaries and benefits received by employees of the District.

Governmental Activities

Revenues for governmental activities were \$16,171,097 and expenses were \$16,252,232.

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

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 10,236,525	9,559,421	7.08%	7,039,155	7,296,908	-3.53%
Support services	4,195,084	3,730,860	12.44%	4,072,470	3,657,523	11.35%
Non-instructional programs	0	35,589	-100.00%	0	30,319	-100.00%
Other expenses	1,820,623	1,148,881	58.47%	837,816	586,759	42.79%
Totals	<u>\$ 16,252,232</u>	<u>14,474,751</u>	<u>12.28%</u>	<u>11,949,441</u>	<u>11,571,509</u>	<u>3.27%</u>

- The cost financed by users of the Districts programs was \$679,574.
- Federal and state governments along with donations from citizens of the District for construction projects subsidized certain programs with grants and contributions totaling \$3,623,217.
- The net cost of governmental activities was financed with \$4,910,890 in property tax, \$524,638 in income surtax, \$1,141,591 in statewide sales, services and use tax, \$5,031,928 in unrestricted state grants, \$39,591 in interest income and \$219,668 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$895,470 and expenses were \$907,942. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$25,539,394, above last year's ending fund balance of \$3,552,978. However, the

primary reason for the increase in combined fund balances is due to unspent construction proceeds from the District's \$13.95 million general obligation bond issuance and the \$12.045 million revenue bond issuance.

Governmental Fund Highlights

- The District's decreasing General Fund financial position is the product of many factors. The District's General Fund balance decreased by \$1,040,639, from a fund balance of \$847,892 at the end of fiscal 2009, to a deficit balance of \$192,747 in fiscal 2010. Overall total expenditures increased by \$534,316 or 3.91%. The most significant increase was in instruction functional area with an increase of \$542,303 or 5.94%. The main reason for the increase in expenditures was due to the increases in salaries and benefits paid to District employees.
- The Capital Projects Fund balance increased from \$854,955 in fiscal 2009 to \$23,543,547 in fiscal 2010. The dramatic increase in capital projects fund balance is due to the District issuing \$13.95 million of general obligation bonds and \$12.045 million of revenue bonds during the year to finance the construction of additions to the Middle School and High School buildings.
- The Debt Service fund balance increased from \$683,389 in fiscal 2009 to \$1,476,529 in fiscal 2010. The increase in Debt Service fund balance is mainly due setting up reserve accounts for the District's bond issuances during the year.

PROPRIETARY FUND HIGHLIGHTS

The Proprietary Fund net assets decreased from \$418,052 at June 30, 2009 to \$405,580 at June 30, 2010, representing a decrease of 2.98%. Increased food costs and increased depreciation expense taken during the year led to the decrease in fund balance.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District amended its budget one time to reflect additional expenditures related to construction projects in progress at year end. The District increased expenditures in the other expenditures functional area by \$2,960,622.

The District's revenues were \$702,082 less than budgeted revenues, a variance of 3.97%. The most significant negative variance resulted from the District receiving less in state sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. During the year ended June 30, 2010, expenditures in the instruction and non-instructional functions exceeded the amount budgeted.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction and non-instruction functional areas due to the timing of expenditures at year end without sufficient time to amend the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$15,368,877, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 12.15% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$662,472.

The original cost of the District's capital assets was \$24,201,549. Governmental funds account for \$23,705,328 with the remainder of \$496,221 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$43,936 at June 30, 2009, compared to \$2,564,914 at June 30, 2010. The increase in construction in progress is due to the continuing construction projects at the high school, middle school and athletic complex.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 1,251,215	1,251,215	0	0	1,251,215	1,251,215	0.00%
Construction in progress	2,564,914	43,936	0	0	2,564,914	43,936	98.29%
Buildings	10,553,319	11,058,993	0	0	10,553,319	11,058,993	-4.79%
Land improvements	222,362	270,598	0	0	222,362	270,598	-21.69%
Machinery and equipment	481,999	542,417	295,068	333,925	777,067	876,342	-12.78%
Total	\$ 15,073,809	13,167,159	295,068	333,925	15,368,877	13,501,084	12.15%

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

Long-Term Debt

At June 30, 2010, the District had \$27,098,215 in long-term debt outstanding. This represents an increase of 714.28% over last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had \$13,950,000 in general obligation bonds and \$12,045,000 in revenue bonds outstanding at year ended June 30, 2010.

The District had capital loan notes payable of \$930,000 at the year ended June 30, 2010.

The District had total outstanding early retirement payable from the Special Revenue, Management Levy Fund of \$90,000 at June 30, 2010.

The District's net OPEB liability at June 30, 2010 was \$83,215.

Figure A-7
Outstanding Long-Term Obligations

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
General obligation bonds	\$ 13,950,000	395,000	0	0	13,950,000	395,000	3431.65%
Revenue bonds	12,045,000	1,640,000	0	0	12,045,000	1,640,000	634.45%
Capital loan notes	930,000	1,145,000	0	0	930,000	1,145,000	100.00%
Early retirement	90,000	90,000	0	0	90,000	90,000	0.00%
Compensated absences	0	5,880	0	0	0	5,880	-100.00%
Net OPEB liability	82,901	51,804	314	196	83,215	52,000	37.51%
Total	\$ 27,097,901	3,327,684	314	196	27,098,215	3,327,880	714.28%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The State has indicated the allowable growth for the upcoming year will be 2%. However, underfunding will be approximately \$290 - \$300 per student. As a result of the decrease in the District's balances, staffing and program cuts of \$456,000 were made for the 2010-2011 fiscal year.
- With the successful passing of the general obligation bond issue on June 30, 2009, the District was able to proceed with seeking bids for the new MS/HS Addition and Renovation Project. Bids were awarded in May of 2010 with results approximately 25% less than the engineer's estimate. As a result of the low bids, Phase II of the Athletic Facility Complex will also begin.
- The MS/HS Addition and Renovation Project will include a new Career & Technical Education (CTE) Wing, Fine Arts Auditorium, two new gymnasiums, Fine Arts Classrooms, and demolition of the current CTE wing to allow for additional classrooms.
- The District will be able to eliminate overcrowding in the Elementary by making Ekstand a Pre-K to 3rd grade complex, the intermediary school will be grades 4-6, the middle school will be 7-8, and the high school will continue at 9-12 grades. Anticipation of grade realignment could begin in January, 2012.
- Central Community Schools has been notified by Wellmark that we will have a 5.7% increase in health insurance premiums for the 2010-2011 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 26,768,180	71,669	26,839,849
Receivables:			
Property tax:			
Delinquent	53,466	0	53,466
Succeeding year	5,713,603	0	5,713,603
Income surtax	479,521	0	479,521
Accounts	598	0	598
Due from other governments	557,999	0	557,999
Inventories	0	59,865	59,865
Capital assets, net of accumulated depreciation	15,073,809	295,068	15,368,877
TOTAL ASSETS	48,647,176	426,602	49,073,778
LIABILITIES			
Accounts payable	545,057	27	545,084
Salaries and benefits payable	1,259,163	7,626	1,266,789
Interest payable	325,535	0	325,535
Deferred revenue:			
Succeeding year property tax	5,713,603	0	5,713,603
Other	11,506	0	11,506
Unearned revenue	0	13,055	13,055
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	420,000	0	420,000
Capital loan notes	220,000	0	220,000
Early retirement	22,500	0	22,500
Portion due after one year:			
General obligation bonds	13,530,000	0	13,530,000
Revenue bonds	12,045,000	0	12,045,000
Capital loan notes	710,000	0	710,000
Early retirement	67,500	0	67,500
Net OPEB liability	82,901	314	83,215
TOTAL LIABILITIES	34,952,765	21,022	34,973,787
NET ASSETS			
Invested in capital assets, net of related debt	11,307,322	295,068	11,602,390
Restricted for:			
Debt service	1,476,529	0	1,476,529
Categorical funding	88,361	0	88,361
Capital projects	385,034	0	385,034
Management levy	167,987	0	167,987
Physical plant and equipment levy	368,215	0	368,215
Other special revenue purposes	85,863	0	85,863
Unrestricted	(184,900)	110,512	(74,388)
TOTAL NET ASSETS	\$ 13,694,411	405,580	14,099,991

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges	Contributions	Capital Grants,	Govern- mental Activities	Business- Type Activities	Total
		for Services	and Restricted Interest	Contributions and Restricted Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 6,418,864	300,328	1,848,815	0	(4,269,721)	0	(4,269,721)
Special	2,113,586	98,023	286,924	0	(1,728,639)	0	(1,728,639)
Other	1,704,075	267,617	395,663	0	(1,040,795)	0	(1,040,795)
	<u>10,236,525</u>	<u>665,968</u>	<u>2,531,402</u>	<u>0</u>	<u>(7,039,155)</u>	<u>0</u>	<u>(7,039,155)</u>
Support services:							
Student	492,061	0	16,408	0	(475,653)	0	(475,653)
Instructional staff	291,031	0	8,129	0	(282,902)	0	(282,902)
Administration	1,522,452	0	0	0	(1,522,452)	0	(1,522,452)
Operation and maintenance of plant	1,107,194	0	0	0	(1,107,194)	0	(1,107,194)
Transportation	782,346	13,606	84,471	0	(684,269)	0	(684,269)
	<u>4,195,084</u>	<u>13,606</u>	<u>109,008</u>	<u>0</u>	<u>(4,072,470)</u>	<u>0</u>	<u>(4,072,470)</u>
Other expenditures:							
Facilities acquisitions	335,486	0	0	375,254	39,768	0	39,768
Long-term debt interest	400,516	0	0	0	(400,516)	0	(400,516)
AEA flowthrough	607,553	0	607,553	0	0	0	0
Depreciation (unallocated)*	477,068	0	0	0	(477,068)	0	(477,068)
	<u>1,820,623</u>	<u>0</u>	<u>607,553</u>	<u>375,254</u>	<u>(837,816)</u>	<u>0</u>	<u>(837,816)</u>
Total governmental activities	16,252,232	679,574	3,247,963	375,254	(11,949,441)	0	(11,949,441)
Business Type activities:							
Support services:							
Student	123	0	0	0	0	(123)	(123)
Administration	1,108	0	0	0	0	(1,108)	(1,108)
	<u>1,231</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,231)</u>	<u>(1,231)</u>
Non-instructional programs:							
Nutrition services	906,711	575,337	314,751	0	0	(16,623)	(16,623)
Total business type activities	907,942	575,337	314,751	0	0	(17,854)	(17,854)
Total	\$ 17,160,174	1,254,911	3,562,714	375,254	(11,949,441)	(17,854)	(11,967,295)
General Revenues:							
Property tax levied for:							
General purposes				\$ 4,102,540	0	4,102,540	
Capital outlay				400,845	0	400,845	
Debt service				407,505	0	407,505	
Income surtax				524,638	0	524,638	
Statewide sales, services and use tax				1,141,591	0	1,141,591	
Unrestricted state grants				5,031,928	0	5,031,928	
Unrestricted investment earnings				39,591	345	39,936	
Other general revenues				219,668	5,037	224,705	
Total general revenues				<u>11,868,306</u>	<u>5,382</u>	<u>11,873,688</u>	
Changes in net assets				(81,135)	(12,472)	(93,607)	
Net assets beginning of year				13,775,546	418,052	14,193,598	
Net assets end of year				<u>\$ 13,694,411</u>	<u>405,580</u>	<u>14,099,991</u>	

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

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Capital Projects	Debt Service	Other Nonmajor Special Revenue	Total
ASSETS					
Cash and pooled investments	\$ 760,265	24,039,800	1,174,804	768,188	26,743,057
Receivables:					
Property tax:					
Delinquent	42,686	0	4,335	6,445	53,466
Succeeding year	4,210,966	0	938,263	564,374	5,713,603
Income surtax	479,521	0	0	0	479,521
Interfund	104,000	0	297,390	0	401,390
Accounts	598	0	0	0	598
Due from other governments	306,012	185,733	0	66,254	557,999
TOTAL ASSETS	\$ 5,904,048	24,225,533	2,414,792	1,405,261	33,949,634
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	\$ 0	281,500	0	119,890	401,390
Accounts payable	135,925	400,486	0	8,646	545,057
Salaries and benefits payable	1,258,877	0	0	286	1,259,163
Deferred revenue:					
Succeeding year property tax	4,210,966	0	938,263	564,374	5,713,603
Income surtax	479,521	0	0	0	479,521
Other	11,506	0	0	0	11,506
Total liabilities	6,096,795	681,986	938,263	693,196	8,410,240
Fund balances:					
Reserved for:					
Construction	0	23,158,513	0	0	23,158,513
Debt service	0	0	1,476,529	0	1,476,529
Categorical funding	88,361	0	0	0	88,361
Unreserved	(281,108)	385,034	0	712,065	815,991
Total fund balances	(192,747)	23,543,547	1,476,529	712,065	25,539,394
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,904,048	24,225,533	2,414,792	1,405,261	33,949,634

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Total fund balances of governmental funds (page 20)	\$	25,539,394
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		15,073,809
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		479,521
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		25,123
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(325,535)
Long-term liabilities, including bonds payable, capital loan note payable, early retirement payable 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.		(27,097,901)
		<u>(27,097,901)</u>
Net assets of governmental activities (page 18)	\$	<u>13,694,411</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Capital Projects	Debt Service	Other Nonmajor Special Revenue	Total
REVENUES:					
Local sources:					
Local tax	\$ 4,359,076	1,141,591	407,505	600,534	6,508,706
Tuition	332,428	0	0	0	332,428
Other	273,869	45,364	65	696,734	1,016,032
Intermediate sources	2,700	0	0	0	2,700
State sources	6,984,643	0	210	311	6,985,164
Federal sources	1,191,400	0	0	66,254	1,257,654
Total revenues	13,144,116	1,186,955	407,780	1,363,833	16,102,684
EXPENDITURES:					
Current:					
Instruction:					
Regular	6,151,561	0	0	245,065	6,396,626
Special	2,116,235	0	0	0	2,116,235
Other	1,407,047	0	0	294,184	1,701,231
	9,674,843	0	0	539,249	10,214,092
Support services:					
Student	491,350	0	0	0	491,350
Instructional staff	289,566	0	0	1,595	291,161
Administration	1,398,639	56,382	0	4,544	1,459,565
Operation and maintenance of plant	1,029,796	0	0	83,824	1,113,620
Transportation	723,803	0	0	27,985	751,788
	3,933,154	56,382	0	117,948	4,107,484
Other expenditures:					
Facilities acquisitions	0	1,906,581	0	873,191	2,779,772
Long-term debt:					
Principal	0	0	2,250,000	0	2,250,000
Interest and fiscal charges	0	0	103,289	0	103,289
AEA flowthrough	607,553	0	0	0	607,553
	607,553	1,906,581	2,353,289	873,191	5,740,614
Total expenditures	14,215,550	1,962,963	2,353,289	1,530,388	20,062,190
Deficiency of revenues under expenditures	(1,071,434)	(776,008)	(1,945,509)	(166,555)	(3,959,506)
Other financing sources(uses):					
Transfers in	30,645	10,947,343	2,732,894	0	13,710,882
Transfers out	0	(13,422,760)	0	(288,122)	(13,710,882)
Accrued interest on bond issuance	0	0	5,755	0	5,755
General obligation bond issuance	0	13,950,000	0	0	13,950,000
Revenue bond issuance	0	12,045,000	0	0	12,045,000
Discount on bond issuances	0	(251,491)	0	0	(251,491)
Cost of bond issuances	0	(107,720)	0	0	(107,720)
Premium on bond issuances	0	304,228	0	0	304,228
Sale of equipment	150	0	0	0	150
Total other financing sources(uses)	30,795	23,464,600	2,738,649	(288,122)	25,945,922
Net change in fund balances	(1,040,639)	22,688,592	793,140	(454,677)	21,986,416
Fund balance beginning of year	847,892	854,955	683,389	1,166,742	3,552,978
Fund balance end of year	\$ (192,747)	23,543,547	1,476,529	712,065	25,539,394

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds (page 22) \$ 21,986,416

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

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

Capital expenditures	\$ 2,772,860	
Depreciation expense	(628,404)	
Loss on disposal of capital assets	<u>(237,806)</u>	1,906,650

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

Issued	\$ (25,995,000)	
Repaid	<u>2,250,000</u>	(23,745,000)

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

(297,227)

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

68,413

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

24,830

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

Compensated absences	\$ 5,880	
Other postemployment benefits	<u>(31,097)</u>	<u>(25,217)</u>

Changes in net assets of governmental activities (page 19) \$ (81,135)

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
ASSETS		
Current assets:		
Cash and pooled investments	\$ 71,669	25,123
Inventories	59,865	0
Total current assets	<u>131,534</u>	<u>25,123</u>
Non-current assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation	295,068	0
Total non-current assets	<u>295,068</u>	<u>0</u>
TOTAL ASSETS	<u>426,602</u>	<u>25,123</u>
LIABILITIES		
Current liabilities:		
Accounts payable	27	0
Salaries and benefits payable	7,626	0
Unearned revenue	13,055	0
Total current liabilities	<u>20,708</u>	<u>0</u>
Long-term liabilities:		
Net OPEB liability	314	0
Total long-term liabilities	<u>314</u>	<u>0</u>
TOTAL LIABILITIES	<u>21,022</u>	<u>0</u>
NET ASSETS		
Invested in capital assets	295,068	0
Unrestricted	110,512	25,123
TOTAL NET ASSETS	<u>\$ 405,580</u>	<u>25,123</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 575,337	0
Donations	147	0
Miscellaneous	5,037	1,809,422
TOTAL OPERATING REVENUES	<u>580,521</u>	<u>1,809,422</u>
OPERATING EXPENSES:		
Support services:		
Student:		
Services	123	0
Administration:		
Services	768	1,784,663
Supplies	340	0
Total support services	<u>1,231</u>	<u>1,784,663</u>
Non-instructional programs:		
Food service operations:		
Salaries	374,885	0
Benefits	67,819	0
Services	8,520	0
Supplies	416,678	0
Depreciation	34,068	0
Other	361	0
Total non-instructional programs	<u>902,331</u>	<u>0</u>
TOTAL OPERATING EXPENSES	<u>903,562</u>	<u>0</u>
OPERATING INCOME (LOSS)	<u>(323,041)</u>	<u>24,759</u>
NON-OPERATING REVENUES (EXPENSE):		
State sources	8,065	0
Federal sources	306,539	0
Interest income	345	71
Loss on asset disposal	(37,380)	0
TOTAL NON-OPERATING REVENUES (EXPENSE)	<u>277,569</u>	<u>71</u>
Change in net assets before other financing sources	(45,472)	24,830
Other financing sources:		
Sale of equipment	33,000	0
Changes in net assets	(12,472)	24,830
Net assets beginning of year	<u>418,052</u>	<u>293</u>
Net assets end of year	<u>\$ 405,580</u>	<u>25,123</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

	Business Type	
	Enterprise Fund	Governmental Activities: Internal Service Fund
	School Nutrition	Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 579,678	0
Cash received from miscellaneous operating activities	5,184	1,810,507
Cash payments to employees for services	(438,960)	0
Cash payments to suppliers for goods or services	(360,020)	(1,784,663)
Net cash provided by(used in) operating activities	(214,118)	25,844
Cash flows from non-capital financing activities:		
State grants received	8,065	0
Federal grants received	227,241	0
Net cash provided by non-capital financing activities	235,306	0
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(32,591)	0
Sale of equipment	33,000	0
Net cash provided by capital and related financing activities	409	0
Cash flows from investing activities:		
Interest on investments	345	71
Net increase in cash and cash equivalents	21,942	25,915
Cash and cash equivalents at beginning of year	49,727	(792)
Cash and cash equivalents at end of year	\$ 71,669	25,123
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (323,041)	24,759
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	83,298	0
Depreciation	34,068	0
Increase in inventories	(16,555)	0
Decrease in accounts receivable	0	1,085
Increase in accounts payable	27	0
Increase in salaries and benefits payable	3,626	0
Increase in unearned revenue	4,341	0
Increase in other postemployment benefits	118	0
Net cash provided by(used in) operating activities	\$ (214,118)	25,844

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$83,298.

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 305,262	46,641
TOTAL ASSETS	<u>305,262</u>	<u>46,641</u>
LIABILITIES		
Accounts payable	0	193
Due to other groups	0	46,448
TOTAL LIABILITIES	<u>0</u>	<u>46,641</u>
NET ASSETS		
Restricted for scholarships	297,875	0
Unrestricted	7,387	0
TOTAL NET ASSETS	<u>\$ 305,262</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Contributions	\$ 1,750
Total additions	<u>1,750</u>
Deductions:	
Support services:	
Administration:	
Scholarships awarded	11,350
Total deductions	<u>11,350</u>
Change in net assets	(9,600)
Net assets beginning of year	<u>314,862</u>
Net assets end of year	<u><u>\$ 305,262</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

The Central Community Schools of Clinton County is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and preschool education. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of DeWitt, Iowa, and the predominate agricultural territory in Clinton County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service

operations of the District. The Internal Service Fund is used to account for the District's self-funded dental insurance plan.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net

assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute,

the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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

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

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

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 + years
Machinery and equipment	5-12 years

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures in the instruction and non-instructional functions areas exceeded budgeted amounts.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2010 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 and the Treasurer of the State of Iowa; 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, 2010, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$23,283,830 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

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

The detail of interfund receivables and payables at June 30, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Sinking	Statewide Sales Services and Use Tax	\$ 281,500
Debt Service	Physical Plant and Equipment Levy	15,890
General	Physical Plant and Equipment Levy	104,000
Total		<u>\$ 401,390</u>

(4) Transfers

The detail of transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Debt Sinking	Statewide Sales Services and Use Tax	\$ 1,800,208
Debt Service	Statewide Sales Services and Use Tax	675,209
High School & Middle School Projects	Statewide Sales Services and Use Tax	10,947,343
Debt Service	Physical Plant and Equipment Levy	257,477
General Total	Activity Fund	30,645 <u>\$ 13,710,882</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,251,215	0	0	1,251,215
Construction in progress	43,936	2,520,978	0	2,564,914
Total capital assets not being depreciated	<u>1,295,151</u>	<u>2,520,978</u>	<u>0</u>	<u>3,816,129</u>
Capital assets being depreciated:				
Buildings	17,095,444	160,964	282,869	16,973,539
Land improvements	647,397	0	0	647,397
Machinery and equipment	2,220,935	90,918	43,590	2,268,263
Total capital assets being depreciated	<u>19,963,776</u>	<u>251,882</u>	<u>326,459</u>	<u>19,889,199</u>
Less accumulated depreciation for:				
Buildings	6,036,451	428,832	45,063	6,420,220
Land improvements	376,799	48,236	0	425,035
Machinery and equipment	1,678,518	151,336	43,590	1,786,264
Total accumulated depreciation	<u>8,091,768</u>	<u>628,404</u>	<u>88,653</u>	<u>8,631,519</u>
Total capital assets being depreciated, net	<u>11,872,008</u>	<u>(376,522)</u>	<u>237,806</u>	<u>11,257,680</u>
Governmental activities capital assets, net	<u>\$ 13,167,159</u>	<u>2,144,456</u>	<u>237,806</u>	<u>15,073,809</u>

	Balance			Balance
	Beginning			End
	of Year	Increases	Decreases	of Year
Business type activities:				
Machinery and equipment	\$ 503,502	32,591	39,872	496,221
Less accumulated depreciation	169,577	34,068	2,492	201,153
Business type activities capital assets, net	<u>\$ 333,925</u>	<u>(1,477)</u>	<u>37,380</u>	<u>295,068</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 823
Other		24,278
Support services:		
Student		682
Administration		39,929
Operation and maintenance of plant		18,912
Transportation		66,712
		<u>151,336</u>
Unallocated depreciation		477,068
		<u>628,404</u>
Business type activities:		
Food service		<u>\$ 34,068</u>

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance			Balance	Due
	Beginning			End of	Within
	of Year	Additions	Deletions	Year	One Year
Governmental activities:					
General obligation bonds	\$ 395,000	13,950,000	395,000	13,950,000	420,000
Revenue bonds	1,640,000	12,045,000	1,640,000	12,045,000	0
Capital loan notes	1,145,000	0	215,000	930,000	220,000
Early retirement	90,000	90,000	90,000	90,000	22,500
Compensated absences	5,880	0	5,880	0	0
Net OPEB liability	51,804	31,097	0	82,901	0
Total governmental activities	<u>\$ 3,327,684</u>	<u>26,116,097</u>	<u>2,345,880</u>	<u>27,097,901</u>	<u>662,500</u>
Business type activities:					
Net OPEB liability	\$ 196	118	0	314	0

General Obligation Bonds Payable

Details of the District's June 30, 2010 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of May 1, 2010			
	Interest Rate	Principal	Interest	Total
2011	2.00	% \$ 420,000	517,913	937,913
2012	2.00	445,000	509,513	954,513
2013	2.00	465,000	500,613	965,613
2014	3.00	490,000	491,313	981,313
2015	3.00	515,000	476,613	991,613
2016-2020	3.00-4.00	2,980,000	2,117,563	5,097,563
2021-2025	4.00	3,795,000	1,476,463	5,271,463
2026-2030	4.00-4.25	4,840,000	630,497	5,470,497
Total		\$ 13,950,000	6,720,488	20,670,488

Revenue Bonds Payable

Details of the District's June 30, 2010 revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of February 1, 2010			
	Interest Rate	Principal	Interest	Total
2011	3.00	% \$ -	453,979	453,979
2012	3.00	425,000	488,875	913,875
2013	3.00	440,000	475,900	915,900
2014	3.00	475,000	462,175	937,175
2015	3.00	495,000	447,625	942,625
2016-2020	3.00-4.00	2,740,000	1,982,953	4,722,953
2021-2025	4.10-4.50	3,325,000	1,382,178	4,707,178
2026-2030	4.60-5.00	4,145,000	531,124	4,676,124
Total		\$ 12,045,000	6,224,809	18,269,809

The District has pledged future statewide sales, services and use tax revenues to repay the \$12,045,000 bonds issued in February 2010 for the purposes of an addition to the middle school and high school buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 40 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining on the bonds are \$18,269,809. For the current year, \$1,640,000 of principal and interest of \$57,527 was paid on the bonds. Total statewide sales, services and use tax revenues for the year were \$1,141,591.

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

- a) \$959,050 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.

- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Loan Notes

Details of the District's June 30, 2010 capital loan notes indebtedness is as follows:

Year Ending June 30,	Dewitt Bank & Trust Notes issued on September 17, 2008			First Central State Bank Notes issued on September 17, 2008			Total				
	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest	Total		
2011	4.08 %	\$ 0	9,048	9,048	4.08 %	\$ 220,000	26,120	246,120	220,000	35,168	255,168
2012	4.08	0	9,048	9,048	4.08	230,000	18,310	248,310	230,000	27,358	257,358
2013	4.08	235,000	9,047	244,047	4.08	0	9,800	9,800	235,000	18,847	253,847
2014	4.08	0	0	0	4.08	245,000	9,800	254,800	245,000	9,800	254,800
Total		\$ 235,000	27,143	262,143		\$ 695,000	64,030	759,030	\$ 930,000	91,173	1,021,173

Early Retirement

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

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$571,825, \$536,299, and \$485,056, respectively, equal to the required contributions for each year.

(8) Risk Management

The District has a self-funded dental insurance plan. Total out of pocket expense per participant is \$750. Settle claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That balance was \$25,123 at June 30, 2010.

The Central Community Schools of Clinton County is exposed to various risks to loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$607,553 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Other Postemployment Benefits

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

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 99,000
Interest on net OPEB obligation	2,340
Adjustment of annual required contribution	(2,125)
Annual OPEB cost	99,215
Contributions made	(68,000)
Increase in net OPEB obligation	31,215
Net OPEB obligation beginning of year	52,000
Net OPEB obligation end of year	\$ 83,215

For the calculation of the net OPEB obligation, the actuary has set the transition as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$68,000 to the medical plan. Plan members eligible for benefits contributed \$142,000 or 67.62% of the premium cost.

The District's annual OPEB cost, the percentage of the OPEB cost contributed to the plan and the net OPEB obligation as June 30, 2010 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 99,215	68.54%	\$ 83,215

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$930,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$930,000. The annual covered payroll (annual payroll of the active employees covered by the plan) was approximately \$7.009 million the ratio of the UAAL to covered payroll was 13.27%. As of June 30, 2010, there were no trust fund assets.

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

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

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

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

Projected claim costs of the medical plan are \$370 per month for retirees less than age 65 and \$926 for those who have attained age 65. The salary increase was assumed to be 3.5% per year. The UAAL is amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2010, expenditures in the instruction and non-instructional functions exceeded the amount budgeted.

(12) Deficit Fund Balance/Net Assets

At June 30, 2010, the General Fund had deficit unrestricted net assets of \$281,108. The District also had a deficit unrestricted net assets balance in the governmental activities of \$184,900.

(13) Categorical Funding

The District's ending balance for categorical funding by project as of the year ended June 30, 2010, are as follows:

Project	Amount
Talented and gifted	\$ 20,168
Beginning teacher mentoring	525
Teacher salary supplement	841
Professional development	18,101
Market factor	11,375
Beginning teacher mentoring	1,500
Textbook aid to non-public students	330
Model core curriculum	27,284
Market factor incentives	8,237
Total	<u>\$ 88,361</u>

(14) Construction Commitments

The District has entered into various contracts totaling \$22,775,700 for the construction of an addition to the middle school and high school, as well as the construction of an athletic complex. As of June 30, 2010, costs of \$2,564,914 had been incurred against the contracts. The balance of \$20,210,786 remaining at June 30, 2010 will be paid as work on the projects progresses. The total cost of the projects will be added to the District's capital asset listing upon completion.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2010

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local	\$ 7,857,166	580,866	8,438,032	7,974,680	7,974,680	463,352
Intermediate	2,700	0	2,700	200	200	2,500
State	6,985,164	8,065	6,993,229	9,278,856	9,278,856	(2,285,627)
Federal	1,257,654	306,539	1,564,193	446,500	446,500	1,117,693
Total revenues	16,102,684	895,470	16,998,154	17,700,236	17,700,236	(702,082)
Expenditures/expenses:						
Instruction	10,214,092	0	10,214,092	10,151,758	10,151,758	(62,334)
Support services	4,107,484	1,231	4,108,715	4,654,628	4,654,628	545,913
Non-instructional programs	0	902,331	902,331	650,000	650,000	(252,331)
Other expenditures	5,740,614	0	5,740,614	2,839,378	5,800,000	59,386
Total expenditures/expenses	20,062,190	903,562	20,965,752	18,295,764	21,256,386	290,634
Excess(deficiency) of revenues over(under) expenditures/expenses	(3,959,506)	(8,092)	(3,967,598)	(595,528)	(3,556,150)	(411,448)
Other financing sources, net	25,945,922	(4,380)	25,941,542	(1)	(1)	25,941,543
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	21,986,416	(12,472)	21,973,944	(595,529)	(3,556,151)	25,530,095
Balance beginning of year	3,552,978	418,052	3,971,030	3,367,652	3,367,652	603,378
Balance end of year	\$ 25,539,394	405,580	25,944,974	2,772,123	(188,499)	26,133,473

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2010

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted two budget amendment increasing budget expenditures by \$2,960,622.

During the year ended June 30, 2010, expenditures in the instruction and non-instructional programs functions exceeded budgeted amounts.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UUAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UUAL as a Percentage of Covered Payroll [[b-a]/c]
2009	July 1, 2008	\$ 0	930	930	0.00%	\$ 7,268	12.80%
2010	July 1, 2008	\$ 0	930	930	0.00%	\$ 7,009	13.27%

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

OTHER SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	Nonmajor Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 264,084	86,514	417,590	768,188
Receivables:				
Property tax:				
Delinquent	2,184	0	4,261	6,445
Succeeding year	150,000	0	414,374	564,374
Due from other governments	0	0	66,254	66,254
TOTAL ASSETS	\$ 416,268	86,514	902,479	1,405,261
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	\$ 0	0	119,890	119,890
Accounts payable	8,281	365	0	8,646
Salary and benefits payable	0	286	0	286
Deferred revenue:				
Succeeding year property tax	150,000	0	414,374	564,374
Total liabilities	158,281	651	534,264	693,196
Unreserved fund balances	257,987	85,863	368,215	712,065
TOTAL LIABILITIES AND FUND BALANCES	\$ 416,268	86,514	902,479	1,405,261

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2010

	Nonmajor Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES:				
Local:				
Local tax	\$ 199,689	0	400,845	600,534
Other	34,265	330,058	332,411	696,734
State sources	105	0	206	311
Federal sources	0	0	66,254	66,254
TOTAL REVENUES	234,059	330,058	799,716	1,363,833
EXPENDITURES:				
Current:				
Instruction:				
Regular	173,594	0	71,471	245,065
Other	0	294,184	0	294,184
Support services:				
Instructional staff	0	1,595	0	1,595
Administration	4,334	210	0	4,544
Operation and maintenance of plant	83,824	0	0	83,824
Transportation	14,906	0	13,079	27,985
Other expenditures:				
Facilities acquisition	0	0	873,191	873,191
TOTAL EXPENDITURES	276,658	295,989	957,741	1,530,388
Excess(deficiency) of revenues over(under) expenditures	(42,599)	34,069	(158,025)	(166,555)
Other financing uses:				
Transfer out	0	(30,645)	(257,477)	(288,122)
Net change in fund balances	(42,599)	3,424	(415,502)	(454,677)
Fund balances beginning of year	300,586	82,439	783,717	1,166,742
Fund balances end of year	\$ 257,987	85,863	368,215	712,065

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures and Transfers	Balance End of Year
Activity tickets	\$ 2,913	31,442	27,640	6,715
Interest	1,221	161	12	1,370
Co-ed bowling	0	2,387	2,221	166
MS drama	420	511	595	336
MS vocal music	4,742	4,633	3,992	5,383
MS instrumental music	70	24,978	24,138	910
MS general athletics	131	6,808	6,030	909
MS boys basketball	130	17,309	17,118	321
MS boys football	0	25,213	25,269	(56)
MS boys track	152	4,940	4,882	210
MS cross country	41	1,689	1,719	11
MS boys wrestling	0	3,447	3,298	149
MS girls basketball	0	8,451	8,432	19
MS girls volleyball	124	3,509	3,623	10
MS girls track	0	7,839	7,819	20
MS yearbook	1,418	3,660	4,032	1,046
MS student building project	417	993	33	1,377
MS concessions	8,194	10,706	11,052	7,848
D.A.R.E.	314	0	314	0
MS student council	1,717	1,523	1,120	2,120
HS drama	8,878	157	1,604	7,431
HS speech	174	0	151	23
HS vocal music	4,416	1,174	0	5,590
HS instrumental music	16,624	38,829	25,589	29,864
HS musicals	5,108	3,701	1,023	7,786
HS general athletics	(516)	5,102	0	4,586
HS boys basketball	8	776	0	784
HS boys football	82	4,626	0	4,708
HS boys soccer	0	3,212	3,211	1
HS boys baseball	1,418	1,501	2,882	37
HS boys track	4,647	937	12,421	(6,837)
HS cross country	420	2,731	3,124	27
HS boys golf	0	661	630	31
HS boys wrestling	1,713	268	1,975	6
HS girls basketball	162	544	657	49
HS girls volleyball	0	11	0	11
HS girls soccer	30	4,011	5,777	(1,736)
HS girls softball	4,844	2,611	7,431	24
HS girls track	1,962	1,222	2,791	393
HS girls golf	0	175	171	4
HS yearbook	(8,526)	21,498	20,515	(7,543)
HS newspaper	3	832	515	320
HS Concessions	0	0	0	0
HS cheerleading	899	436	1,900	(565)
HS central sensations dance	134	1,046	0	1,180
HS FFA	3,684	37,476	43,244	(2,084)
HS food production	(221)	912	921	(230)
FCCLA	0	1,363	956	407
HS national honor society	3,822	1,941	2,000	3,763
HS student council	4,387	5,877	7,992	2,272
HS SADD	767	0	0	767
HS class of 2009	0	0	353	(353)
HS class of 2010	2,063	182	1,008	1,237
HS class of 2011	592	14,196	12,528	2,260
HS class of 2012	94	384	47	431
HS class of 2013	0	126	26	100
Publications trip	43	0	43	0
Ekstrand special olympics	1,475	100	1,253	322
Ekstrand student council	1,248	3,825	3,144	1,929
Ekstrand resale	1	7,416	7,413	4
Total	\$ 82,439	330,058	326,634	85,863

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND
 JUNE 30, 2010

	Capital Project Funds		
	High School & Middle School Projects	Statewide Sales, Service and Use Tax	Total
ASSETS			
Cash and pooled investments	\$ 23,558,999	480,801	24,039,800
Due from other governments	0	185,733	185,733
TOTAL ASSETS	\$ 23,558,999	666,534	24,225,533
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund payable	\$ 0	281,500	281,500
Accounts payable	400,486	0	400,486
Total liabilities	400,486	281,500	681,986
Fund balances:			
Reserved:			
Construction	23,158,513	0	23,158,513
Unreserved:			
Capital projects	0	385,034	385,034
Total fund balances	23,158,513	385,034	23,543,547
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,558,999	666,534	24,225,533

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2010

	Capital Project Fund		
	High School & Middle School Projects	Statewide Sales and Services Tax	Total
REVENUES:			
Local sources:			
Local tax	\$ 0	1,141,591	1,141,591
Other	29,219	16,145	45,364
Total revenues	29,219	1,157,736	1,186,955
EXPENDITURES:			
Support services:			
Adminstration	56,382	0	56,382
Other expenditures:			
Facilities acquisitions	1,849,366	57,215	1,906,581
Total expenditures	1,905,748	57,215	1,962,963
Excess(Deficiency) of revenues over(under) expenditures	(1,876,529)	1,100,521	(776,008)
Other financing sources(uses):			
Transfer in	10,947,343	0	10,947,343
Transfer out	0	(13,422,760)	(13,422,760)
General obligation bond issuance	13,950,000	0	13,950,000
Revenue bond issuance	0	12,045,000	12,045,000
Discount on bond issuances	(82,080)	(169,411)	(251,491)
Cost of bond issuances	(53,645)	(54,075)	(107,720)
Premium on bond issuances	273,424	30,804	304,228
Total other financing sources(uses)	25,035,042	(1,570,442)	23,464,600
Net change in fund balances	23,158,513	(469,921)	22,688,592
Fund balances beginning of year	0	854,955	854,955
Fund balances end of year	\$ 23,158,513	385,034	23,543,547

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING BALANCE SHEET
 DEBT SERVICE FUND
 JUNE 30, 2010

	Debt Service	Debt Sinking	Total
ASSETS			
Cash and pooled investments	\$ 9,400	1,165,404	1,174,804
Receivables:			
Property tax:			
Delinquent	4,335	0	4,335
Succeeding year	938,263	0	938,263
Interfund	15,890	281,500	297,390
TOTAL ASSETS	\$ 967,888	1,446,904	2,414,792
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 938,263	0	938,263
Total liabilities	938,263	0	938,263
Fund balances:			
Reserved for debt service	29,625	1,446,904	1,476,529
Total fund balances	29,625	1,446,904	1,476,529
TOTAL LIABILITIES AND FUND BALANCES	\$ 967,888	1,446,904	2,414,792

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DEBT SERVICE FUND
 YEAR ENDED JUNE 30, 2010

	Debt Service	Debt Sinking	Total
REVENUES:			
Local sources:			
Local tax	\$ 407,505	0	407,505
Other	0	65	65
State sources	210	0	210
TOTAL REVENUES	<u>407,715</u>	<u>65</u>	<u>407,780</u>
EXPENDITURES:			
Current:			
Other expenditures:			
Long-term debt:			
Principal	1,275,000	975,000	2,250,000
Interest and fiscal charges	66,204	37,085	103,289
TOTAL EXPENDITURES	<u>1,341,204</u>	<u>1,012,085</u>	<u>2,353,289</u>
Deficiency of revenues under expenditures	(933,489)	(1,012,020)	(1,945,509)
Other financing sources:			
Transfers in	932,686	1,800,208	2,732,894
Accrued interest on bond issuance	5,755	0	5,755
Total other financing sources	<u>938,441</u>	<u>1,800,208</u>	<u>2,738,649</u>
Net change in fund balances	4,952	788,188	793,140
Fund balance beginning of year	<u>24,673</u>	<u>658,716</u>	<u>683,389</u>
Fund balance end of year	<u>\$ 29,625</u>	<u>1,446,904</u>	<u>1,476,529</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND
 JUNE 30, 2010

	Private Purpose Trust - Scholarship Fund		
	Paarmann Scholarship	Hilbert Scholarship	Total
ASSETS			
Cash and pooled investments	\$ 99,475	205,787	305,262
LIABILITIES	0	0	0
NET ASSETS			
Restricted for scholarships	97,875	200,000	297,875
Unrestricted	1,600	5,787	7,387
TOTAL NET ASSETS	<u>\$ 99,475</u>	<u>205,787</u>	<u>305,262</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust - Scholarship Fund			
	Paarmann Scholarship	Hilbert Scholarship	Barnes Scholarship	Total
Additions:				
Local sources:				
Contributions	\$ 0	0	1,750	1,750
Total additions	0	0	1,750	1,750
Deductions:				
Support services:				
Administration:				
Scholarships awarded	1,501	8,099	1,750	11,350
Changes in net assets	(1,501)	(8,099)	0	(9,600)
Net assets beginning of year	100,976	213,886	0	314,862
Net assets end of year	\$ 99,475	205,787	0	305,262

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 52,922	101,476	107,757	46,641
	<u>\$ 52,922</u>	<u>101,476</u>	<u>107,757</u>	<u>46,641</u>
LIABILITIES				
Accounts payable	\$ 0	193	0	193
Due to other groups	52,922	101,283	107,757	46,448
	<u>\$ 52,922</u>	<u>101,476</u>	<u>107,757</u>	<u>46,641</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Modified Accrual Basis						
	Years Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 6,508,706	6,540,849	6,375,125	6,219,477	5,481,937	5,446,878	5,482,019
Tuition	332,428	338,835	406,013	360,671	371,388	370,479	423,082
Other	1,016,032	707,408	777,642	839,859	756,758	628,988	742,359
Intermediate sources	2,700	5,270	2,829	8,321	3,332	6,847	923
State sources	6,985,164	7,936,143	7,620,385	7,336,027	7,203,485	7,095,910	6,855,614
Federal sources	1,257,654	460,441	315,295	270,098	279,964	328,961	381,623
Total	\$ 16,102,684	15,988,946	15,497,289	15,034,453	14,096,864	13,878,063	13,885,620
Expenditures:							
Instruction:							
Regular	\$ 6,396,626	7,963,842	7,338,551	5,084,403	4,758,348	4,844,291	4,895,670
Special	2,116,235	410,219	396,363	1,942,885	1,884,306	2,194,872	2,258,272
Other support	1,701,231	1,181,889	1,222,816	1,480,076	1,510,257	1,086,120	1,121,948
Support services:							
Student	491,350	551,367	570,702	586,018	508,169	523,889	511,424
Instructional staff	291,161	366,611	407,089	449,007	422,505	397,983	398,076
Administration	1,459,565	1,438,273	1,407,794	1,296,742	1,285,114	1,409,492	1,328,615
Operation and maintenance of plant	1,113,620	1,241,495	1,131,053	1,031,531	1,014,598	969,635	879,635
Transportation	751,788	718,676	842,314	643,292	867,954	651,042	621,878
Other support	0	0	0	0	0	0	85,835
Non-instructional	0	35,589	64,977	0	8,341	1,136	6,516
Other expenditures:							
Facilities acquisitions	2,779,772	1,555,222	1,589,624	3,103,586	569,556	361,492	179,475
Long-term debt:							
Principal	2,250,000	995,000	650,000	630,000	600,000	575,000	550,000
Interest and fiscal charges	103,289	135,187	108,327	134,389	159,723	182,884	205,115
AEA flow-through	607,553	562,122	531,547	510,131	481,919	473,224	472,520
Total	\$ 20,062,190	17,155,492	16,261,157	16,892,060	14,070,790	13,671,060	13,514,979

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	\$ 30,080
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	276,459 *
			306,539
TEAM NUTRITION GRANT	10.574	FY 10	500
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1082-G	99,819
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	44,060
			143,879
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	3,602
FUND FOR THE IMPROVEMENT OF EDUCATION(FIRE LIFE SAFETY GRANT)	84.215	FY 10	66,524
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 09	3,101
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 10	50,093
			53,194
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 10	9,542
STATE FISCAL STABILIZATION FUNDS (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	683,380
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 10	82,735
SPECIAL EDUCATION - GRANTS TO STATES(IOWA'S RAPIDLY IMPROVING SCHOOLS)	84.027	FY 10	3,065
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173	FY 10	2,794
SPECIAL EDUCATION - GRANTS TO STATES(PART B), RECOVERY ACT	84.391	FY 10	180,982
			269,576
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	6,829
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS (AIDS EDUCATION)			
	93.938	FY 10	215
TOTAL			\$ 1,543,780

* - Includes \$83,298 in non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community Schools of Clinton County as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 18, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Central Community Schools of Clinton County's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 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.

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 18, 2011

NOLTE, CORNMAN & JOHNSON P.C.

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

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

Compliance

We have audited the compliance of Central Community Schools of Clinton County with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Central Community Schools of Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Central Community Schools of Clinton County's management. Our responsibility is to express an opinion on Central Community Schools of Clinton County's compliance based on our audit.

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

In our opinion, Central Community Schools of Clinton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Central Community Schools of Clinton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Central Community Schools of Clinton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Community Schools of Clinton County's internal control over compliance.

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A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part III of the accompanying Schedule of Findings and Questioned Costs as item III-A-10 to be significant deficiency.

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

February 18, 2011

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted. However, a significant deficiency in internal control over the major programs was noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - Clustered
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - Individual
 - CFDA Number 84.394 - State Fiscal Stabilization Fund (SFSF)
Education State Grants, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Central Community Schools of Clinton County did not qualify as a low-risk auditee.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

III-A-10 Davis Bacon Testing - We noted during our audit that Davis Bacon testing was not completed for the projects relating to monies received from the Fire Life Safety Grant.

Recommendation - The District should consult with the contractor in charge about the requirements of the Davis Bacon Act. In compliance with the Fire Life Safety grant, the District is responsible to ensure compliance with Davis Bacon requirements. Therefore, the District is responsible to ensure the prevailing wage has been or will be paid for work completed on this construction project. The District may also contact Gary Schwarz at the Iowa Department of Education to discuss the grant and Davis Bacon requirements.

Response - The District contact the contractor that did the work for the Fire Life Safety Grant for support of wages paid. The District will consult with the Iowa Department of Education about prevailing wage rates for our area to ensure the proper amount was paid.

Conclusion - Response accepted.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - District expenditures for the year ended June 30, 2010 exceeded budgeted amounts in the instruction and non-instructional programs functions.

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

Response - The District will more closely monitor the district expenditures in the particular program functions and amend the budget accordingly.

Conclusion - Response accepted.

IV-B-10 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-10 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-10 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rodney Wold, bus driver Owner of Wold's Petro Shop	Tire repairs	\$149

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with bus driver does not appear to present a conflict of interest.

IV-E-10 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-10 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-10 Supplementary Weighting - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-I-10 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-10 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-10 Statewide Sales, Service and Use Tax - During our audit, there was no instances of non-compliance noted with the use of the statewide sales, services and use tax revenue provisions Chapter 423F.3 of the Code of Iowa.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning Balance		\$	0
Statewide sales and services tax revenue			<u>1,141,591</u>
Expenditures/transfers out:			
School infrastructures:			
Buildings	\$ 57,215		
Debt service for school infrastructure:			
Revenue debt	<u>1,084,376</u>		<u>1,141,591</u>
Ending Balance		<u>\$</u>	<u>0</u>

As a result of the statewide sales, services and use tax revenue received during the year ended June 30, 2010, the District reduced the following levies:

	<u>Per \$1,000 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Physical Plant and Equipment Levy	<u>\$ 0.67000</u>	<u>\$ 268,989</u>

IV-M-10 Financial Condition - We noted during our audit that the General Fund had deficit unrestricted net assets of \$281,108. The District also had a deficit unrestricted net assets balance in the governmental activities of \$184,900. The District had eight individual Student Activity Fund accounts with deficits totaling \$19,404.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response - The District will continue to monitor all fund balances and work to eliminate all negative balances. The deficit in the General Fund and Governmental Activities is a result of the state across-the-board cuts with funding.

Conclusion - Response accepted.

IV-N-10 Clothing Purchased for Coaches - We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

However, if the District does not choose to have the Booster Club or other affiliated organization provide clothing to coaches, the cost of the items should be added to the employee's W-2 as additional compensation.

Response - The District will have all clothing purchases for coaches run through the Athletic Boosters.

Conclusion - Response accepted.