

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
OXFORD, IOWA

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

JUNE 30, 2010

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CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2009 Election)		
Dan Schaapveld	President	2009
Elizabeth Momany	Vice President	2011
Kathy Zimmerman	Board Member	2009
Matthew Croco	Board Member (Resigned 7/31/09)	2009
Tim Hennes	Board Member	2011
Kathi Huebner	Board Member	2011
Kevin Kinney	Board Member	2011
<u>Board of Education</u>		
(After September 2009 Election)		
Tim Hennes	President	2011
Elizabeth Momany	Vice President	2011
Kathi Huebner	Board Member	2011
Kevin Kinney	Board Member	2011
Eileen Schmidt	Board Member	2013
Mick Kahler	Board Member	2013
Aimee Pitlick	Board Member	2013
<u>School Officials</u>		
Paula Vincent	Superintendent	2010
Adelia Madden	District Secretary/Treasurer	2010
Simmons, Perrine, Albright and Elwood PLC	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clear Creek Amana Community School District, Iowa, 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. 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 the 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 Clear Creek Amana Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2011 on our consideration of Clear Creek Amana Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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.

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 54 through 56 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clear Creek Amana Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the four years ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 as a whole.

Oskaloosa, Iowa
February 18, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2010 FINANCIAL HIGHLIGHTS

- The district increased the ending general fund balance from a beginning balance of \$1,783,527 to \$2,225,821.
 - This represents an increase of \$442,294 and results in a general fund balance of 16.5% of general fund expenditures.
 - This ending fund balance continues a trend of increasing fund balances in the district since FY 2006.
 - 16.50% of general fund expenditures in FY 10
 - 13.36% of general fund expenditures in FY 09
 - 12.96% of general fund expenditures in FY 08
 - 9.91% of general fund expenditures in FY 07
 - 7.33% of general fund expenditures in FY 06
 - The general fund balance meets board policy parameters which set a minimum ending balance not to fall below a range of 6% to 10% of general fund expenditures (\$ 809,000 to \$1,350,000).
- Total general fund revenues continue to reflect a growth rate in excess of state funded growth primarily as a result of increased student enrollment.

	<u>General Fund Revenue</u>	<u>Dollar and Percent Change</u>
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○	FY10 \$13,931,764	(\$ 395,279 change or 2.92%)
○	FY09 \$13,536,485	(\$ 693,267 change or 5.40%)
○	FY08 \$12,843,218	(\$1,151,982 change or 9.85%)
○	FY07 \$11,691,236	(\$ 744,907 change or 6.81%)
○	FY06 \$10,946,329	(\$ 721,887 change or 7.06%)

- The state allowable growth of 4% accounted for an increase in district revenue of \$222 per pupil. CCA also increased resident students (1418.2 to 1439.5) a change of 21.3 students. The combined change in student enrollment and the increase in state allowable growth accounted for \$123,625 dollars of the increased revenue in the general fund. However, the state did not fully fund the financial commitment to schools and the Governor enacted a 10% across-the-board cut in October 2009 which effectively reduced state aid cash received by \$462.52 per student or \$665,794 dollars.

- In addition to increasing resident student enrollment, the district continued to have a net gain of students attending CCA schools as a result of the open enrollment law. The Clear Creek Amana schools have a greater number of students choosing to attend in the district under the open enrollment law than the number of students that choose to attend neighboring districts. For FY 2010, open enrollment brought a net gain of 93 students at a state cost per pupil of \$5,804 or \$539,772 dollars.
- The District continues to benefit from growth in the tax base (averaging \$ 51 million dollars per year or 9.4% growth per year since 2004).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

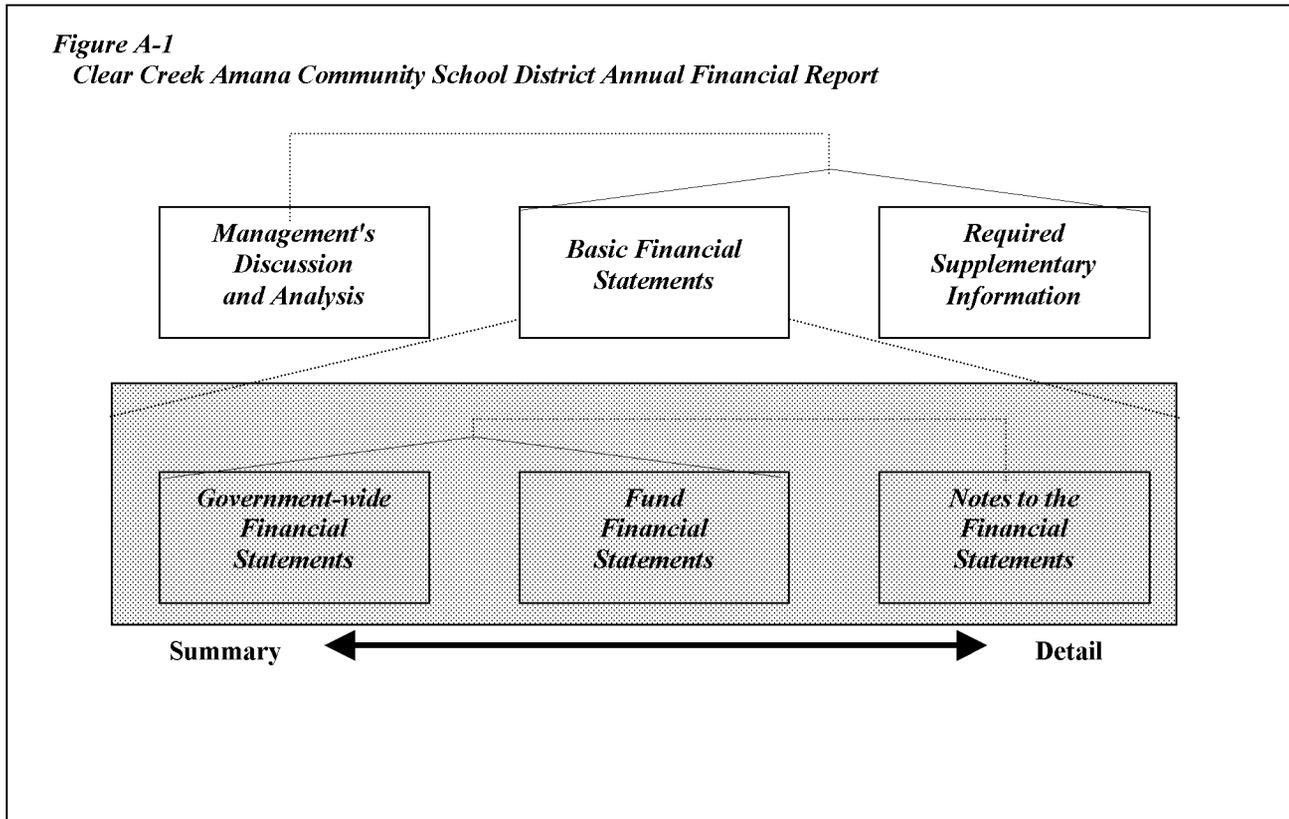


Figure A-2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

- 2) *Proprietary funds*: Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The districts' Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The district currently has several Enterprise Funds, the School Nutrition Fund, Day Care Fund and Pool Fund. The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.
- 3) *Fiduciary funds*: The district is the trustee, or fiduciary, for assets that belong to others. These funds include Restricted Purpose Trust and Agency Funds.
- Restricted Purpose Trust Fund – The district accounts for outside donations from the Springmier endowment for the purpose of supporting the high school library.
 - Agency Funds – These are funds through which the district administers and accounts for certain donations collected for support of certain expenditures related to the operation of the curricular and extra-curricular programs of the district.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2009-10
	Governmental Activities		Business-type Activities		Total School District		
	2010	2009	2010	2009	2010	2009	
Current assets	\$16,669,790	\$30,754,769	\$370,919	306,435	\$17,040,709	31,061,204	-45%
Capital assets	51,706,004	42,767,633	466,161	46,592	52,172,165	42,814,225	22%
Total assets	\$68,375,794	\$73,522,402	\$837,080	\$353,027	\$69,212,874	\$73,875,429	-6%
		\$40,145,968					
Long-term liabilities(bonds)	\$39,485,686		-	-	\$39,485,686	\$40,145,968	-2%
Other liabilities	10,143,147	15,609,684	53,666	51,772	10,196,813	15,661,456	-35%
Total liabilities	\$49,628,833	\$55,755,652	\$53,666	\$51,772	\$49,682,499	55,807,424	-11%
Net Assets:							
Invested in capital assets, net of related debt	\$13,401,004	12,197,617	466,161	46,592	13,867,165	12,244,209	13%
Restricted	3,794,551	3,779,976	-	2,984	3,794,551	3,782,960	0%
Unrestricted	1,551,406	1,789,157	317,253	251,679	1,868,659	2,040,836	-8%
TOTAL NET ASSETS	\$18,746,961	\$17,766,750	\$783,414	\$301,255	\$19,530,375	\$18,068,005	8%

- The District's total net assets increased 8%, over the prior year. The largest portion of the District's total net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment) net of related debt.
- Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased over the prior year primarily as a result of increased debt service and other special revenue obligations primarily using the local option sales revenue.
- Unrestricted net assets – the part of governmental activities net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased just over \$237,750. This change in assets reflects a reduction as a result of the Governor's 10% across-the-board cut.
- District long-term liabilities reflect the bonds payable for the construction of a new elementary and a new secondary school in 2008 and 2009.

Figure A-4 compares the change in net assets for the years ended June 30, 2009 and June 30, 2010.

Figure A-4

	Change in Net Assets						Percentage Change 2009-2010
	Governmental Activities		Business-type Activities		Total School District		
	2010	2009	2010	2009	2010	2009	
Revenues							
Program Revenues:							
Charges for services	\$1,977,354	\$1,620,919	\$969,998	\$964,607	\$2,947,352	\$2,585,526	14%
Operating grants, contributions and restricted interest	1,869,625	1,820,186	291,047	273,536	2,160,672	2,093,722	3%
Capital grants, contributions and restricted interest	1,100	403,021	470,651	-	471,751	403,021	17%
General Revenues:							
Property taxes	8,480,458	7,964,677	-	-	8,480,458	7,964,677	7%
Income Surtax	847,877	600,488	-	-	847,877	600,488	41%
Local option sales tax	1,473,622	1,448,489	-	-	1,473,622	1,448,489	2%
Unrestricted state grants	4,744,688	5,209,834	-	-	4,744,688	5,209,834	-9%
Unrestricted investment earnings	68,020	424,951	1,605	3,440	69,625	426,391	-84%
Other revenue	86,995	231,020	-	-	86,995	231,020	-62%
Total Revenues	\$19,549,739	\$19,723,585	\$1,733,301	\$1,241,583	\$21,283,040	\$20,965,168	2%
Expenses:							
Instruction	9,487,183	9,162,783	-	-	9,487,183	9,162,783	4%
Support services	5,167,358	4,759,197	63,005	57,545	5,230,363	4,816,742	7%
Non-instructional programs	-	10,924	1,188,137	1,126,609	1,188,137	1,137,533	4%
Other expenditures	3,914,987	2,443,760	-	-	3,914,987	2,443,760	60%
Total expenses	\$18,569,528	\$16,376,664	\$1,251,142	\$1,184,154	\$19,820,670	\$17,560,818	13%
CHANGE IN NET ASSETS	980,211	3,346,921	482,159	57,429	1,462,370	3,404,350	-57%
Net assets beginning of year	17,766,750	14,419,829	301,255	243,826	18,068,005	14,663,655	23%
Net assets end of year	\$18,746,961	17,766,750	783,414	301,255	19,530,375	18,068,005	8%

The changes in Net Assets in Figure A-4 show that the district experienced a 2% increase in revenues. An increase in educational services, property tax collections and income surtax revenue were the primary sources of revenue increases.

During the same period, the district increased expenditures at the rate of 13%. Maintaining expenditures to less than available revenue contributed to the overall improvement of net assets of 8%.

Governmental Activities

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

Business Type Activities

The District's business type activities include the School Food Nutrition, Day Care and Public Pool. Revenues of these activities were comprised of charges for service such as the increased price of school lunches, federal and state reimbursements. Revenues for business type activities were \$1,733,301 and expenses were \$1,251,142. It is the district intent that these activities are self supporting and maintain minimal fund balances.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$6,174,836, a decrease over last year's ending fund balances of \$14,637,607. The decrease in combined fund balances in fiscal 2010 is largely due to the reduction in the capital project fund for completion of high school building projects.

Governmental Fund Highlights

- The General Fund balance increased from \$1,783,527 to \$2,225,821. This represents a balance of 16.5% of general fund expenditures, which is in excess of board policy minimum fund balance guideline of maintaining a balance of six to ten percent of expenditures.
- The Capital Projects Fund balance decrease of \$9,898,132 is due to the expenditure of revenue bond proceeds to fund the high school construction projects.

- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$321,522 in fiscal 2009 to \$377,367 in fiscal 2010. These funds remain available for future capital improvements and major equipment purchases.
- The Management Fund balance increased from \$282,391 at June 30, 2009 to \$288,059 on June 30, 2010. The district is building a small balance in this fund in anticipation of staff retirements.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$196,953 at June 30, 2009, to \$635,046 on June 30, 2010, representing an increase due to purchase of school nutrition equipment in the new high school building by the Capital Projects Fund which was then contributed to the Nutrition Fund.

BUDGETARY HIGHLIGHTS

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

The District's revenues were \$184,318 less than budgeted revenues. The most significant variance resulted from the Governor's 10% across-the-board cut in state funds in October 2009.

Total expenditures were \$9,272,100 less than the amended budget, due primarily to the District's budget for the General Fund and less construction expenses than expected. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010 the District had invested 52.2 million dollars, net of accumulated depreciation, in a broad range of capital assets. These assets include: land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase from last year. Depreciation expense for the year was \$ 951,055.

Construction continued on the new high school (scheduled for completion in August of 2010).

Major facility improvements funded through the local option sales tax revenue included \$270,000 of roof improvements, (replacing one roof section at Amana Elementary and Middle School) and beginning construction of the new athletic complex and auditorium at the high school.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2009-2010
	2010	2009	2010	2009	2010	2009	
Land	\$ 1,578,566	\$ 1,578,566	-	-	\$ 1,578,566	\$ 1,578,566	0%
Construction in progress	26,470,282	31,163,397	-	-	26,470,282	31,163,397	-15%
Buildings	20,494,463	8,351,685	-	-	20,494,463	8,351,685	145%
Improvements	1,557,231	704,117	-	-	1,557,231	704,117	121%
Equipment & Furniture	1,605,462	969,868	466,161	\$46,592	2,071,623	1,016,460	104%
TOTAL	\$51,706,004	\$42,767,633	466,161	\$46,592	\$52,172,165	\$42,814,225	22%

Long-Term Debt

At June 30, 2010, the District had \$39,485,686 in general obligation, revenue and other long-term debt. This is a decrease of \$660,282 from the prior year due to debt payment obligations. Termination benefits and compensated absences increased by \$413,711 due to increased district retirement obligations.

Figure A-7

Outstanding Long-Term Obligations

	Total School District		Percentage Change 2009-2010
	2010	2009	
General Obligation Bonds	\$25,800,000	\$26,875,000	-4%
Capital Leases	102,245	154,238	-34%
Termination Benefits	967,631	526,589	84%
Compensated Absences	57,810	85,141	-32%
Revenue Bonds	12,505,000	12,505,000	0%
Net OPEB Liability	53,000	0	N/A
TOTAL	\$39,485,686	\$40,145,968	2%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Clear Creek Amana has benefitted from an increase in total valuation, averaging 51 million dollars or 9.4% per year over the past five years. With the nation-wide economic downturn it is likely this rate of growth will trend down over the next few years.
- School financing is highly dependent upon the student enrollment from the prior year. The District's September 2004 certified head count was 1282.4 students. Enrollment has increased 15.39% in the past five years for an average rate of 2.56 % per year. Looking ahead to FY11, the district will again benefit from an increase in student enrollment to 1479.75 students. The interest in students from other districts requesting open enrollment also continues to increase which will likely result in increased numbers of students attending the district in future years.
- The one-cent option sales tax generated \$1,542,119 dollars of revenue in fiscal 2010 and is anticipated to generate a similar amount for each of the next two years. Beginning in fiscal 2013, the income generated per student in Johnson County converts to the state wide average which will likely result in a reduction of annual income from this revenue source.
- Construction of the district's new high school began in the summer of 2007 and was open to begin the 2009 school year. The district anticipates this new facility combined with the movement of the middle school to a combined secondary campus will continue to accelerate enrollment growth in the secondary schools.
- The negative economic growth in the state and use of one time funding from federal stimulus funds for funding Iowa schools create a concern over the stability of school funding in the future. Reduced state revenue is anticipated for fiscal 2011 and 2012.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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Basic Financial Statements

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 6,974,125	\$ 345,512	\$ 7,319,637
Receivables:			
Property tax:			
Current year	151,313	-	151,313
Succeeding year	8,280,687	-	8,280,687
Income surtax	725,913	-	725,913
Accounts	3,406	4,226	7,632
Due from other governments	522,791	451	523,242
Inventories	-	20,730	20,730
Prepaid expenses	11,555	-	11,555
Capital assets, net of accumulated depreciation (note 4)	51,706,004	466,161	52,172,165
	<hr/>	<hr/>	<hr/>
Total assets	68,375,794	837,080	69,212,874
Liabilities			
Accounts payable	771,785	3,007	774,792
Salaries and benefits payable	82,538	34,818	117,356
Retainage payable	518,398	-	518,398
Accrued interest payable	402,069	-	402,069
Deferred revenue:			
Succeeding year property tax	8,280,687	-	8,280,687
Other	87,670	15,841	103,511
Long-term liabilities (notes 6 and 7):			
Portion due within one year:			
Termination benefits	281,543	-	281,543
Bonds payable	1,895,000	-	1,895,000
Lease purchase agreement	50,384	-	50,384
Compensated absences	57,810	-	57,810
Portion due after one year:			
Termination benefits	686,088	-	686,088
Bonds payable	36,410,000	-	36,410,000
Lease purchase agreement	51,861	-	51,861
Net OPEB liability	53,000	-	53,000
	<hr/>	<hr/>	<hr/>
Total liabilities	49,628,833	53,666	49,682,499

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 13,401,004	\$ 466,161	\$ 13,867,165
Restricted for:			
Categorical funding (note 11)	420,135	-	420,135
Physical plant and equipment levy	490,024	-	490,024
Library levy	64,000	-	64,000
Other special revenue purposes	160,283	-	160,283
Debt service	1,883,609	-	1,883,609
Capital projects	776,500	-	776,500
Unrestricted	<u>1,551,406</u>	<u>317,253</u>	<u>1,868,659</u>
Total net assets	<u>\$ 18,746,961</u>	<u>\$ 783,414</u>	<u>\$ 19,530,375</u>

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 9,487,183	\$ 1,772,114	\$ 1,268,074	\$ -
Support services:				
Student services	380,758	36,437	-	-
Instructional staff services	629,754	5,181	36,064	-
Administration services	1,886,312	-	-	-
Operation and maintenance of plant services	1,523,977	9,575	-	-
Transportation services	746,557	5,166	1,343	-
	<u>5,167,358</u>	<u>56,359</u>	<u>37,407</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	982,796	148,881	-	1,100
Long-term debt interest and fiscal charges	1,810,757	-	-	-
AEA flowthrough	564,144	-	564,144	-
Depreciation (unallocated) *	557,290	-	-	-
	<u>3,914,987</u>	<u>148,881</u>	<u>564,144</u>	<u>1,100</u>
Total governmental activities	<u>18,569,528</u>	<u>1,977,354</u>	<u>1,869,625</u>	<u>1,100</u>
Business-Type Activities:				
Support services:				
Administration services	\$ 30,832	\$ -	\$ -	\$ -
Operation and maintenance of plant services	25,234	-	-	-
Transportation services	6,939	-	-	-
	<u>63,005</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-instructional programs:				
Food service operations	741,977	506,857	255,859	470,651
Daycare operations	420,108	432,462	34,178	-
Pool operations	26,052	30,679	1,010	-
	<u>1,188,137</u>	<u>969,998</u>	<u>291,047</u>	<u>470,651</u>
Total business-type activities	<u>1,251,142</u>	<u>969,998</u>	<u>291,047</u>	<u>470,651</u>
Total	<u>\$ 19,820,670</u>	<u>\$ 2,947,352</u>	<u>\$ 2,160,672</u>	<u>\$ 471,751</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (6,446,995)	\$ -	\$ (6,446,995)
(344,321)	-	(344,321)
(588,509)	-	(588,509)
(1,886,312)	-	(1,886,312)
(1,514,402)	-	(1,514,402)
(740,048)	-	(740,048)
(5,073,592)	-	(5,073,592)
(832,815)	-	(832,815)
(1,810,757)	-	(1,810,757)
-	-	-
(557,290)	-	(557,290)
(3,200,862)	-	(3,200,862)
(14,721,449)	-	(14,721,449)
\$ -	\$ (30,832)	\$ (30,832)
-	(25,234)	(25,234)
-	(6,939)	(6,939)
-	(63,005)	(63,005)
-	491,390	491,390
-	46,532	46,532
-	5,637	5,637
-	543,559	543,559
-	480,554	480,554
(14,721,449)	480,554	(14,240,895)

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>

General Revenues:

- Property tax levied for:
 - General purposes
 - Debt service
 - Capital outlay
 - Library services
- Income surtax
- Statewide sales and services tax
- Unrestricted state and federal grants
- Unrestricted investment earnings
- Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ 5,692,941	\$ -	\$ 5,692,941
2,218,673	-	2,218,673
545,960	-	545,960
22,884	-	22,884
847,877	-	847,877
1,473,622	-	1,473,622
4,744,688	-	4,744,688
68,020	1,605	69,625
86,995	-	86,995
15,701,660	1,605	15,703,265
980,211	482,159	1,462,370
17,766,750	301,255	18,068,005
\$ 18,746,961	\$ 783,414	\$ 19,530,375

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 2,231,766	\$ 2,802,246	\$ 978,170	\$ 933,980	\$ 6,946,162
Receivables:					
Property tax:					
Current year	77,060	-	54,136	20,117	151,313
Succeeding year	4,996,665	-	2,247,986	1,036,036	8,280,687
Income surtax	508,139	-	-	217,774	725,913
Accounts	2,236	-	-	1,170	3,406
Due from other governments	336,473	185,873	-	445	522,791
Prepaid expenses	11,555	-	-	-	11,555
Total assets	<u>\$ 8,163,894</u>	<u>\$ 2,988,119</u>	<u>\$ 3,280,292</u>	<u>\$ 2,209,522</u>	<u>\$ 16,641,827</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 264,258	\$ 442,721	\$ -	\$ 64,806	\$ 771,785
Salaries and benefits payable	81,341	-	-	1,197	82,538
Retainage payable	-	518,398	-	-	518,398
Deferred revenue:					
Succeeding year property tax	4,996,665	-	2,247,986	1,036,036	8,280,687
Other	595,809	-	-	217,774	813,583
Total liabilities	<u>5,938,073</u>	<u>961,119</u>	<u>2,247,986</u>	<u>1,319,813</u>	<u>10,466,991</u>
Fund balances:					
Reserved for:					
State grants	-	-	-	496	496
Categorical funding (note 11)	420,135	-	-	-	420,135
Prepaid expenses	11,555	-	-	-	11,555
Revenue bonds	-	1,250,500	-	-	1,250,500
Revenue bond sinking fund	-	-	942,172	-	942,172
Debt service	-	-	90,134	-	90,134
Unreserved:					
Designated for special purposes	-	-	-	24,680	24,680
Undesignated, reported in:					
General fund	1,794,131	-	-	-	1,794,131
Special revenue funds	-	-	-	864,533	864,533
Capital projects fund	-	776,500	-	-	776,500
Total fund balances	<u>2,225,821</u>	<u>2,027,000</u>	<u>1,032,306</u>	<u>889,709</u>	<u>6,174,836</u>
Total liabilities and fund balances	<u>\$ 8,163,894</u>	<u>\$ 2,988,119</u>	<u>\$ 3,280,292</u>	<u>\$ 2,209,522</u>	<u>\$ 16,641,827</u>

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2010

Total fund balances of governmental funds	\$ 6,174,836
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	51,706,004
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	725,913
The Internal Service Fund is used to charge the costs of the District's flexible benefits plan to the governmental funds and is therefore included in governmental activities.	27,963
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(402,069)
Long-term liabilities, including bonds payable, lease purchase agreements, termination benefits, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(39,485,686)</u>
Net assets of governmental activities	<u>\$ 18,746,961</u>

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 5,808,259	\$ 1,473,622	\$ 2,218,151	\$ 1,263,572	\$ 10,763,604
Tuition	1,357,176	-	-	-	1,357,176
Other	184,609	204,017	938	407,974	797,538
State sources	5,503,941	-	522	2,278	5,506,741
Federal sources	1,077,779	-	-	-	1,077,779
Total revenues	<u>13,931,764</u>	<u>1,677,639</u>	<u>2,219,611</u>	<u>1,673,824</u>	<u>19,502,838</u>
Expenditures:					
Current:					
Instruction	8,553,029	-	-	527,508	9,080,537
Support services:					
Student services	379,260	-	-	-	379,260
Instructional staff services	524,126	40,190	-	63,824	628,140
Administration services	1,506,413	87,454	-	173,401	1,767,268
Operation and maintenance of plant services	1,384,183	-	-	179,230	1,563,413
Transportation services	581,649	-	-	173,977	755,626
	<u>4,375,631</u>	<u>127,644</u>	<u>-</u>	<u>590,432</u>	<u>5,093,707</u>
Other expenditures:					
Facilities acquisition	-	10,148,612	-	371,394	10,520,006
Long term debt:					
Principal	-	-	1,126,993	88,536	1,215,529
Interest and fiscal charges	-	1,000	1,501,835	-	1,502,835
AEA flowthrough	564,144	-	-	-	564,144
	<u>564,144</u>	<u>10,149,612</u>	<u>2,628,828</u>	<u>459,930</u>	<u>13,802,514</u>
Total expenditures	<u>13,492,804</u>	<u>10,277,256</u>	<u>2,628,828</u>	<u>1,577,870</u>	<u>27,976,758</u>
Excess (deficiency) of revenues over (under) expenditures	438,960	(8,599,617)	(409,217)	95,954	(8,473,920)

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):					
Sale of equipment	\$ -	\$ -	\$ -	1,356	\$ 1,356
Compensation for loss of capital assets	6,834	-	-	2,959	9,793
Interfund transfers in (note 3)	-	-	1,351,896	3,500	1,355,396
Interfund transfers out (note 3)	(3,500)	(1,298,515)	-	(53,381)	(1,355,396)
Total other financing sources (uses)	<u>3,334</u>	<u>(1,298,515)</u>	<u>1,351,896</u>	<u>(45,566)</u>	<u>11,149</u>
Net change in fund balances	442,294	(9,898,132)	942,679	50,388	(8,462,771)
Fund balances beginning of year	<u>1,783,527</u>	<u>11,925,132</u>	<u>89,627</u>	<u>839,321</u>	<u>14,637,607</u>
Fund balances end of year	<u>\$ 2,225,821</u>	<u>\$ 2,027,000</u>	<u>\$ 1,032,306</u>	<u>\$ 889,709</u>	<u>\$ 6,174,836</u>

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Net change in fund balances - total governmental funds \$ (8,462,771)

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. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 9,837,804	
Depreciation expense	<u>(899,433)</u>	8,938,371

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 35,752

The change in net assets of the Internal Service Fund is included in governmental activities in the Statement of Activities due to the integral nature of the fund to the governmental funds. 27,963

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 1,126,993

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, however, interest expense is recognized as the interest accrues, regardless of when it is due. (219,386)

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

Early retirement	(441,042)	
Compensated absences	27,331	
Net OPEB liability	<u>(53,000)</u>	<u>(466,711)</u>

Change in net assets of governmental activities \$ 980,211

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Enterprise			Internal
	School Nutrition	Nonmajor	Total	Service Flexible Benefits
Assets				
Cash and investments	\$ 162,671	\$ 182,841	\$ 345,512	\$ 27,963
Accounts receivable	1,842	2,384	4,226	-
Due from other governments	-	451	451	-
Inventories	20,730	-	20,730	-
Capital assets, net of accumulated depreciation (note 4)	466,161	-	466,161	-
Total assets	<u>651,404</u>	<u>185,676</u>	<u>837,080</u>	<u>27,963</u>
Liabilities				
Accounts payable	100	2,907	3,007	-
Salaries and benefits payable	417	34,401	34,818	-
Deferred revenue	15,841	-	15,841	-
Total liabilities	<u>16,358</u>	<u>37,308</u>	<u>53,666</u>	<u>-</u>
Net Assets				
Invested in capital assets	466,161	-	466,161	-
Unrestricted	168,885	148,368	317,253	27,963
Total net assets	<u>\$ 635,046</u>	<u>\$ 148,368</u>	<u>\$ 783,414</u>	<u>\$ 27,963</u>

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Enterprise			Internal
	School Nutrition	Nonmajor	Total	Service Flexible Benefits
Operating revenues:				
Local sources:				
Charges for services	\$ 506,857	\$ 463,141	\$ 969,998	\$ 157,584
Operating expenses:				
Support services:				
Administration services	29,510	1,322	30,832	-
Operation and maintenance of plant services	25,234	-	25,234	-
Transportation services	-	6,939	6,939	-
Non-instructional programs	741,977	446,160	1,188,137	129,621
	<u>796,721</u>	<u>454,421</u>	<u>1,251,142</u>	<u>129,621</u>
Operating income (loss)	(289,864)	8,720	(281,144)	27,963
Non-operating revenues:				
Interest on investments	1,447	158	1,605	-
Contributions	-	1,045	1,045	-
Capital contributions	470,651	-	470,651	-
State sources	7,657	-	7,657	-
Federal sources	248,202	34,143	282,345	-
Total non-operating revenues	<u>727,957</u>	<u>35,346</u>	<u>763,303</u>	<u>-</u>
Change in net assets	438,093	44,066	482,159	27,963
Net assets beginning of year	<u>196,953</u>	<u>104,302</u>	<u>301,255</u>	<u>-</u>
Net assets end of year	<u>\$ 635,046</u>	<u>\$ 148,368</u>	<u>\$ 783,414</u>	<u>\$ 27,963</u>

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Enterprise			Internal
	School Nutrition	Nonmajor	Total	Service Flexible Benefits
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 503,580	\$ -	\$ 503,580	\$ -
Cash received from miscellaneous operating activities	5,530	462,516	468,046	157,584
Cash payments to employees for services	(288,676)	(401,429)	(690,105)	-
Cash payments to suppliers for goods or services	(426,134)	(54,357)	(480,491)	(129,621)
Net cash provided by (used by) operating activities	(205,700)	6,730	(198,970)	27,963
Cash flows from non-capital financing activities:				
Contributions received	-	1,045	1,045	-
State grants received	7,657	-	7,657	-
Federal grants received	218,211	34,296	252,507	-
Net cash provided by non-capital financing activities	225,868	35,341	261,209	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(540)	-	(540)	-
Cash flows from investing activities:				
Interest on investments	166	158	324	-
Net increase in cash and cash equivalents	19,794	42,229	62,023	27,963
Cash and cash equivalents beginning of year	72,278	140,612	212,890	-
Cash and cash equivalents end of year	\$ 92,072	\$ 182,841	\$ 274,913	\$ 27,963

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Enterprise			Internal
	School Nutrition	Nonmajor	Total	Service Flexible Benefits
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ (289,864)	\$ 8,720	\$ (281,144)	\$ 27,963
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	51,622	-	51,622	-
Commodities used	37,795	-	37,795	-
(Increase) in accounts receivable	(872)	(625)	(1,497)	-
(Increase) in inventories	(7,640)	-	(7,640)	-
(Decrease) in accounts payable	(283)	(2,403)	(2,686)	-
Increase in salaries and benefits payable	417	1,038	1,455	-
Increase in deferred revenue	3,125	-	3,125	-
Net cash provided by (used by) operating activities	<u>\$ (205,700)</u>	<u>\$ 6,730</u>	<u>\$ (198,970)</u>	<u>\$ 27,963</u>
Reconciliation of cash and cash equivalents end of year to specific assets included on Statement of Net Assets:				
Cash and investments	\$ 162,671	\$ 182,841	\$ 345,512	\$ 27,963
Less items not meeting the definition of a cash equivalent:				
Certificates of deposit	<u>(70,599)</u>	<u>-</u>	<u>(70,599)</u>	<u>-</u>
Cash and cash equivalents end of year	<u>\$ 92,072</u>	<u>\$ 182,841</u>	<u>\$ 274,913</u>	<u>\$ 27,963</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$37,795 of federal commodities and \$470,651 of contributed equipment.

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

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

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

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months. Investments not meeting the definition of cash equivalents at June 30, 2010 included \$70,599 of certificates of deposit with maturity dates longer than three months.

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

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 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.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2010 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

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.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture 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
Buildings	50 years
Improvements other than buildings	5-25 years
Furniture and equipment	3-20 years

Salaries and Benefits Payable – Payroll and related expenses for hourly employees, which are payable in July, have been accrued as liabilities.

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Deferred revenue for proprietary funds and business-type activities consists of unearned meal revenues.

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

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

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.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2010 consists of \$3,794,551.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 2. Cash and Pooled Investments

The District's deposits in banks 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; 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 as follows:

	Amortized Cost
Diversified Portfolio	\$ <u>942,907</u>

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

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue:		
Student Activity	General	\$ 3,500
Debt Service	Capital Projects	1,298,515
	Special Revenue:	
	Physical Plant and Equipment Levy	53,381
Total		\$ <u>1,355,396</u>

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. 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	\$ 1,578,566	\$ -	\$ -	\$ 1,578,566
Construction in progress	31,163,397	-	4,693,115	26,470,282
Total capital assets not being depreciated	<u>32,741,963</u>	-	4,693,115	<u>28,048,848</u>
Capital assets being depreciated:				
Buildings	12,542,107	12,656,915	25,100	25,173,922
Improvements other than buildings	1,181,632	939,699	-	2,121,331
Furniture and equipment	2,310,385	934,305	6,800	3,237,890
Total capital assets being depreciated	<u>16,034,124</u>	<u>14,530,919</u>	<u>31,900</u>	<u>30,533,143</u>
Less accumulated depreciation for:				
Buildings	4,190,422	514,137	25,100	4,679,459
Improvements other than buildings	477,515	86,585	-	564,100
Furniture and equipment	1,340,517	298,711	6,800	1,632,428
Total accumulated depreciation	<u>6,008,454</u>	<u>899,433</u>	<u>31,900</u>	<u>6,875,987</u>
Total capital assets being depreciated, net	<u>10,025,670</u>	<u>13,631,486</u>	<u>-</u>	<u>23,657,156</u>
Governmental activities capital assets, net	<u>\$ 42,767,633</u>	<u>\$ 13,631,486</u>	<u>\$ 4,693,115</u>	<u>\$ 51,706,004</u>
Business-type activities:				
Furniture and equipment	\$ 80,869	\$ 583,833	\$ 5,573	\$ 659,129
Less accumulated depreciation	34,277	164,264	5,573	192,968
Business-type activities capital assets, net	<u>\$ 46,592</u>	<u>\$ 419,569</u>	<u>\$ -</u>	<u>\$ 466,161</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:		
Instruction		\$ 169,953
Support services:		
Administration		6,664
Operation and maintenance of plant services		24,882
Transportation		<u>140,644</u>
		342,143
Unallocated depreciation		<u>557,290</u>
Total governmental activities depreciation expense		<u>\$ 899,433</u>
Business-type activities:		
Food service operations		<u>\$ 51,622</u>

Note 5. Bond Anticipation Notes Payable

During the year ended June 30, 2009, the District issued school infrastructure sales and services tax revenue bond anticipation notes. The bond anticipation notes included interest at 3.89%. The notes were paid off on July 1, 2009.

A summary of the short-term debt activity for the year ended June 30, 2010 is as follows:

	<u>Balance Beginning of Year</u>	<u>Notes Issued</u>	<u>Notes Repaid</u>	<u>Balance End of Year</u>
Bond Anticipation Notes	\$ <u>4,000,000</u>	\$ <u>-</u>	\$ <u>4,000,000</u>	\$ <u>-</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Termination benefits	\$ 526,589	\$ 664,736	\$ 223,694	\$ 967,631	\$ 281,543
General obligation bonds	26,875,000	-	1,075,000	25,800,000	1,260,000
Revenue bonds	12,505,000	-	-	12,505,000	635,000
Lease purchase agreement	154,238	-	51,993	102,245	50,384
Compensated absences	85,141	57,810	85,141	57,810	57,810
Net OPEB liability	-	53,000	-	53,000	-
Total	<u>\$ 40,145,968</u>	<u>\$ 775,546</u>	<u>\$ 1,435,828</u>	<u>\$ 39,485,686</u>	<u>\$ 2,284,737</u>

Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible licensed employees must be at least age fifty-five and must have completed at least twelve years of full-time service to the District.

Eligible classified employees must be at least age fifty-five and must have completed at least thirty years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The current early retirement cash stipend benefit for each eligible licensed employee is equal to 75% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. Early retirement cash stipend benefits will be paid into a 403b plan in three annual payments. In prior years, the stipend was 50% of base salary paid in two annual payments.

The early retirement insurance benefit for each eligible employee is the District's contribution to the retired employee's monthly health insurance premiums at the amount set by the master contract for a single policy, until the retiree is eligible for Medicare.

At June 30, 2010, the District has obligations to twenty-five participants with a total liability of \$967,631.

Actual early retirement expenditures for the year ended June 30, 2010 totaled \$223,694. The cost of early retirement payments is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 6. Long-Term Liabilities (continued)

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue August 1, 2002			
	Interest Rates	Principal	Interest	Total
2011	3.80 %	\$ 110,000	\$ 13,495	\$ 123,495
2012	4.00	115,000	9,315	124,315
2013	4.10	115,000	4,715	119,715
		340,000	27,525	367,525

Year Ending June 30,	Refunding Bond Issue August 1, 2003			
	Interest Rates	Principal	Interest	Total
2011	3.10 %	\$ 350,000	\$ 63,033	\$ 413,033
2012	3.25	365,000	52,183	417,183
2013	3.30	380,000	40,320	420,320
2014	3.40	395,000	27,780	422,780
2015	3.50	410,000	14,350	424,350
		1,900,000	197,666	2,097,666

Year Ending June 30,	Bond Issue June 1, 2006			
	Interest Rates	Principal	Interest	Total
2011	- %	\$ -	\$ 684,450	\$ 684,450
2012	-	-	684,450	684,450
2013	-	-	684,450	684,450
2014	-	-	684,450	684,450
2015	-	-	684,450	684,450
2016-2020	4.625	2,870,000	3,366,750	6,236,750
2021-2025	4.750	9,470,000	1,896,200	11,366,200
2026	4.750	2,145,000	101,887	2,246,887
		14,485,000	8,787,087	23,272,087

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 6. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

Year Ending June 30,	Bond Issue May 1, 2007			
	Interest Rates	Principal	Interest	Total
2011	3.80 %	\$ 700,000	\$ 335,923	\$ 1,035,923
2012	3.80	725,000	309,323	1,034,323
2013	3.80	770,000	281,773	1,051,773
2014	3.80	910,000	252,513	1,162,513
2015	3.80	950,000	217,933	1,167,933
2016-2019	3.80-3.85	4,780,000	397,488	5,177,488
		<u>8,835,000</u>	<u>1,794,953</u>	<u>10,629,953</u>

Year Ending June 30,	Bond Issue May 15, 2008			
	Interest Rates	Principal	Interest	Total
2011	3.00 %	\$ 100,000	\$ 7,400	\$ 107,400
2012	3.00	100,000	4,400	104,400
2013	3.50	40,000	1,400	41,400
		<u>240,000</u>	<u>13,200</u>	<u>253,200</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2011	\$ 1,260,000	\$ 1,104,301	\$ 2,364,301
2012	1,305,000	1,059,671	2,364,671
2013	1,305,000	1,012,658	2,317,658
2014	1,305,000	964,743	2,269,743
2015	1,360,000	916,733	2,276,733
2016-2020	7,650,000	3,764,238	11,414,238
2021-2025	9,470,000	1,896,200	11,366,200
2026	2,145,000	101,887	2,246,887
	<u>\$ 25,800,000</u>	<u>\$ 10,820,431</u>	<u>\$ 36,620,431</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 6. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2010 school infrastructure sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	4.250 %	\$ 635,000	\$ 600,850	\$ 1,235,850
2012	4.250	700,000	572,481	1,272,481
2013	4.250	740,000	541,881	1,281,881
2014	4.250	480,000	515,956	995,956
2015	4.250	400,000	497,256	897,256
2016-2020	4.000-5.000	2,320,000	2,203,254	4,523,254
2021-2025	5.000-5.200	2,960,000	1,569,163	4,529,163
2026-2030	5.375-5.625	4,270,000	679,497	4,949,497
		<u>\$ 12,505,000</u>	<u>\$ 7,180,338</u>	<u>\$ 19,685,338</u>

The District pledged future school infrastructure (statewide) sales and services tax revenues to repay the \$12,505,000 bonds issued in June 2009. The bonds were issued for the purpose of financing a portion of the costs of a new high school athletic complex and auditorium. The bonds are payable solely from the proceeds of the school infrastructure (statewide) sales and services tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. Annual principal and interest payments on the bonds are expected to require approximately 60 to 90 percent of the school infrastructure (statewide) sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$19,685,338. For the current year, interest only of \$358,367 was paid on the bonds and total statewide sales and services tax revenues were \$1,473,622.

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

- (a) The bonds will be redeemed from the future earnings of the school infrastructure sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- (b) A reserve will be maintained in the amount of \$1,250,500 to be used solely for the purpose of paying principal and interest in the event the funds available within the sinking fund are not sufficient for that purpose.
- (c) Sufficient monthly deposits amounting to one twelfth of the next principal payment and one sixth of the next interest payment shall be made to the sinking fund for the purpose of making the bond principal and interest payments when due.
- (d) Any monies remaining in the revenue fund after the required transfer to the sinking fund may be transferred to the project fund to be used for any lawful purpose.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 6. Long-Term Liabilities (continued)

Lease Purchase Agreement

During the year ended June 30, 2009, the District entered into an agreement for the lease purchase of computers and computer equipment. The agreement provides for three annual payments and includes interest at 2.9%.

Details of the District's June 30, 2010 lease purchase agreement indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 50,384	\$ 2,997	\$ 53,381
2012	51,861	1,520	53,381
	<u>\$ 102,245</u>	<u>\$ 4,517</u>	<u>\$ 106,762</u>

Note 7. Other Postemployment Benefits (OPEB)

The District prospectively implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 177 active and 17 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 7. Other Postemployment Benefits (OPEB) (continued)

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	\$ 65,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	65,000
Contributions made	12,000
Increase in net OPEB obligation	53,000
Net OPEB obligation beginning of year	-
 Net OPEB obligation end of year	 \$ 53,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$12,000 to the medical plan.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 65,000	18.5%	\$ 53,000

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$479,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$479,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,177,000, and the ratio of the UAAL to covered payroll was 5.2%. 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 reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 7. Other Postemployment Benefits (OPEB) (continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000. The UAAL is being amortized as a level dollar cost over the service of the group on a closed basis over 30 years.

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required 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 payroll for the year ended June 30, 2010. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$605,571, \$575,253, and \$496,984, respectively, equal to the required contributions for each year.

Note 9. Risk Management

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

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 10. 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 \$564,144 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.

Note 11. Categorical Funding

The District's fund balance reserved for categorical funding at June 30, 2010 is comprised of the following programs:

Program	Amount
Gifted and talented programs	\$ 87,060
Returning dropouts and dropout prevention programs	181,976
Beginning teacher mentoring and induction program	1,099
Salary improvement program	85,229
Iowa early intervention block grant	8,034
Professional development for model core curriculum	20,897
Professional development	<u>35,840</u>
 Total	 \$ <u><u>420,135</u></u>

Note 12. Construction Commitments

The District has entered into various contracts totaling \$24,307,870 for a new high school building, auditorium, roadway and roofing projects. As of June 30, 2010, costs of \$23,154,788 had been incurred against the contracts. The balance of \$1,153,082 remaining at June 30, 2010 will be paid as work on the projects progresses.

Note 13. Contingency

The District has one ongoing lawsuit. The outcome of the case can not be determined at this time.

Required Supplementary Information

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
 Budget and Actual – All Governmental Funds
 and Proprietary Funds
 Required Supplementary Information
 Year Ended June 30, 2010

	Governmental Funds - Actual	Proprietary Funds - Enterprise - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 12,918,318	\$ 1,443,299	\$ 14,361,617	\$ 13,017,661	\$ 13,017,661	\$ 1,343,956
State sources	5,506,741	7,657	5,514,398	7,862,521	7,862,521	(2,348,123)
Federal sources	1,077,779	282,345	1,360,124	540,275	540,275	819,849
Total revenues	19,502,838	1,733,301	21,236,139	21,420,457	21,420,457	(184,318)
EXPENDITURES/EXPENSES:						
Instruction	9,080,537	-	9,080,537	9,890,000	10,000,000	919,463
Support services	5,093,707	63,005	5,156,712	6,068,314	6,200,000	1,043,288
Non-instructional programs	-	1,188,137	1,188,137	1,125,600	1,300,000	111,863
Other expenditures	13,802,514	-	13,802,514	17,453,855	21,000,000	7,197,486
Total expenditures/expenses	27,976,758	1,251,142	29,227,900	34,537,769	38,500,000	9,272,100
Excess (deficiency) of revenues over (under) expenditures/ expenses	(8,473,920)	482,159	(7,991,761)	(13,117,312)	(17,079,543)	9,087,782
Other financing sources, net	11,149	-	11,149	3,000	3,000	8,149
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(8,462,771)	482,159	(7,980,612)	(13,114,312)	(17,076,543)	9,095,931
Balance beginning of year	14,637,607	301,255	14,938,862	16,869,792	16,869,792	(1,930,930)
Balance end of year	\$ <u>6,174,836</u>	\$ <u>783,414</u>	\$ <u>6,958,250</u>	\$ <u>3,755,480</u>	\$ <u>(206,751)</u>	\$ <u>7,165,001</u>

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
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 comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$3,962,231.

During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2010

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 479	\$ 479	0.0%	\$ 9,177	5.2%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Library	Total
Assets					
Cash and pooled investments	\$ 287,158	\$ 172,454	\$ 409,473	\$ 64,895	\$ 933,980
Receivables:					
Property tax:					
Current year	6,636	-	13,322	159	20,117
Succeeding year	474,998	-	540,112	20,926	1,036,036
Income surtax	-	-	217,774	-	217,774
Accounts	-	238	789	143	1,170
Due from other governments	-	445	-	-	445
Total assets	<u>\$ 768,792</u>	<u>\$ 173,137</u>	<u>\$ 1,181,470</u>	<u>\$ 86,123</u>	<u>\$ 2,209,522</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 5,735	\$ 12,854	\$ 46,217	\$ -	\$ 64,806
Salaries and benefits payable	-	-	-	1,197	1,197
Deferred revenue:					
Succeeding year property tax	474,998	-	540,112	20,926	1,036,036
Other	-	-	217,774	-	217,774
Total liabilities	<u>480,733</u>	<u>12,854</u>	<u>804,103</u>	<u>22,123</u>	<u>1,319,813</u>
Fund balances:					
Reserved for:					
State grants	-	-	-	496	496
Unreserved:					
Designated for special purposes	-	-	-	24,680	24,680
Undesignated	288,059	160,283	377,367	38,824	864,533
Total fund balances	<u>288,059</u>	<u>160,283</u>	<u>377,367</u>	<u>64,000</u>	<u>889,709</u>
Total liabilities and fund balances	<u>\$ 768,792</u>	<u>\$ 173,137</u>	<u>\$ 1,181,470</u>	<u>\$ 86,123</u>	<u>\$ 2,209,522</u>

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Library	
Revenues:					
Local sources:					
Local tax	\$ 451,232	\$ -	\$ 789,469	\$ 22,871	\$ 1,263,572
Other	32,212	334,950	1,479	39,333	407,974
State sources	154	-	129	1,995	2,278
Total revenues	<u>483,598</u>	<u>334,950</u>	<u>791,077</u>	<u>64,199</u>	<u>1,673,824</u>
Expenditures:					
Current:					
Instruction	144,582	358,228	24,698	-	527,508
Support services:					
Instructional staff services	-	-	48,503	15,321	63,824
Administration services	135,048	195	-	38,158	173,401
Operation and maintenance of plant services	86,629	-	92,601	-	179,230
Transportation services	23,135	4,042	146,800	-	173,977
Other expenditures:					
Facilities acquisition	-	-	371,394	-	371,394
Long term debt:					
Principal	88,536	-	-	-	88,536
Total expenditures	<u>477,930</u>	<u>362,465</u>	<u>683,996</u>	<u>53,479</u>	<u>1,577,870</u>
Excess (deficiency) of revenues over (under) expenditures	5,668	(27,515)	107,081	10,720	95,954
Other financing sources (uses):					
Sale of equipment	-	-	1,356	-	1,356
Compensation for loss of capital assets	-	2,170	789	-	2,959
Interfund transfers in	-	3,500	-	-	3,500
Interfund transfers out	-	-	(53,381)	-	(53,381)
Total other financing sources (uses)	<u>-</u>	<u>5,670</u>	<u>(51,236)</u>	<u>-</u>	<u>(45,566)</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	<u>Special Revenue</u>				
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Library</u>	<u>Total</u>
Net change in fund balances	\$ 5,668	\$ (21,845)	\$ 55,845	\$ 10,720	\$ 50,388
Fund balances beginning of year	<u>282,391</u>	<u>182,128</u>	<u>321,522</u>	<u>53,280</u>	<u>839,321</u>
Fund balances end of year	<u>\$ 288,059</u>	<u>\$ 160,283</u>	<u>\$ 377,367</u>	<u>\$ 64,000</u>	<u>\$ 889,709</u>

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2010

	Daycare	Public Pool	Total
Assets			
Cash and investments	\$ 158,529	\$ 24,312	\$ 182,841
Accounts receivable	79	2,305	2,384
Due from other governments	451	-	451
Total assets	159,059	26,617	185,676
Liabilities			
Accounts payable	2,907	-	2,907
Salaries and benefits payable	28,611	5,790	34,401
Total liabilities	31,518	5,790	37,308
Net Assets			
Unrestricted	\$ 127,541	\$ 20,827	\$ 148,368

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 Year Ended June 30, 2010

	<u>Daycare</u>	<u>Public Pool</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Charges for services	\$ 432,462	\$ 30,679	\$ 463,141
Operating expenses:			
Support services:			
Administration services	846	476	1,322
Transportation services	6,939	-	6,939
Non-instructional programs	420,108	26,052	446,160
	<u>427,893</u>	<u>26,528</u>	<u>454,421</u>
Operating income	4,569	4,151	8,720
Non-operating revenues:			
Interest on investments	134	24	158
Contributions	35	1,010	1,045
Federal sources	34,143	-	34,143
Total non-operating revenues	<u>34,312</u>	<u>1,034</u>	<u>35,346</u>
Change in net assets	38,881	5,185	44,066
Net assets beginning of year	<u>88,660</u>	<u>15,642</u>	<u>104,302</u>
Net assets end of year	<u>\$ 127,541</u>	<u>\$ 20,827</u>	<u>\$ 148,368</u>

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2010

	<u>Daycare</u>	<u>Public Pool</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 434,142	\$ 28,374	\$ 462,516
Cash payments to employees for services	(377,927)	(23,502)	(401,429)
Cash payments to suppliers for goods or services	(51,283)	(3,074)	(54,357)
Net cash provided by operating activities	<u>4,932</u>	<u>1,798</u>	<u>6,730</u>
Cash flows from non-capital financing activities:			
Contributions received	35	1,010	1,045
Federal grants received	34,296	-	34,296
Net cash provided by non-capital financing activities	<u>34,331</u>	<u>1,010</u>	<u>35,341</u>
Cash flows from investing activities:			
Interest on investments	134	24	158
Net increase in cash and cash equivalents	39,397	2,832	42,229
Cash and cash equivalents beginning of year	<u>119,132</u>	<u>21,480</u>	<u>140,612</u>
Cash and cash equivalents end of year	<u>\$ 158,529</u>	<u>\$ 24,312</u>	<u>\$ 182,841</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 4,569	\$ 4,151	\$ 8,720
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in accounts receivable	1,680	(2,305)	(625)
(Decrease) in accounts payable	(1,270)	(1,133)	(2,403)
Increase (decrease) in salaries and benefits payable	(47)	1,085	1,038
Net cash provided by operating activities	<u>\$ 4,932</u>	<u>\$ 1,798</u>	<u>\$ 6,730</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2010

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Balance End of Year
Interest	\$ -	\$ 1,942	\$ 1,942	\$ -
MS Student Fundraiser	4,209	617	-	4,826
JH Bigger Faster Stronger	213	2	-	215
Class of 2009	7,124	-	7,124	-
Class of 2010	10,239	343	4,638	5,944
Class of 2011	643	21,755	14,918	7,480
Class of 2012	-	1,011	-	1,011
Class of 2013	-	1,011	-	1,011
Amana Elementary Student Fundraiser	1,271	419	1,073	617
Amana Library Fundraiser	9,048	7,580	5,596	11,032
CC Elementary Library Fundraiser	4,347	6,145	5,469	5,023
MS Library Fundraiser	9,048	3,489	5,246	7,291
Elementary Student Account	7,739	7,400	8,172	6,967
CC Elementary Clipper Care Club	2,200	1,608	2,189	1,619
NBE Student Fundraiser	978	2,145	1,734	1,389
NBE Library Fundraiser	866	4,123	4,293	696
Drama	7,523	1,194	1,088	7,629
JH Drama	435	509	328	616
Art Club	4,372	33,435	34,671	3,136
MS Art Club	77	1	-	78
CC Elementary Art Club	23	1	-	24
Robotics Club	-	960	960	-
HS Chorus	988	1,931	1,507	1,412
MS Show Choir	329	3	62	270
HS Concessions	1,003	13,525	12,299	2,229
HS Student Fundraiser	1,129	4,320	3,271	2,178
Win With Wellness	302	3	-	305
Amana Fundraising	3,308	23	1,226	2,105
Athletics	12,783	81,221	95,883	(1,879)
JH Athletics	-	6,018	6,018	-
JH Athletic Fundraiser/Concessions	5,167	796	5,617	346
HS Volleyball Club	2,085	1,572	3,200	457
HS Girls Track Club	1,194	9,124	9,019	1,299
HS Girls Golf Club	27	1	-	28
HS Boys Basketball Club	2,504	5,371	4,351	3,524
HS Football Club	4,882	20,524	21,764	3,642
HS Boys Soccer Club	366	1,504	1,466	404
HS Girls Soccer Club	158	2	15	145
Baseball Club	3,275	1,422	3,700	997
Boys Track Club	1,135	3,172	2,121	2,186

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2010

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Balance End of Year
Wrestling Club	\$ 6,013	\$ 5,153	\$ 9,149	\$ 2,017
HS Girls Basketball Club	1,916	1,240	2,265	891
Softball Club	1,580	18,603	18,797	1,386
HS German Club	19	1	-	20
Publications	14,917	165	-	15,082
Annual	15,411	21,344	20,681	16,074
HS Cheerleading Club	1,619	18	9	1,628
JH Cheerleading Club	856	10	-	866
Close Up	1,380	15	-	1,395
NHS	-	403	294	109
Safe	221	1	123	99
Student Assistance Team	745	226	718	253
Spanish Club	588	6	-	594
Student Council	3,206	11,117	11,314	3,009
MS Student Council	20,272	29,169	23,996	25,445
CC Elementary Student Council	316	171	179	308
Weight Club	12	3,993	1,681	2,324
Pom Squad	2,067	2,763	2,299	2,531
	<u>\$ 182,128</u>	<u>\$ 340,620</u>	<u>\$ 362,465</u>	<u>\$ 160,283</u>

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SIX YEARS

	Modified Accrual Basis Years Ended June 30,			
	2010	2009	2008	2007
Revenues:				
Local sources:				
Local tax	\$ 10,763,604	\$ 9,920,491	\$ 9,877,435	\$ 7,005,106
Tuition	1,357,176	1,130,035	894,697	843,785
Other	797,538	1,368,218	1,649,981	1,657,083
State sources	5,506,741	6,502,677	6,481,142	5,726,397
Federal sources	1,077,779	549,496	625,576	524,561
Total revenues	\$ 19,502,838	\$ 19,470,917	\$ 19,528,831	\$ 15,756,932
Expenditures:				
Instruction	\$ 9,080,537	\$ 9,312,449	\$ 8,442,875	\$ 7,867,766
Support services:				
Student services	379,260	315,732	253,504	238,943
Instructional staff services	628,140	826,405	523,684	606,214
Administration services	1,767,268	1,544,313	1,483,939	1,545,928
Operation and maintenance of plant services	1,563,413	1,379,802	1,196,637	1,271,048
Transportation services	755,626	850,761	836,655	745,477
Non-instructional programs	-	9,508	110,589	-
Other expenditures:				
Facilities acquisition	10,520,006	14,300,272	16,440,617	2,365,508
Long-term debt:				
Principal	1,215,529	997,504	1,285,883	549,171
Interest and fiscal charges	1,502,835	1,345,110	1,225,102	816,347
AEA flowthrough	564,144	496,524	467,919	433,596
Total expenditures	\$ 27,976,758	\$ 31,378,380	\$ 32,267,404	\$ 16,439,998

See accompanying independent auditor's report.

<u>2006</u>	<u>2005</u>
\$ 5,563,759	\$ 4,668,747
864,055	831,045
622,669	490,905
5,486,156	5,262,267
315,725	299,347
<u>\$ 12,852,364</u>	<u>\$ 11,552,311</u>
\$ 7,349,809	\$ 7,386,489
221,792	212,790
494,515	471,945
1,269,213	935,683
1,143,662	1,099,448
669,869	665,794
31,086	21,792
466,890	223,868
470,000	450,000
146,439	164,629
388,998	370,505
<u>\$ 12,652,273</u>	<u>\$ 12,002,943</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Grantor / Program	CFDA Number	Grant Number	Expenditures
Direct:			
U. S. Department of Education:			
Impact Aid	84.041	FY 10	\$ <u>49,916</u>
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 10	\$ 24,069
National School Lunch Program	10.555	FY 10	186,338
National School Lunch Program (non-cash)	10.555	FY 10	<u>37,795</u>
			<u>248,202</u>
Child and Adult Care Food Program	10.558	FY 10	<u>6,669</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	1221G FY 10	74,493
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 10	<u>20,998</u>
			<u>95,491</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 10	<u>3,235</u>
Improving Teacher Quality State Grants	84.367	FY 10	<u>35,404</u>
Grants for State Assessments and Related Activities	84.369	FY 10	<u>9,757</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	<u>631,945</u>
Grant Wood Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 10	71,726
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 09	39,225
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	<u>78,450</u>
			<u>189,401</u>
Career and Technical Education - Basic Grants to States	84.048	FY 10	<u>8,645</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect (continued):			
U. S. Department of Health and Human Services:			
Grant Wood Area Education Agency:			
Temporary Assistance for Needy Families	93.558	FY 10	\$ 6,027
Iowa County Empowerment Board:			
Temporary Assistance for Needy Families	93.558	FY 10	4,827
Johnson County Empowerment Board:			
Temporary Assistance for Needy Families	93.558	FY 10	16,620
			27,474
 Total			\$ 1,306,139

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Clear Creek Amana Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and 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.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District as of and for the year ended June 30, 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 Clear Creek Amana Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies.

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

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 II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Clear Creek Amana Community School 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.

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

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

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

Oskaloosa, Iowa
February 18, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

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

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

In our opinion, Clear Creek Amana Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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.

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. We noted no matters involving internal control over compliance that we consider to be material weaknesses.

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

Oskaloosa, Iowa
February 18, 2011

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

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) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (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 disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act
 - Clustered programs:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clear Creek Amana Community School District did not qualify as a low-risk auditee.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-10 Disbursements – Out of forty disbursements tested, two were not fully supported by an invoice or receipt prior to the check being released for payment.

Recommendation – All disbursements should be adequately supported by an invoice, receipt or other written documentation prior to the check being released for payment.

Response – We will make sure that all future disbursements are properly supported.

Conclusion – Response accepted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-10 Certified Budget – Expenditures for the year ended June 30, 2010, did not exceed the amounts budgeted.
- IV-B-10 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of 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:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Elizabeth Momany, Board Vice President Spouse is owner of Amana Family Practice Clinic	Health services and supplies	\$2,804
Mick Kahler, Board Member Owner of Kahler Collision Center, Inc.	Vehicle repairs	\$358
Don Schneider, Bus Driver Owner of Golden Touch Power Cleaning	Bus washes	\$5,460

In accordance with an Attorney General’s opinion dated November 9, 1976, the transactions with the bus driver do not appear to represent a conflict of interest.

In accordance with Chapter 279.7A of the Code of Iowa, the transaction with the Board Member does not appear to represent a conflict of interest since the cumulative amount was less than \$2,500 for the fiscal year. However, the transactions with the Board Vice President appear to represent a conflict of interest since they exceed the \$2,500 limit allowed by Chapter 279.7A of the Code of Iowa.

Recommendation – The District should consult legal counsel to determine the disposition of this matter.

Response – We will consult our attorney about this.

Conclusion – Response accepted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

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

- 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 – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-10 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-J-10 Certified Annual Report – The Certified Annual Report was certified to the Iowa 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 being used to supplant rather than supplement other funds.
- IV-L-10 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance	\$ 1,448,489
Statewide sales and services tax revenue	1,473,622
Expenditures/transfers out:	
Debt service for school infrastructure:	
Revenue debt	<u>1,131,702</u>
Ending balance	<u>\$ 1,790,409</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

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

IV-L-10 Statewide Sales and Services Tax (continued)

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	<u>Per \$1,000 of Taxable Valuation</u>		<u>Property Tax Dollars</u>
Debt service levy	\$ 1.69327	\$	1,262,307
Physical plant and equipment levy	0.28346		211,315