

COLLEGE COMMUNITY SCHOOL DISTRICT
Cedar Rapids, Iowa

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
June 30, 2010



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COLLEGE COMMUNITY SCHOOL DISTRICT

OFFICIALS

June 30, 2010

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2009 Election)		
Randy Bauer	President	2011
Greg Kelsey	Board Member	2011
Lauri Hughes	Board Member	2009
Dorothy Pospischil	Board Member	2011
Dawn Tucker	Board Member	2009
Norm Zahradnik	Board Member	2011
John Titler	Board Member	2009
(After September 2009 Election)		
Randy Bauer	President	2011
Greg Kelsey	Board Member	2011
Jed Peterson	Board Member	2013
Dorothy Pospischil	Board Member	2011
Kristie Fisher	Board Member	2013
Norm Zahradnik	Board Member	2011
John Titler	Board Member	2013
<u>School Officials</u>		
Richard Whitehead	Superintendent	2012
James A. Rotter, Jr.	District Secretary - Treasurer and Director of Business Services	Indefinite

Independent Auditor's Report

To the Board of Education of the
College Community School District

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of College Community School District as of 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 December 20, 2010 on our consideration of College Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, budgetary comparison information, and the Schedule of Funding Progress for the Retirement Health Plan on pages 6 through 19 and 56 through 60 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 College Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Cedar Rapids, Iowa
December 20, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

In this section of the College Community School District's reports, management presents its "discussion and analysis" of the District's financial performance during the fiscal year ended June 30, 2010. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

2010 FINANCIAL HIGHLIGHTS

- The State of Iowa allowed a 4% growth for the 2009-10 school year. This increase, along with the addition of 120.7 resident students formulated an increase of revenue of \$1,860,343 in the General Fund. The 120.7 student increase represents a 2.93% increase in the District's resident enrollment.
- The District spent a little over \$750,000 on construction projects. This is significantly less than the previous two fiscal years when the new 7-9 Building and Recital Hall were being built. No new funds were borrowed during the year. General obligation bond debt totaled \$64.04 million as of June 30, 2010.
- The General Fund ending fund balance decreased from \$5.14 million on June 30, 2009 to \$4.02 million on June 30, 2010. This equates to a 9.78% solvency ratio which is down from a 13.36% ratio one year ago. Solvency ratios ranging from 5%-15% are considered "good" or "excellent" according to the Iowa School Board Association. This drop is the result of the across-the-board (ATB) cut of 10% issued by Governor Culver on October 8, 2009 which cost the District \$1.92 million in state revenue.
- Interest rates remained at record lows during the course of the year with a public fund investment rate of 0.20% in July 2009 to 0.05% in June 2010. These rates yielded only \$17,789 in revenue compared to \$52,059 in 2008-09 and \$177,368 in 2007-08 in the General Fund.
- The District received \$1.72 million in American Recovery and Reinvestment Act (ARRA) dollars which were forwarded by the State Legislature to backfill the State funding formula. The dollars were intended to backfill the lost cash but did not add additional spending authority. Unfortunately, these dollars were lost in the ATB cut mentioned above which resulted in a freeze on hiring additional staff positions. Additional ARRA funds were received which are discussed later in this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's current operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

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

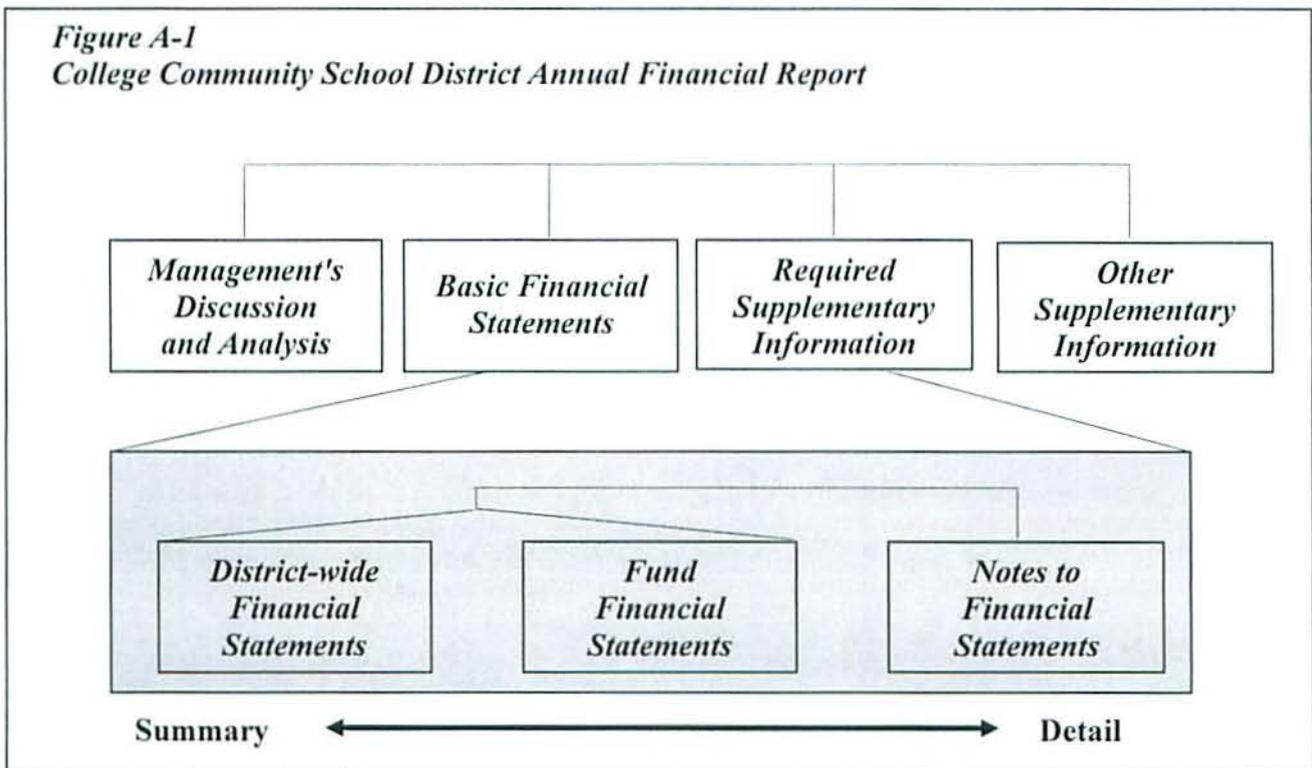


Figure A-2: Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Financial Statements

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

The two District-wide statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating.

To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program 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 repaying its long-term debts or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

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

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

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's *enterprise funds*, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, the other kind of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District utilizes a print shop fund for this purpose.

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.

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The required financial statement for fiduciary funds include a statement of fiduciary net assets.

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

Financial Analysis of the District as a Whole

The District's net assets are summarized below in Figure A-3.

	CONDENSED STATEMENT OF NET ASSETS (EXPRESSED IN THOUSANDS)						
	Governmental Activities		Business-Type Activities		Total School District		Total Change 2009-2010
	2010	2009	2010	2009	2010	2009	
Current and other assets	\$ 35,139	\$ 33,002	\$ 953	\$ 857	\$ 36,092	\$ 33,859	6.6%
Capital assets	<u>83,943</u>	<u>84,583</u>	<u>643</u>	<u>710</u>	<u>84,586</u>	<u>85,293</u>	-0.8%
Total assets	<u>\$119,082</u>	<u>\$117,585</u>	<u>\$ 1,596</u>	<u>\$ 1,567</u>	<u>\$120,678</u>	<u>\$119,152</u>	1.3%
Long-term obligations	\$ 65,870	\$ 65,045	\$ -	\$ -	\$ 65,870	\$ 65,045	1.9%
Other liabilities	<u>24,686</u>	<u>25,433</u>	<u>145</u>	<u>244</u>	<u>24,831</u>	<u>25,677</u>	-3.3%
Total liabilities	<u>\$ 90,556</u>	<u>\$ 90,478</u>	<u>\$ 145</u>	<u>\$ 244</u>	<u>\$ 90,701</u>	<u>\$ 90,722</u>	0.5%
Net assets:							
Invested in capital assets,							
net of related debt	\$ 23,826	\$ 21,009	\$ 643	\$ 710	\$ 24,469	\$ 12,719	12.7%
Restricted	1,299	960	-	-	1,299	960	35.3%
Unrestricted	<u>3,400</u>	<u>5,138</u>	<u>808</u>	<u>613</u>	<u>4,200</u>	<u>5,751</u>	-27.0%
Total net assets	<u>\$ 28,525</u>	<u>\$ 27,107</u>	<u>\$ 1,451</u>	<u>\$ 1,323</u>	<u>\$ 29,976</u>	<u>\$ 28,430</u>	5.4%

The District's combined net assets have increased by 5.4% percent. These changes are attributed to a slight increase in total assets and a slight decrease in liabilities. Fiscal year 2009-10 marks the 8th year of District implementation of the GASB-34 financial reporting model.

Figure A-4 below reflects totals from the year ended June 30, 2010 compared to the year ended June 30, 2009.

	CHANGES IN NET ASSETS (EXPRESSED IN THOUSANDS)					
	Governmental Activities		Business-Type Activities		Total School District	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for service and sales	\$ 4,954	\$ 4,910	\$ 3,152	\$ 3,160	\$ 8,106	\$ 8,070
Operating grants, contributions, and restricted interest	8,259	5,427	875	792	9,134	6,219
General revenues:						
Property tax	26,274	24,498	-	-	26,274	24,498
Unrestricted state grants	12,306	14,016	-	-	12,306	14,016
Unrestricted investment earnings	28	412	1	4	29	416
Other	<u>499</u>	<u>145</u>	<u>10</u>	<u>465</u>	<u>491</u>	<u>610</u>
Total revenues	<u>52,320</u>	<u>49,408</u>	<u>4,038</u>	<u>4,421</u>	<u>56,358</u>	<u>53,829</u>
Program expenses:						
Governmental activities:						
Instruction	31,387	27,569	-	-	31,387	27,569
Support services	13,873	12,188	-	-	13,873	12,188
Non-instructional programs	-	-	3,911	3,607	3,911	3,607
Other expenses	<u>6,106</u>	<u>8,596</u>	<u>-</u>	<u>-</u>	<u>6,106</u>	<u>8,596</u>
Total expenses	<u>51,366</u>	<u>48,353</u>	<u>3,911</u>	<u>3,607</u>	<u>55,277</u>	<u>51,960</u>
Capital contribution	-	-	-	-	-	-
Changes in net assets	<u>\$ 954</u>	<u>\$ 1,055</u>	<u>\$ 127</u>	<u>\$ 814</u>	<u>\$ 1,081</u>	<u>\$ 1,869</u>

The District's total revenues increased \$2.5 million from the previous year, while total expenditures increased \$3.7 million. Total net assets of the District increased \$638,000. This increase is a combination of the District's governmental and business-type activities.

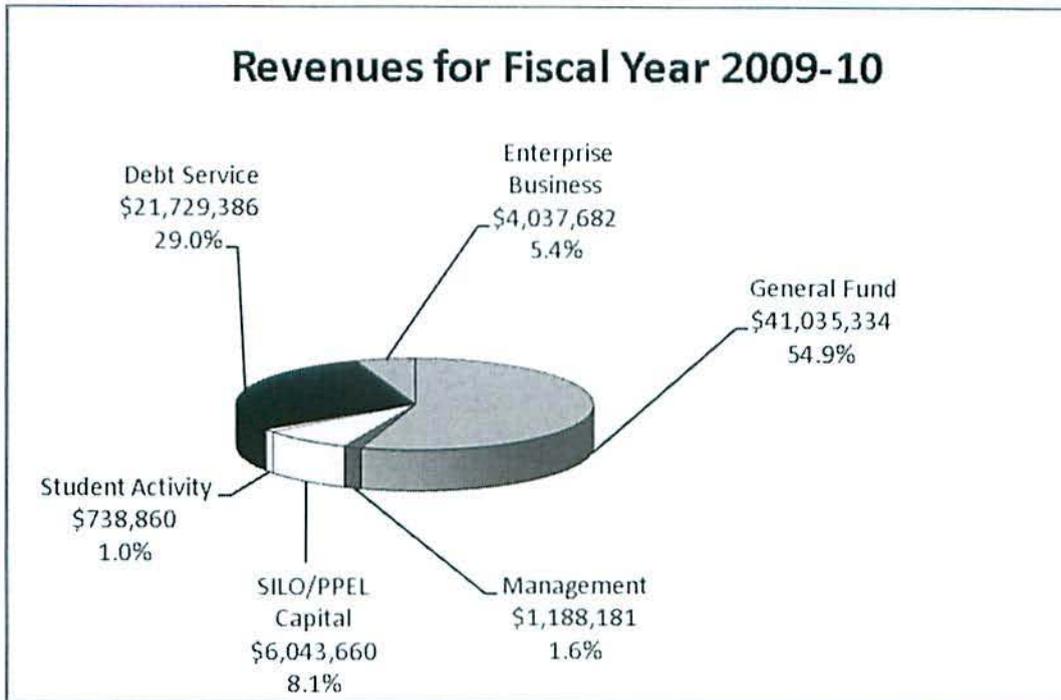
Student enrollment, net open enrollment, and allowable growth have a significant role on revenues generated by the District. During the past 5 years, open enrollment and tuition generated revenue are as follows:

2005-06	\$3,713,077
2006-07	3,483,824
2007-08	3,613,434
2008-09	3,323,392
2009-10	3,678,362

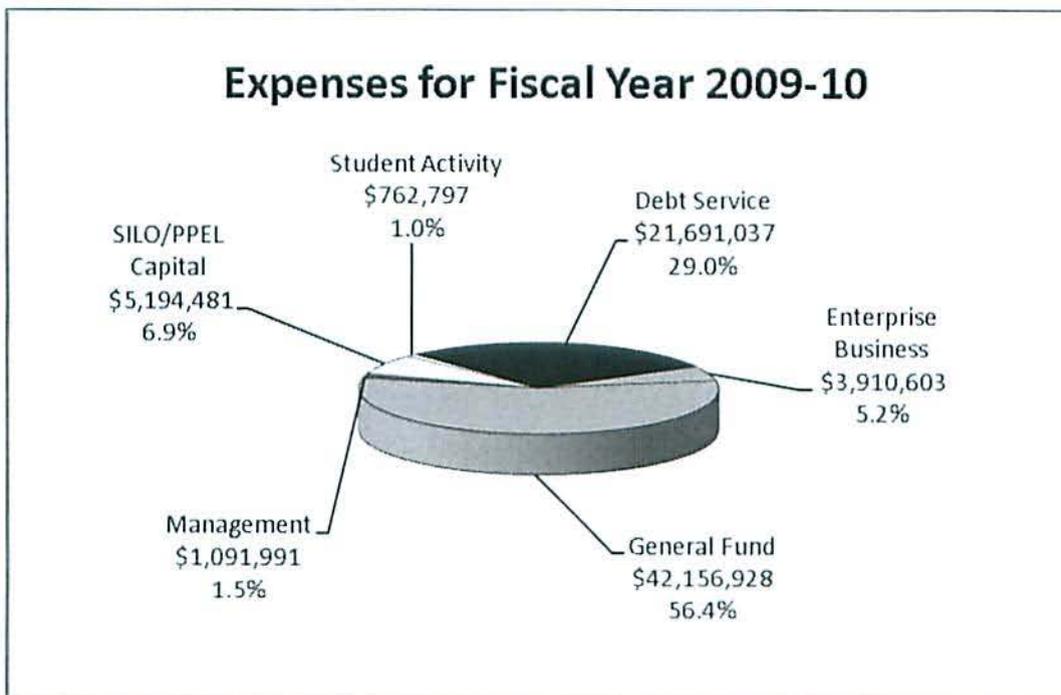
Increased program expenses in the General Fund are a direct result of the addition of 33 FTE necessary to staff the additional building.

Total student enrollment, a main component of the number of staff necessary, has increased from 3,268 students in September 2002 to 4,692 in September 2010. This calculates to an average of 158.2 students per year.

Business-type activities had a decrease in revenue and an increase in expenditures with a resulting increase of net assets. This increase was expected with the addition of another full service kitchen at the 7-9 building.



The chart above illustrates total revenues for the 2009-10 school year. The General Fund accounts for the largest portion of revenues. The chart below illustrates total expenses which indicates the greatest portion of dollars was spent in the General Fund followed by Debt Service. Debt Service on both charts includes \$16.2 million of "refunded bonds".



Governmental Activities

Governmental activities are primarily supported through the State Aid Formula. Overall property tax base (taxable valuation) have increased from \$1,060,461,727 in 2000 to \$1,471,743,849 in 2008. This 38.78% increase over the nine year period averages to 4.31% per year. The increase from 2008 to 2009 was 4.59%.

The overall District tax rate was \$17.21 per thousand in the 2009-10 year. The rate was higher than the 2008-09 school year of \$16.84 due to student increase proportionately higher than valuation increase and the District's necessity to levy larger cash reserves to replenish cuts in state aid.

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

Figure A-5	TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 31,387	\$ 23,312
Support services	13,873	10,375
Other expenses	<u>6,106</u>	<u>4,467</u>
Totals	<u>\$ 51,366</u>	<u>\$ 38,154</u>

- The cost of all governmental activities this year was \$51.44 million compared to \$48.22 million a year ago.
- Some of the cost was financed by the users of the District's programs, \$5.0 million, while \$5.45 million was collected a year ago for the same services.
- Most of the District's costs, \$55.39 million, were financed by District and state taxpayers. This portion of governmental activities was financed with \$22.09 million in property taxes and \$20.53 million in state and federal aid.

Business-Type Activities

Revenues of the District's business-type activities were \$4.03 million while expenses were \$3.91 million. (Refer to Figure A-4.) Although these activities are not in place to make a profit, they are organized and structured to operate at a revenue/expense neutral position. The slight increase in fund balance in these funds is welcome due to the District operating an additional kitchen facility at the 7-9 building. At the present time, the two main funds that make up the Business Type Activities are the Food and Nutrition Fund and the Daycare Fund.

Financial Analysis of the District's Funds

Proprietary Fund Highlights

- The Food and Nutrition Fund balance increased from \$1,064,070 to \$1,110,617 over the past fiscal year. The additional kitchen in the 7-9 building did not result in the additional expenses as anticipated in previous reports as the staff was redistributed from the Middle School and High School with minimal additional cost. This will result in less pressure to increase lunch costs moving forward.
- The Daycare Fund balance increased significantly by \$73,726 to get out of a deficit position. Two significant changes have helped the daycare's fund balance; (1) the implementation of the State Wide Preschool program and (2) staggered start times. The district has also implemented minimal increases in wages each of the last four years, and raised fees to reverse this trend. It is anticipated that this trend will continue to have a positive impact on fund balance, reducing the necessity to raise daycare rates substantially.
- The Student Built House Fund has a deficit fund balance of \$17,846. The program has struggled to realize the necessary profit the past two years to remain cost neutral. It's planned that the current built house will provide enough profit to get this fund back in a positive position. This depends on the housing market in the spring which has changed dramatically over the past 3 years. Each year the District struggles with selling the house at a desired profit vs. selling the house at something less to ensure that the asset is not carried forward into the next year resulting in another fund to provide funding for the new house being constructed.

Governmental Fund Highlights

With the exception of the General Fund, the District's Governmental Funds balances did well and are in good position to move forward to meet the District's ever growing needs. The issues related to the General Fund are a direct result of state ATB cuts the past two years and will be discussed later in this section.

- The Capital Projects Fund balance increased from \$2.60 million to \$3.92 million. The Fund currently consists of School Infrastructure Local Option (SILO) funds as the Capital Project funds associated with the Prairie Point and Recital Hall Projects have been exhausted. SILO funds are primarily utilized for various projects approved by the Board and an annual \$2 million payment on District Debt.
- The Management Fund balance increased from \$793,497 to \$889,687. The District pays for its liability, property, fleet, workers compensation insurance, and early separation programs out of the Management Fund. Workers Compensation insurance continues to be monitored closely although the district, in recent years, has experienced a decline in small value claims. The balance is very strong at this point but the District had 13 staff members take advantage of the early separation program in 2009-10. This is a substantial increase over the typical 5 or 6 retirees per year. This trend is expected to continue due to substantial changes to IPERS benefits beginning in July 2012.

- The Physical Plant and Equipment Levy, (PPEL) Fund balance increased from \$446,693 to \$694,052. PPEL fund dollars are utilized to purchase technology and complete general maintenance projects. Funds are also utilized to replace old busses and vans in the District Fleet. The carryover balance is significant and will be utilized in upcoming site projects. With its current assessed valuation, the district is able to generate approximately \$1.54 million annually in this fund.
- The "Other" Governmental Funds balance (the Activity Fund), decreased from \$527,086 to \$503,149 from the previous fiscal year. The primary activities in this fund include the athletic accounts and building level student activities other than athletics.
- The General Fund balance decreased from \$5.14 million to \$4.02 million during the fiscal year. This decrease was not planned and a direct result of the 10% ATB cuts issued by the Governor in October 2009. The 10% cut resulted in a loss of over \$1.92 million in state aid revenue. Although the District did not receive this cash, it did retain its spending authority for the lost cash. The District attempts to position itself to maintain a minimum fund balance of 15% of current General Fund revenues. If achieved, that would have equaled \$6.16 million by the end of the 2009-10 fiscal year. Obviously, the District did not achieve its goal due to the budget cuts. The 2008-09 and 2009-10 budget cuts by the Governor cast serious doubt about the solvency of all school districts in the state of Iowa moving forward. At the time of this report it was understood that over 60 districts in the state had fallen into a negative solvency ratio.

Budgetary Highlights

Of all governmental funds, the General Fund is the largest, normally comprising 60% of all governmental fund expenses in the fiscal year. The other large fund, which made up 29.3% of all governmental fund expenses, is the Debt Service Fund. Normally, debt service is going to be in the \$3.5 million range but was substantially increased this year due to the necessary accounting of \$16 million dollars of "refunded" general obligation bonds. Generally accepted accounting standards require refundings to be booked as fund other financing sources and expenditures.

The General Fund expenditures are updated monthly to monitor expenditures and reflect any changes in staffing and non-staffing costs. A comparison of General Fund budgeted to actual expenditures shows actual expenditures of \$42.19 million, which was less than the original budgeted line item amount of \$43.14 million approved at the October 2009 meeting. The District was required to increase its cash reserve for the 2010-11 fiscal year due to the ATB cuts endured the past two fiscal years.

The General Fund balance at year-end was 9.78% of fund revenues, down from 13.70% from a year ago. Although this remains a reasonable balance to provide for any unexpected emergencies, this trend must be reversed. The Board of Education has supported action to ensure that District General Fund cash reserves are adequate utilizing local property taxes as necessary to fund the growth of the District. This will need to continue if the State continues to struggle with its portion of the funding formula.

Capital Asset and Debt Administration

Capital Assets

By the end of 2010, the District had invested \$84.6 million, net of depreciation, in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6). This amount represents a net decrease of .8% from a year ago. Governmental funds account for all of these assets with the exception of \$643,000 which is accounted for in the Food and Nutrition Fund, Print Shop Fund and Student Built House Fund.

Chart A-6 is expected to change significantly in 2010-11 as the 7-9 building is completed. Depreciation of current assets will continue to reduce/offset those totals.

	Governmental Activities		Business-Type Activities		Total School District		Total Change 2009-2010
	2010	2009	2010	2009	2010	2009	
Land	\$ 2,509	\$ 2,509	\$ -	\$ -	\$ 2,509	\$ 2,509	0.0%
Construction in progress	24,947	25,515	-	-	24,947	25,515	-2.2%
Buildings	50,491	52,007	-	-	50,491	52,007	-2.9%
Improvements other than buildings	3,985	2,795	-	-	3,985	2,795	42.6%
Furniture and equipment	<u>2,011</u>	<u>1,757</u>	<u>643</u>	<u>710</u>	<u>2,654</u>	<u>2,467</u>	7.6%
Totals	<u>\$ 83,943</u>	<u>\$ 84,583</u>	<u>\$ 643</u>	<u>\$ 710</u>	<u>\$ 84,586</u>	<u>\$ 85,293</u>	-0.8%

Long-Term Debt

At year-end, the District had \$65.87 million in general obligation bonds and other long-term debt outstanding. This represents a decrease of \$1.92 million over the previous fiscal year as can be seen in Figure A-7 below. 2009-10 marks the second year that the District reports other post employment benefits (OPEB) liability per GASB 45. The current actuarially determined liability is \$1,526,000.

Figure A-7

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

	<u>Total School District</u>		<u>Total Change</u>
	<u>2010</u>	<u>2009</u>	<u>2009-2010</u>
General obligation bonds	\$ 64,040	\$ 66,530	-3.7%
Notes payable	-	365	-100.0%
OPEB Liability	1,526	768	98.7%
Early retirement	<u>304</u>	<u>129</u>	135.7%
Totals	<u>\$ 65,870</u>	<u>\$ 67,792</u>	-2.8%

Changes in the debt schedule are primarily due to the payment on general obligation bonds and the sale of new bonds. The District continued to take advantage of favorable interest rates by reducing its previous debt through advanced refunding of its issues with the refunding of just over \$16 million general obligation bonds during the fiscal year. Also, the District fulfilled its promise to pay off the notes payable debt of \$365,000 with the School Infrastructure Local Option Tax Revenues.

Factors Bearing on the District's Future

- Spending authority and financial solvency of the District continue to be the most important measures as the District continues to grow, especially in light of the past two years budget cuts. This, in addition to the necessary staff hired with the addition of our 7-9 building, has caused tremendous pressure on both our cash position and authority. The District must monitor general fund expenditures carefully to assure that it has sufficient spending authority to support needs long term. Class sizes have increased in the elementary setting the past two years and will continue to be higher than desired for the foreseeable future due to budget concerns.
- State funding growth for public schools for fiscal year 2009-10 was set at 4% but only funded at approximately 2% due to State cash shortfalls, placing additional pressure on the District budget. Due to the poor financial condition of the State, allowable growth for the 2011-12 fiscal year has not been set by the State Legislature as of the date of this document adding additional uncertainty to the District's budget position. Due to the above mentioned factors, the District has levied for the maximum cash reserve to help offset the ATB cuts issued by the Governor and to cover a portion of the state aid payments not realized by the district.
- School Infrastructure Local Option (SILO) funds continue to be utilized to offset the District's tax levy with \$2 million per year pledged to be utilized for District debt. This has continued with an additional \$670,000 utilized in the 2010-11 fiscal year to help offset Levy increases on the General Fund due to the State's fiscal position. As student growth continues there will be increased pressure to utilize these dollars to offset the levy. Despite this, the Board remains cautious in the use of these funds to "artificially" buy down the actual levy and plans to return to the \$2 million pledge over the next two years.

- District certified enrollment increased by 970 students over the past eight years. Under Iowa's school funding formula, this has placed upward pressure on the District tax levy. During the same time, property valuations have grown but not proportionately with student growth, thus placing more pressure on the levy. The District did receive some good news with the most recent valuations where Tax Increment Financing (TIF) valuations were reduced by \$79 million resulting in some relief on the overall levy.
- The current year (2010-11) marks the second year that the District has implemented the Instructional Support levy at the maximum 10%. Instructional support provides both additional cash and spending authority to be used for increased staff costs. At the time of this publication, the District is preparing to ask the voters to approve revenue purpose statement necessary for statewide sales tax revenue and extend the current PPEL levy to ensure that long term planning and infrastructure needs are met well into the future.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 10,180,778	\$ 910,301	\$ 11,091,079
Receivables:			
Property tax:			
Delinquent	288,347	-	288,347
Succeeding year	22,196,702	-	22,196,702
Accounts	-	16,157	16,157
Accrued interest	298	22	320
Due from other governments	2,326,211	-	2,326,211
Inventories	249	27,026	27,275
Prepaid expenses	12,720	165	12,885
Debt issuance cost, net of amortization	133,758	-	133,758
Capital assets, net of accumulated depreciation	<u>83,942,578</u>	<u>642,635</u>	<u>84,585,213</u>
Total assets	<u>119,081,641</u>	<u>1,596,306</u>	<u>120,677,947</u>
LIABILITIES			
Accounts payable	383,678	35,911	419,589
Accrued expenses	854,451	38,850	893,301
Salaries and benefits payable	530,863	70,601	601,464
Due to other governments	14	-	14
Accrued interest payable	208,400	-	208,400
Deferred revenue	512,371	-	512,371
Deferred revenue - succeeding year property tax	22,196,702	-	22,196,702
Long-term liabilities:			
Portion due within one year:			
Bonds payable	2,800,000	-	2,800,000
Early retirement	303,587	-	303,587
Portion due after one year:			
Bonds payable	61,240,000	-	61,240,000
Net OPEB liability	<u>1,526,224</u>	<u>-</u>	<u>1,526,224</u>
Total liabilities	<u>90,556,290</u>	<u>145,362</u>	<u>90,701,652</u>

NET ASSETS (DEFICIT)	Governmental Activities	Business-type Activities	Total
Invested in capital assets, net of related debt	\$ 23,825,989	\$ 642,635	\$ 24,468,624
Restricted for:			
Categorical funding, gifted & talented program	101,915	-	101,915
Physical plant and equipment levy	694,052	-	694,052
Student Activity purposes	503,149	-	503,149
Unrestricted:			
Debt service	122,517	-	122,517
General	<u>3,277,729</u>	<u>808,309</u>	<u>4,086,038</u>
 TOTAL NET ASSETS	 <u>\$ 28,525,351</u>	 <u>\$ 1,450,944</u>	 <u>\$ 29,976,295</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants Contributions, and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 20,529,382	\$ 2,041,346	\$ 2,938,015	\$ -
Special instruction	6,771,404	1,701,028	7,696	-
Other instruction	4,086,576	1,123,260	263,649	-
	<u>31,387,362</u>	<u>4,865,634</u>	<u>3,209,360</u>	<u>-</u>
Support services:				
Student	1,417,533	-	286,159	-
Instructional staff	2,477,691	-	3,061,761	-
Administration	4,050,792	-	-	-
Operation and maintenance of plant	3,670,376	81,230	11,083	-
Transportation	2,256,415	6,869	50,450	-
	<u>13,872,807</u>	<u>88,099</u>	<u>3,409,453</u>	<u>-</u>
Other expenses:				
Facilities acquisition	17,656	-	-	-
Long-term debt interest	2,661,207	-	1,409	-
AEA flowthrough	1,638,722	-	1,638,722	-
Amortization (unallocated)	13,376	-	-	-
Depreciation (unallocated)	1,775,014	-	-	-
	<u>6,105,975</u>	<u>-</u>	<u>1,640,131</u>	<u>-</u>
Total governmental activities	<u>51,366,144</u>	<u>4,953,733</u>	<u>8,258,944</u>	<u>-</u>
Business-type activities:				
Non-instructional programs:				
Nutrition services	2,112,899	1,341,765	816,727	-
Daycare services	1,212,614	1,222,838	58,255	-
Concession services	117,187	122,883	-	-
Print services	169,565	204,345	-	-
Student built house	298,338	259,978	-	-
	<u>3,910,603</u>	<u>3,151,809</u>	<u>874,982</u>	<u>-</u>
Total business-type activities	<u>3,910,603</u>	<u>3,151,809</u>	<u>874,982</u>	<u>-</u>
Total	<u>\$ 55,276,747</u>	<u>\$ 8,105,542</u>	<u>\$ 9,133,926</u>	<u>\$ -</u>

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (15,550,021)	\$ -	\$ (15,550,021)
(5,062,680)	-	(5,062,680)
(2,699,667)	-	(2,699,667)
<u>(23,312,368)</u>	<u>-</u>	<u>(23,312,368)</u>
(1,131,374)	-	(1,131,374)
584,070	-	584,070
(4,050,792)	-	(4,050,792)
(3,578,063)	-	(3,578,063)
(2,199,096)	-	(2,199,096)
<u>(10,375,255)</u>	<u>-</u>	<u>(10,375,255)</u>
(17,656)	-	(17,656)
(2,659,798)	-	(2,659,798)
-	-	-
(13,376)	-	(13,376)
<u>(1,775,014)</u>	<u>-</u>	<u>(1,775,014)</u>
<u>(4,465,844)</u>	<u>-</u>	<u>(4,465,844)</u>
<u>(38,153,467)</u>	<u>-</u>	<u>(38,153,467)</u>
-	45,593	45,593
-	68,479	68,479
-	5,696	5,696
-	34,780	34,780
-	(38,360)	(38,360)
<u>-</u>	<u>116,188</u>	<u>116,188</u>
\$ <u>(38,153,467)</u>	\$ <u>116,188</u>	\$ <u>(38,037,279)</u>

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2010

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

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

Governmental Activities	Business-type Activities	Total
\$ 21,512,962	\$ -	\$ 21,512,962
3,294,875	-	3,294,875
1,466,215	-	1,466,215
12,305,874	-	12,305,874
28,228	629	28,857
499,142	10,262	509,404
39,107,296	10,891	39,118,187
953,829	127,079	1,080,908
27,571,522	1,323,865	28,895,387
\$ 28,525,351	\$ 1,450,944	\$ 29,976,295

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2010

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
ASSETS			
Cash and pooled investments	\$ 4,342,729	\$ 1,180,294	\$ 158,791
Receivables:			
Property tax:			
Delinquent	217,588	14,661	38,270
Succeeding year	17,235,772	1,136,665	2,411,325
Accrued interest	-	49	98
Due from other governments	1,630,741	-	-
Inventories	249	-	-
Prepaid expenses	11,630	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 23,438,709	\$ 2,331,669	\$ 2,608,484
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 289,353	\$ 1,730	\$ -
Accrued expenses	854,451	-	-
Salaries and benefits payable	530,567	303,587	-
Due to other governments	14	-	-
Deferred revenue	512,371	-	-
Deferred revenue-succeeding year property tax	17,235,772	1,136,665	2,411,325
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	19,422,528	1,441,982	2,411,325
Fund balances:			
Reserved for:			
Categorical funding, gifted & talented program	101,915	-	-
Debt service	-	-	197,159
Unreserved, undesignated reported in:			
General fund	3,914,266	-	-
Special revenue funds	-	889,687	-
Capital projects funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	4,016,181	889,687	197,159
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 23,438,709	\$ 2,331,669	\$ 2,608,484

<u>Capital Projects- Benton Co. Silo</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 3,245,544	\$ 1,253,420	\$ 10,180,778
-	17,828	288,347
-	1,412,940	22,196,702
104	47	298
689,974	5,496	2,326,211
-	-	249
-	1,090	12,720
<u>\$ 3,935,622</u>	<u>\$ 2,690,821</u>	<u>\$ 35,005,305</u>

\$ 12,211	\$ 80,384	\$ 383,678
-	-	854,451
-	296	834,450
-	-	14
-	-	512,371
-	1,412,940	22,196,702
<u>12,211</u>	<u>1,493,620</u>	<u>24,781,666</u>

-	-	101,915
-	-	197,159
-	-	3,914,266
-	1,197,201	2,086,888
3,923,411	-	3,923,411
<u>3,923,411</u>	<u>1,197,201</u>	<u>10,223,639</u>
<u>\$ 3,935,622</u>	<u>\$ 2,690,821</u>	<u>\$ 35,005,305</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

June 30, 2010

Total fund balances of governmental funds (page 33)	\$ 10,223,639
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	83,942,578
Debt issuance costs on refunded bonds are not financial resources and, therefore, are not reported as assets in the governmental funds.	133,758
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(208,400)
Long-term liabilities, including bonds payable, compensated absences, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(65,566,224)</u>
Net assets of governmental activities (page 22)	<u>\$ 28,525,351</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2010

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Revenues:			
Local sources:			
Local tax	\$ 16,244,539	\$ 1,099,947	\$ 3,283,396
Tuition	3,663,733	-	-
Other	593,948	87,911	12,022
State sources	17,312,706	323	866
Federal sources	3,220,408	-	-
	<u>41,035,334</u>	<u>1,188,181</u>	<u>3,296,284</u>
Total revenues			
Expenditures:			
Instruction:			
Regular instruction	18,554,033	654,963	-
Special instruction	6,723,825	29,146	-
Other instruction	3,285,444	2,807	-
	<u>28,563,302</u>	<u>686,916</u>	<u>-</u>
Support services:			
Student services	1,417,533	-	-
Instructional staff services	1,826,581	-	-
Administrative services	3,731,356	77,421	-
Operation and maintenance of plant services	3,416,835	250,415	-
Transportation services	1,562,599	77,239	-
	<u>11,954,904</u>	<u>405,075</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	-	-	-
Long-term debt:			
Principal	-	-	3,110,000
Debt issuance costs	-	-	147,134
Interest and fiscal charges	-	-	2,651,037
AEA flowthrough	1,638,722	-	-
	<u>1,638,722</u>	<u>-</u>	<u>5,908,171</u>
	<u>42,156,928</u>	<u>1,091,991</u>	<u>5,908,171</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(1,121,594)</u>	<u>96,190</u>	<u>(2,611,887)</u>

Capital Projects- Benton <u>Co. Silo</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ 1,465,829	\$ 22,093,711
-	-	3,663,733
4,165,357	1,139,865	5,999,103
-	386	17,314,281
-	11,083	3,231,491
<u>4,165,357</u>	<u>2,617,163</u>	<u>52,302,319</u>
-	-	19,208,996
-	-	6,752,971
-	762,797	4,051,048
<u>-</u>	<u>762,797</u>	<u>30,013,015</u>
-	-	1,417,533
320,431	303,976	2,450,988
-	995	3,809,772
-	-	3,667,250
-	354,497	1,994,335
<u>320,431</u>	<u>659,468</u>	<u>13,339,878</u>
147,678	1,689,322	1,837,000
-	-	3,110,000
-	-	147,134
-	-	2,651,037
-	-	1,638,722
<u>147,678</u>	<u>1,689,322</u>	<u>9,383,893</u>
<u>468,109</u>	<u>3,111,587</u>	<u>52,736,786</u>
<u>3,697,248</u>	<u>(494,424)</u>	<u>(434,467)</u>

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2010

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Other financing sources (uses):			
Operating transfers in	\$ -	\$ -	\$ 2,377,582
Operating transfers out	-	-	-
Payments to refund bonds	-	-	(15,930,000)
Proceeds of refunding bonds	-	-	16,185,000
Bond premium received	-	-	17,654
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	2,650,236
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(1,121,594)	96,190	38,349
Fund balances beginning of year	<u>5,137,775</u>	<u>793,497</u>	<u>158,810</u>
Fund balances end of year	<u>\$ 4,016,181</u>	<u>\$ 889,687</u>	<u>\$ 197,159</u>

Capital Projects- Benton <u>Co. Silo</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ 2,377,582
(2,377,582)	-	(2,377,582)
-	-	(15,930,000)
-	-	16,185,000
-	-	17,654
<u>(2,377,582)</u>	<u>-</u>	<u>272,654</u>
1,319,666	(494,424)	(161,813)
<u>2,603,745</u>	<u>1,691,625</u>	<u>10,385,452</u>
<u>\$ 3,923,411</u>	<u>\$ 1,197,201</u>	<u>\$ 10,223,639</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2010

Net change in fund balances - total governmental funds (page 33) \$ (161,813)

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

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

Capital outlays	\$ 1,359,033	
Depreciation expense	<u>(2,463,292)</u>	(1,104,259)

Debt issuance costs are reported in governmental funds as expenditures. However, these costs are reported in the Statement of Net Assets and are allocated over the life of the bond as amortization expense in the Statement of Activities.	133,758
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Repayment of long-term debt principal and payments to refund bonds are expenditures in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.	19,040,000
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Some expenses in the Statement of Activities differ from the amount reported in the governmental funds because they are recorded as an expenditure in the funds when due. In the Statement of Activities, they are recognized as the expense accrues, regardless of when it is due.

Interest on long-term debt	(10,170)	
Other postemployment benefits	<u>(758,687)</u>	(768,857)

Proceeds on the issuance of debt is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Assets.	<u>(16,185,000)</u>
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Change in net assets of governmental activities (page 26) \$ 953,829

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

Year Ended June 30, 2010

	<u>Total Proprietary Funds</u>
ASSETS	
Cash and cash equivalents	\$ 910,301
Accounts receivable	16,157
Accrued interest receivable	22
Prepaid expenses	165
Inventories	27,026
Capital assets, net of accumulated depreciation	<u>642,635</u>
Total assets	<u>1,596,306</u>
LIABILITIES	
Accounts payable	35,911
Accrued expenses	38,850
Salaries and benefits payable	<u>70,601</u>
Total liabilities	<u>145,362</u>
NET ASSETS	
Invested in capital assets, net of related debt	642,635
Unrestricted	<u>808,309</u>
Total net assets	<u>\$ 1,450,944</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

Year Ended June 30, 2010

	<u>Total Proprietary Funds</u>
Operating revenues:	
Local sources:	
Charges for services	\$ 3,162,070
State sources	<u>58,255</u>
Total operating revenues	<u>3,220,325</u>
Operating expenses:	
Salaries	1,587,542
Benefits	348,417
Purchased supplies	43,742
Supplies	1,815,152
Depreciation	<u>115,750</u>
Total operating expenses	<u>3,910,603</u>
Operating loss	<u>(690,278)</u>
Nonoperating revenues:	
Local sources	1
State sources	19,913
Federal sources	796,814
Interest income	<u>629</u>
Total nonoperating revenues	<u>817,357</u>
Net income	<u>127,079</u>
Net assets, beginning of year	<u>1,323,865</u>
Net assets, end of year	<u>\$ 1,450,944</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2010

	Total Proprietary Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,417,257
Cash received from day care activities	1,323,863
Cash received from printing	204,611
Cash received from concession sales	118,383
Cash received from student-built houses	264,145
Cash payments to employees for services	(1,934,664)
Cash payments to suppliers for goods or services	<u>(1,962,675)</u>
Net cash used in operating activities	<u>(569,080)</u>
Cash flows from non-capital financing activities:	
State grants received	19,914
Federal grants received	<u>796,814</u>
Net cash provided by non-capital financing activities	<u>816,728</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(47,949)</u>
Cash flows from investing activities:	
Interest on investments	<u>675</u>
Net increase in cash and cash equivalents	200,374
Cash and cash equivalents, beginning of year	<u>709,927</u>
Cash and cash equivalents, end of year	<u>\$ 910,301</u>

	<u>Total Proprietary Funds</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (690,278)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	115,750
Increase in inventories	(4,263)
Decrease in accounts receivable	107,933
Increase in prepaid expenses	(18)
Decrease in accounts payable	(106,483)
Increase in salaries and benefits payable	1,295
Increase in accrued expenses	<u>6,984</u>
Net cash used in operating activities	<u>\$ (569,080)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$146,576 of federal commodities.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2010

	<u>Agency</u>
ASSETS	
Cash	\$ 373,624
Receivables:	
Accrued interest and other receivables	<u>158</u>
Total assets	<u>\$ 373,782</u>
LIABILITIES	
Liabilities:	
Accounts payable	\$ 11,075
Other payables	<u>362,707</u>
Total liabilities	<u>\$ 373,782</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

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

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

B. Basis of Presentation

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(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 that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

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

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

Benton Co. SILO Capital Projects Fund - This Capital Projects Fund is used to account for all resources received from school infrastructure local option tax to be used in acquisition and construction of capital facilities approved by the Board of Education.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

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

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

D. Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, Liabilities and Fund Equity

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

Cash and Pooled Investments - 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.

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

Property Tax Receivable - Property taxes in governmental fund types are accounted for using the modified accrual basis of accounting.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

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

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

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

Furniture and equipment:

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

No threshold exists for land, buildings, or improvements.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

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.

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.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

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.

F. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures in the other expenditures functional area exceeded the amounts budgeted, prior to amendment.

(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:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 8,715,634</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.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Benton County SILO	<u>\$2,377,582</u>

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

(4) Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,509,334	\$ -	\$ -	\$ 2,509,334
Construction in progress	<u>25,515,021</u>	<u>752,057</u>	<u>1,319,751</u>	<u>24,947,327</u>
Total capital assets not being depreciated	<u>28,024,355</u>	<u>752,057</u>	<u>1,319,751</u>	<u>27,456,661</u>
Capital assets being depreciated:				
Buildings	70,433,469	-	-	70,433,469
Improvements other than buildings	4,120,495	1,430,897	-	5,551,392
Furniture and equipment	<u>11,605,545</u>	<u>956,141</u>	<u>145,125</u>	<u>12,416,561</u>
Total capital assets being depreciated	<u>86,159,509</u>	<u>2,387,038</u>	<u>145,125</u>	<u>88,401,422</u>
Less accumulated depreciation for:				
Buildings	18,426,796	1,516,044	-	19,942,840
Improvements other than buildings	1,325,457	241,797	-	1,567,254
Furniture and equipment	<u>9,848,544</u>	<u>705,451</u>	<u>148,584</u>	<u>10,405,411</u>
Total accumulated depreciation	<u>29,600,797</u>	<u>2,463,292</u>	<u>148,584</u>	<u>31,915,505</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(4) Capital Assets (continued)

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Total capital assets being depreciated, net	<u>56,558,712</u>	<u>(76,254)</u>	<u>(3,459)</u>	<u>56,485,917</u>
Governmental activities capital assets, net	<u>\$84,583,067</u>	<u>\$ 675,803</u>	<u>\$ 1,316,292</u>	<u>\$83,942,578</u>
Business-type activities:				
Furniture and equipment	\$1,723,021	\$ 47,948	\$ -	\$1,770,969
Less accumulated depreciation	<u>1,012,584</u>	<u>115,750</u>	<u>-</u>	<u>1,128,334</u>
Business-type activities capital assets, net	<u>\$ 710,437</u>	<u>\$ (67,802)</u>	<u>\$ -</u>	<u>\$ 642,635</u>

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

Governmental activities:

Instruction:

Regular	\$ 276,067
Special	18,433
Other	35,528

Support services:

Instructional staff	26,703
Administration	62,882
Operation and maintenance of plant	3,126
Transportation	<u>262,080</u>

684,819

Unallocated depreciation

1,778,473

Total depreciation expense - governmental activities

\$2,463,292

Business-type activities

Nutrition services	\$ 760
Student-built house	22,556
Day care	1,164
Enterprise/resale	408
Print services	<u>90,862</u>

Total depreciation expense - business-type activities

\$ 115,750

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(5) Long-term Liabilities

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Early retirement	\$ 128,950	\$ 303,587	\$ 128,950	\$ 303,587	\$ 303,587
General obligation bonds	66,530,000	16,185,000	18,675,000	64,040,000	2,800,000
Notes payable	365,000	-	365,000	-	-
Net OPEB liability	<u>767,537</u>	<u>922,305</u>	<u>163,618</u>	<u>1,526,224</u>	<u>-</u>
Total	<u>\$ 67,791,487</u>	<u>\$ 17,410,892</u>	<u>\$ 19,332,568</u>	<u>\$ 65,869,811</u>	<u>\$ 3,103,587</u>

A. Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are available for all employees except bus drivers and are based on classification of employee. At June 30, 2010, the District has obligations to fifteen participants with a total liability of \$303,587. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$303,587. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund.

B. General Obligation Bonds

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

<u>Year Ending June 30,</u>	<u>Bond Issue of 2005A</u>			<u>Bond Issue of 2006</u>		
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>
2011	2.95%	\$ 900,000	\$ 56,592	4.50%	\$ 425,000	\$ 1,234,700
2012	3.05%	985,000	30,042	4.50%	435,000	1,215,575
2013	-	-	-	4.00%	415,000	1,196,000
2014	-	-	-	4.00%	440,000	1,179,400
2015	-	-	-	4.50%	480,000	1,161,800
2016	-	-	-	4.50%	515,000	1,140,200
2017	-	-	-	4.50%	485,000	1,117,025
2018	-	-	-	4.50%	520,000	1,095,200
2019	-	-	-	4.50%	580,000	1,071,800
2020	-	-	-	4.50%	615,000	1,045,700
2021	-	-	-	4.50%	760,000	1,018,025
2022	-	-	-	4.50%	3,925,000	983,825
2023	-	-	-	4.50%	4,115,000	807,200
2024	-	-	-	4.50%	4,310,000	622,025
2025	-	-	-	4.50%	4,520,000	428,075
2026	-	-	-	4.75%	<u>4,730,000</u>	<u>224,675</u>
Total		<u>\$ 1,885,000</u>	<u>\$ 86,634</u>		<u>\$ 27,270,000</u>	<u>\$ 15,541,225</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(5) **Long-term Liabilities** (continued)

B. General Obligation Bonds (continued)

Year Ending June 30,	Bond Issue of 2007			Bond Issue of 2008		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	3.75%	\$ 250,000	\$ 369,296	4.00%	\$ -	\$ 375,950
2012	3.75%	255,000	359,921	4.00%	-	375,950
2013	3.75%	255,000	350,359	4.00%	-	375,950
2014	3.75%	255,000	340,796	4.00%	-	375,950
2015	3.75%	255,000	331,234	4.00%	-	375,950
2016	3.75%	260,000	321,671	4.00%	115,000	375,950
2017	3.75%	260,000	311,921	4.00%	2,190,000	371,350
2018	3.80%	255,000	302,171	4.75%	1,415,000	283,750
2019	3.85%	265,000	292,482	3.50%	1,600,000	223,612
2020	3.85%	260,000	282,279	3.55%	1,735,000	167,612
2021	3.88%	265,000	272,269	3.60%	2,945,000	106,020
2022	4.00%	270,000	262,000	-	-	-
2023	4.00%	265,000	251,200	-	-	-
2024	4.00%	265,000	240,600	-	-	-
2025	4.00%	260,000	230,000	-	-	-
2026	4.00%	265,000	219,600	-	-	-
2027	4.00%	5,225,000	209,000	-	-	-
Total		\$ 9,385,000	\$ 4,946,799		\$ 10,000,000	\$ 3,408,044

Year Ending June 30,	Bond Issue of 2009A			Bond Issue of 2009B		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	1.65%	\$ 1,100,000	\$ 258,570	2.75%	\$ 125,000	\$ 205,662
2012	2.10%	1,100,000	240,420	2.75%	100,000	202,226
2013	2.40%	1,250,000	217,320	2.75%	1,050,000	199,476
2014	2.80%	1,400,000	187,320	2.75%	1,000,000	170,600
2015	3.10%	1,900,000	148,120	3.00%	400,000	143,100
2016	3.30%	2,300,000	89,220	3.25%	100,000	131,100
2017	3.60%	370,000	13,320	3.50%	100,000	127,850
2018	-	-	-	3.75%	1,100,000	124,350
2019	-	-	-	3.90%	1,100,000	83,100
2020	-	-	-	4.00%	1,005,000	40,200
Total		\$ 9,420,000	\$ 1,154,290		\$ 6,080,000	\$ 1,427,664

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(5) Long-term Liabilities (continued)

B. General Obligation Bonds (continued)

Year Ending June 30,	Total	
	Principal	Interest
2011	\$ 2,800,000	\$ 2,500,770
2012	2,875,000	2,424,134
2013	2,970,000	2,339,105
2014	3,095,000	2,254,066
2015	3,035,000	2,160,204
2016	3,290,000	2,058,141
2017	3,405,000	1,941,466
2018	3,290,000	1,805,471
2019	3,545,000	1,670,993
2020	3,615,000	1,535,791
2021	3,970,000	1,396,314
2022	4,195,000	1,245,825
2023	4,380,000	1,058,400
2024	4,575,000	862,625
2025	4,780,000	658,075
2026	4,995,000	444,275
2027	5,225,000	209,000
Total	\$ 64,040,000	\$ 26,564,656

During the year ended June 30, 2010, the District issued \$16,185,000 in General Obligation Bonds with an average interest rate of 2.9% to refund \$15,930,000 of outstanding 2002A, 2003A, 2003C and 2004 Series bonds with an interest rate ranging from 2.75% to 4.8% prior to maturity. The net proceeds of \$16,021,651 (after payment of underwriting fees, insurance, and other issuance costs of \$147,134) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2002A, 2003A, 2003C and 2004 Series bonds. As a result, the 2002A, 2003A, 2003C and 2004 Series bonds are considered to be in-substance defeased and the liability for those bonds has been removed from the District-wide financial statements. The District refunded the 2002A, 2003A, 2003C and 2004 Series bonds to reduce its total debt service payments over the next 11 years by approximately \$625,000 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$487,000.

(6) 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.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(6) Pension and Retirement Benefits (continued)

Plan members are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$1,948,656, \$1,830,797 and \$1,478,991, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District participates in an Iowa Chapter 28E plan with five other schools, called the Metro Interagency Insurance Program (MIIP), which provides medical and prescription drug benefits for retirees and their spouses. There are 592 active and 44 retired members in the plan. Participants must be age 55 and older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. MIIP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MIIP, 4401 6th Street SW, Cedar Rapids, IA 52404.

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.

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	\$ 938,894
Interest on net OPEB obligation	19,188
Adjustment to annual required contribution	(35,777)
Annual OPEB cost	922,305
Contributions made	163,618
Increase in net OPEB obligation	758,687
Net OPEB obligation, beginning of year	767,537
Net OPEB obligation, end of year	<u>\$1,526,224</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

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

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

For the year ended June 30, 2010, the District contributed \$163,618 to the medical plan. Plan members eligible for benefits contributed \$53,490, or 24.6% of the premium costs.

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	\$ 922,305	17.7%	\$ 1,526,224

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$6,585,809, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,585,809. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$27,414,293, and the ratio of the UAAL to covered payroll was 24%. 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.

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.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

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

As of the July 1, 2008 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumption includes 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, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$523 per month for retirees less than age 65. The UAAL is being amortized as a level dollar cost on an open basis over 30 years.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$1,638,722 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(10) Construction and Other Commitments

The District entered into various contracts totaling \$25,012,338 for additions to several facilities. As of June 30, 2010, costs of \$24,878,797 had been incurred on the contracts. The balance remaining at June 30, 2010 of \$133,541 will be paid when work on the projects progresses.

(11) Deficit Balance

The Proprietary - Student Built House had a deficit balance of \$17,846 at June 30, 2010. The District will cut back on supplies and sell the next house at a profit to accommodate for the deficit.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(12) New Accounting Pronouncement

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

It is not anticipated that the implementation of the new standard will have a significant effect on the District's financial statements.

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

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2010

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total Actual</u>
REVENUES:			
Local sources	\$ 31,756,547	\$ 3,162,700	\$ 34,919,247
State sources	17,314,281	78,168	17,392,449
Federal sources	<u>3,231,491</u>	<u>796,814</u>	<u>4,028,305</u>
Total revenues	<u>52,302,319</u>	<u>4,037,682</u>	<u>56,340,001</u>
 EXPENDITURES:			
Instruction	30,013,015	-	30,013,015
Support services	13,339,878	-	13,339,878
Non-instructional programs	-	3,910,603	3,910,603
Other expenditures	<u>9,383,893</u>	<u>-</u>	<u>9,383,893</u>
Total expenditures	<u>52,736,786</u>	<u>3,910,603</u>	<u>56,647,389</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (434,467)	 127,079	 (307,388)
 OTHER FINANCING SOURCES, NET	 <u>272,654</u>	 <u>-</u>	 <u>272,654</u>
 EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	 (161,813)	 127,079	 (34,734)
 BALANCES, BEGINNING OF YEAR	 <u>10,385,452</u>	 <u>1,323,865</u>	 <u>11,709,317</u>
 BALANCES, END OF YEAR	 <u>\$ 10,223,639</u>	 <u>\$ 1,450,944</u>	 <u>\$ 11,674,583</u>

<u>Budgeted Amounts</u>		<u>Final to Variance Positive/ (Negative)</u>
<u>Original</u>	<u>Final</u>	
\$ 33,456,300	\$ 33,456,300	\$ 1,462,947
20,877,801	20,877,801	(3,485,352)
<u>1,391,710</u>	<u>1,391,710</u>	<u>2,636,595</u>
<u>55,725,811</u>	<u>55,725,811</u>	<u>614,190</u>
30,529,765	32,004,423	1,991,408
13,037,968	13,710,893	371,015
3,418,755	4,242,038	331,435
<u>8,750,900</u>	<u>27,611,628</u>	<u>18,227,735</u>
<u>55,737,388</u>	<u>77,568,982</u>	<u>20,921,593</u>
(11,577)	(21,843,171)	21,535,783
<u>-</u>	<u>18,860,728</u>	<u>(18,588,074)</u>
(11,577)	(2,982,443)	2,947,709
<u>10,787,172</u>	<u>10,787,172</u>	<u>922,145</u>
<u>\$ 10,775,595</u>	<u>\$ 7,804,729</u>	<u>\$ 3,869,854</u>

The accompanying note to required supplementary information is an integral part of this schedule.

COLLEGE COMMUNITY SCHOOL DISTRICT

**Notes to Required Supplementary Information-
Budgetary Reporting**

Year Ended June 30, 2010

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$21,831,594.

During the year ended June 30, 2010, expenditures exceeded the amounts budgeted in the other expenditures function, prior to amendment.

COLLEGE COMMUNITY SCHOOL DISTRICT

**Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)**

Required Supplementary Information*

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2009	July 1, 2008	\$ -	\$ 6,586	\$ 6,586	0.0%	\$ 25,479	25.9%
2010	July 1, 2008	-	6,586	6,586	0.0%	27,414	24.1%

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.

* Only 2 fiscal years are presented to coincide with the adoption of GASB45 in fiscal year 2009.

OTHER SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2010

	<u>Special Revenue</u>		
	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	
ASSETS			
Cash and pooled investments	\$ 513,729	\$ 739,691	\$ 1,253,420
Receivables:			
Property tax:			
Delinquent	-	17,828	17,828
Succeeding year	-	1,412,940	1,412,940
Accrued interest	21	26	47
Due from other governments	406	5,090	5,496
Prepaid expenses	<u>1,090</u>	<u>-</u>	<u>1,090</u>
Total assets	<u>\$ 515,246</u>	<u>\$ 2,175,575</u>	<u>\$ 2,690,821</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 11,801	\$ 68,583	\$ 80,384
Salary and benefits payable	296	-	296
Deferred revenue-succeeding year property tax	<u>-</u>	<u>1,412,940</u>	<u>1,412,940</u>
Total liabilities	<u>12,097</u>	<u>1,481,523</u>	<u>1,493,620</u>
Unreserved fund balances	<u>503,149</u>	<u>694,052</u>	<u>1,197,201</u>
Total liabilities and fund balances	<u>\$ 515,246</u>	<u>\$ 2,175,575</u>	<u>\$ 2,690,821</u>

COLLEGE 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>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>
Revenues:		
Local sources:		
Local tax	\$ -	\$ 1,465,829
Other	738,860	6,799
State sources	-	386
Federal sources	-	11,083
	<u>738,860</u>	<u>1,484,097</u>
Total revenues		
Expenditures:		
Instruction:		
Other instruction	762,797	-
Support services:		
Instructional staff services	-	303,976
Administrative services	-	131
Transportation services	-	354,497
Other expenditures:		
Facilities acquisition	-	578,134
	<u>762,797</u>	<u>1,236,738</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	(23,937)	247,359
Fund balances, beginning of year	<u>527,086</u>	<u>446,693</u>
Fund balances, end of year	<u>\$ 503,149</u>	<u>\$ 694,052</u>

Capital Projects

<u>\$10M</u> <u>MS/AUD</u>	<u>Total</u>
\$ -	\$ 1,465,829
394,206	1,139,865
-	386
<u>-</u>	<u>11,083</u>
<u>394,206</u>	<u>2,617,163</u>
-	762,797
-	303,976
864	995
-	354,497
<u>1,111,188</u>	<u>1,689,322</u>
<u>1,112,052</u>	<u>3,111,587</u>
(717,846)	(494,424)
<u>717,846</u>	<u>1,691,625</u>
<u>\$ -</u>	<u>\$ 1,197,201</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Individual Student Activity Accounts

Year Ended June 30, 2010

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student activity account:				
Athletic:				
General	\$ 77,613	\$ 114,421	\$ 131,940	\$ 60,094
Student clubs:				
Advisory	45,291	28,188	18,546	54,933
Co-curricular activities:				
High school	8,609	551	4,225	4,935
Prairie Crest	6,494	9,652	6,191	9,955
Prairie Heights	11,454	19,699	18,185	12,968
Prairie Ridge	7,856	7,990	14,698	1,148
Prairie View	4,517	2,935	3,096	4,356
Prairie Edge	1,269	917	706	1,480
Prairie Point	69,898	12,130	18,143	63,885
Prairie Creek	2,000	5,920	7,323	597
Student Council	16,541	17,060	19,368	14,233
Class of:				
2008	4,354	-	4,354	-
2009	3,333	-	929	2,404
2010	2,671	-	2,269	402
2011	1,411	12,459	5,571	8,299
2012	730	736	425	1,041
Baseball Club	11,274	20,607	27,796	4,085
Softball Club	5,310	11,576	14,409	2,477
Performing Arts Club	125	18,964	15,202	3,887
Special Olympics	40	-	-	40
08-09 Yearbook	4,198	7,852	9,490	2,560
09-10 Yearbook	-	2,051	-	2,051
SADD Organization	140	-	-	140
Spring and Fall Plays	453	1,636	1,830	259
German Club	6,650	52,826	57,218	2,258
Student Vending	6,982	29,592	33,481	3,093
Letterman's Club	8,899	3,617	4,159	8,357
Girls Track Club	4,921	8,125	10,195	2,851
Boys Track Club	1,828	17,259	14,834	4,253
Volleyball Club	25,767	35,419	43,311	17,875
Art Activity	250	1,123	311	1,062
Keimig Activity	14	195	21	188
Klein Activity	-	266	204	62
Competition Cheerleading	481	2,452	775	2,158

Schedule 3

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student clubs (continued):				
Instrumental Music	\$ 179	\$ 4,225	\$ 3,859	\$ 545
Cheerleading	342	25,420	15,835	9,927
Football Club	6,108	8,055	10,889	3,274
Business Prof./America	12,844	27,041	26,005	13,880
Boys Tennis Club	178	500	356	322
Girls Tennis Club	744	2,312	2,391	665
Thompson Activity	135	-	-	135
Dalton Activity	1,371	717	1,023	1,065
Bowling Club	440	47	300	187
Moeller Activity	6	375	378	3
Boys Soccer Club	4,822	3,791	4,676	3,937
Girls Soccer Club	3,744	13,104	8,538	8,310
Wrestling Club	31,088	29,996	33,817	27,267
Music Trip	64,931	28,454	5,262	88,123
SAVE	1,918	-	89	1,829
Prairie Dance Team Club	11,268	33,232	36,860	7,640
Instrumental Activity	1,892	14,450	15,328	1,014
Hawk Talk - General	1,996	2,804	2,633	2,167
Electric Car Club	3,706	2,620	6,326	-
Washington Trip	2,764	38,591	37,547	3,808
Girls Basketball Club	2,774	4,589	5,185	2,178
Boys Basketball Club	4,587	7,504	7,725	4,366
Vocal Music	15,583	30,640	32,169	14,054
Musical	1,214	1,573	1,595	1,192
National Honor Society	1,136	250	682	704
One and Two Act Plays	876	371	587	660
Girls Golf Club	1,096	1,590	1,629	1,057
Boys Golf Club	873	3,502	2,178	2,197
Farm Career Comm Ldrs	20	2,656	2,676	-
VICA Club	4,933	475	2,751	2,657
PE Club	1,812	500	1,235	1,077
Student mentors	217	-	-	217
Graphics Club	117	979	1,096	-
Drama	-	2,230	1,972	258
Science National Honor Society	-	49	-	49
Total student clubs	<u>449,473</u>	<u>624,439</u>	<u>630,857</u>	<u>443,055</u>
Total	<u>\$ 527,086</u>	<u>\$ 738,860</u>	<u>\$ 762,797</u>	<u>\$ 503,149</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2010

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of Year</u>
ASSETS				
Cash	\$ 275,759	\$ 520,424	\$ 422,559	\$ 373,624
Accrued interest and other receivables	<u>219</u>	<u>158</u>	<u>219</u>	<u>158</u>
Total assets	<u>\$ 275,978</u>	<u>\$ 520,582</u>	<u>\$ 422,778</u>	<u>\$ 373,782</u>
LIABILITIES				
Accounts payable	\$ 1,140	\$ 11,075	\$ 1,140	\$ 11,075
Other payables	<u>274,838</u>	<u>520,424</u>	<u>432,555</u>	<u>362,707</u>
Total liabilities	<u>\$ 275,978</u>	<u>\$ 531,499</u>	<u>\$ 433,695</u>	<u>\$ 373,782</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

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

For the Last Eight Years

	Modified Accrual Basis				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:					
Local sources:					
Local tax	\$ 22,093,711	\$ 20,945,968	\$ 20,361,901	\$ 20,086,865	\$ 16,951,789
Tuition	3,663,733	3,333,102	3,549,899	3,490,482	3,716,232
Other	5,999,103	5,736,360	6,659,201	3,385,477	1,891,034
Intermediate sources	-	-	-	-	-
State sources	17,314,281	18,005,005	17,104,669	14,985,960	13,320,215
Federal sources	3,231,491	1,387,306	943,920	681,553	841,765
Total revenues	<u>\$ 52,302,319</u>	<u>\$ 49,407,741</u>	<u>\$ 48,619,590</u>	<u>\$ 42,630,337</u>	<u>\$ 36,721,035</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 19,208,996	\$ 16,819,529	\$ 16,265,900	\$ 14,419,478	\$ 13,299,906
Special instruction	6,752,971	6,448,388	5,829,626	5,549,502	5,236,403
Other instruction	4,051,048	3,925,508	3,186,826	3,146,535	2,899,110
Support services:					
Student services	1,417,533	1,148,780	894,530	914,795	970,198
Instructional staff services	2,450,988	2,393,970	1,842,438	1,798,291	1,959,626
Administration services	3,809,772	3,321,006	3,148,693	3,159,628	3,024,768
Operation and maintenance of plant services	3,667,250	3,158,914	3,169,968	2,907,370	2,833,886
Transportation services	1,994,335	1,733,199	1,561,871	1,645,811	1,592,256
Other expenditures:					
Facilities acquisition	1,837,000	12,971,023	23,729,926	5,096,572	2,157,313
Long-term debt:					
Principal	3,110,000	3,596,000	12,638,000	2,096,000	1,939,000
Debt issuance costs	147,134	-	-	-	-
Interest and other charges	2,651,037	2,968,168	3,153,022	2,760,324	1,565,105
AEA Flowthrough	1,638,722	1,397,624	1,290,071	1,162,546	1,039,137
Total expenditures	<u>\$ 52,736,786</u>	<u>\$ 59,882,109</u>	<u>\$ 76,710,871</u>	<u>\$ 44,656,852</u>	<u>\$ 38,516,708</u>

Schedule 5

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 16,822,033	\$ 15,005,818	\$ 14,562,655
3,668,389	3,434,496	3,651,132
1,655,059	1,456,602	1,625,747
-	3,917	10,902
11,996,479	11,027,872	10,563,673
<u>680,771</u>	<u>536,924</u>	<u>529,434</u>
<u>\$ 34,822,731</u>	<u>\$ 31,465,629</u>	<u>\$ 30,943,543</u>
\$ 12,114,110	\$ 11,208,657	\$ 10,291,874
6,383,557	6,273,271	5,700,649
2,026,955	1,688,377	1,888,385
997,383	922,990	795,475
2,004,418	1,793,657	1,720,285
2,743,755	2,170,023	1,992,035
2,709,306	2,331,951	1,947,185
1,329,826	1,197,953	1,182,336
619,704	5,078,613	8,718,040
12,340,000	1,760,000	8,550,000
-	-	-
2,204,667	1,685,228	2,694,993
<u>952,080</u>	<u>908,084</u>	<u>915,906</u>
<u>\$ 46,425,761</u>	<u>\$ 37,018,804</u>	<u>\$ 46,397,163</u>

See independent auditor's report.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:		
Passed through the Iowa Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ <u>97,702</u>
National School Lunch Program (non-cash)	10.555	146,576
National School Lunch Program	10.555	<u>552,536</u>
		<u>699,112</u>
Total U.S. Department of Agriculture		<u>796,814</u>
U.S. Department of Education:		
Carol M. White Fund for the Improvement of Education	84.215F	192,775
Passed through the Iowa Department of Education:		
Title I - Grants to Local Educational Agencies	(2) 84.010	279,271
Special Education Preschool Grants (Part B-619)	(1) 84.173	7,695
Safe and Drug Free Schools and Communities State Grants	84.186	9,410
Education for Homeless Children and Youth	84.196	25,621
Improving Teacher Quality State Grants (Title II)	84.367	81,245
Grants for State Assessments and Related Activities (Title IV-A)	84.369	27,963
ARRA - Education of Homeless Children and Youth, Recovery Act	84.387	6,854
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	(2) 84.389	81,960
ARRA - Special Education Grants to States, Recovery Act	(1) 84.391	408,135
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	
State Aid	(3)	1,519,680
Instructional Support	(3)	100,281
Passed through Grant Wood Area Education Agency:		
Special Education - Grants to States		
Idea Part B Flowthrough	(1) 84.027	215,119
Vocational Education-Basic Grants to States	84.048A	21,913
Title III - English Language Learning	84.365	<u>2,820</u>
Total U.S. Department of Education		<u>2,980,742</u>

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services: Passed through the Linn County DHRM: Medical Assistance Program	93.778	<u>2,505</u>
U.S. Department of Defense: Passed through Johnson County: Payments to States in Lieu of Real Estate Taxes (Flood Control Payments)	12.112	<u>11,083</u>
Total		<u>\$3,791,144</u>

(1) Total for Special Education Cluster (IDEA) is \$630,949.

(2) Total for Title I Cluster is \$361,231.

(3) Total for ARRA - State Fiscal Stabilization Fund (SFSF), Education State Grants, Recovery Act is \$1,619,961.

See accompanying note to Schedule of Expenditures of Federal Awards.

COLLEGE COMMUNITY SCHOOL DISTRICT

Note to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

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

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 20, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

College Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. While we have expressed our conclusions on College Community School District's responses, we did not audit College 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 College Community School District and other parties to whom College Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Cedar Rapids, Iowa
December 20, 2010



**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
College Community School District
Cedar Rapids, Iowa

Compliance

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

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

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

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

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

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

Clifton Gunderson LLP

Cedar Rapids, Iowa
December 20, 2010

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part I: Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

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

Internal control over major programs:

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Grants to States, Recovery Act
	<u>Title I Cluster</u>
84.010	Title I - Grants to Local Educational Agencies
84.389	ARRA - Title I Grants to Local Educational Agencies, Recovery Act
	<u>Special Education Cluster</u>
84.027	Special Education - Grants to States
84.173	Special Education Preschool Grants
84.391	ARRA - Special Education Grants to States, Recovery Act

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part I: Summary of the Independent Auditor's Results (continued)

Federal Awards (continued)

Dollar threshold used to distinguish between
type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X Yes No

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part II: Findings Related to the General Purpose Financial Statements

No matters were reported.

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part III: Findings and Questioned Costs for Federal Awards:

No matters were reported.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - Expenditures for the year ended June 30, 2010 exceeded the amended certified budget amounts in the other expenditures function, prior to amendment. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

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

Conclusion - Response accepted.

IV-B-10 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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

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

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

IV-G-10 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Department of Education were noted.

IV-H-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-I-10 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

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

IV-J-10 Deficit Balance - The District had a deficit balance in the Proprietary - Student Built House.

Recommendation - The District should take appropriate action to return this fund to sound financial condition.

Response - The District has planned to cut back on supplies and sell the next house at a profit to lower the deficit.

Conclusion - Response accepted.

IV-K-10 Certified Enrollment - Variances in the basic enrollment data certified to the Iowa Department of Education were noted. These variances were communicated to the District by the Iowa Department of Education.

Recommendation - This is a recordkeeping and timing difference between the Department of Education and all districts. We recommend the District remain diligent and current in their communication with the Department of Education when students leave the District.

Response - The District receives confirmation of missing students after the required date to submit the certified enrollment to the Department of Education. With this in mind, the District will remain transparent in their communication with the Department of Education.

Conclusion - Response accepted.

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

COLLEGE COMMUNITY SCHOOL DISTRICT
Corrective Action Plan for Federal Audit Findings
Year Ended June 30, 2010

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

COLLEGE COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Federal Audit Findings
Year Ended June 30, 2010

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