

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

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

JUNE 30, 2011

Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis		7-16
Basic Financial Statements:	<u>Exhibit</u>	
Statement of Net Assets	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses and Changes in Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
Notes to Financial Statements		29-43
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		46
Notes to Required Supplementary Information - Budgetary Reporting		47
Schedule of Funding Progress for the Retiree Health Plan		48
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	1	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	51
Capital Projects Fund:		
Combining Balance Sheet	3	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	53
Debt Service Fund:		
Combining Balance Sheet	5	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6	55
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	7	56
Private Purpose Trust - Scholarships Fund:		
Combining Statement of Fiduciary Net Assets	8	57
Combining Statement of Changes in Fiduciary Net Assets	9	58
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	10	59
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	11	60
Schedule of Expenditures of Federal Awards	12	61
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 <u>Government Auditing Standards</u>		62-63
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		64-65
Schedule of Findings and Questioned Costs		66-70

Central Community Schools of Clinton County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Dennis Campbell	President	2011
Christy Kunz	Vice President	2011
Kurt Rickard	Board Member	2013
Bill Turnis	Board Member	2013
James Irwin, Jr.	Board Member	2011
School Officials		
Daniel Peterson	Superintendent	2011
Cindy McAleer	District Secretary/Treasurer and Business Manager	2011
Brett Nitzchke	Attorney	2011

Central Community Schools of Clinton County

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County, DeWitt, Iowa as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2012 on our consideration of the Central Community Schools of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Members American Institute & Iowa Society of Certified Public Accountants

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central Community Schools of Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for seven years ended June 30, 2010 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

February 28, 2012

Management Discussion and Analysis

Central Community Schools of Clinton County District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- General Fund revenues increased from \$13,174,911 in fiscal 2010 to \$14,225,376 in fiscal 2011, while General Fund expenditures decreased from \$14,215,550 in fiscal 2010 to \$14,060,422 in fiscal 2011. This resulted in an increase in the District's General Fund balance from a deficit \$192,747 in fiscal 2010 to a deficit balance of \$27,793 in fiscal 2011, a 85.6% increase from the prior year.
- The increase in General Fund revenues was attributable to the increase in state funding and property taxes levied. The decrease in expenditures was due primarily to decreases in negotiated salaries and benefits as well as decreases in expenditures funded by grants received by the District.
- The District's solvency ratio (unassigned fund balance/general fund revenues) increased from -2.13% for fiscal year 2010 to -1.34% for fiscal year 2011.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

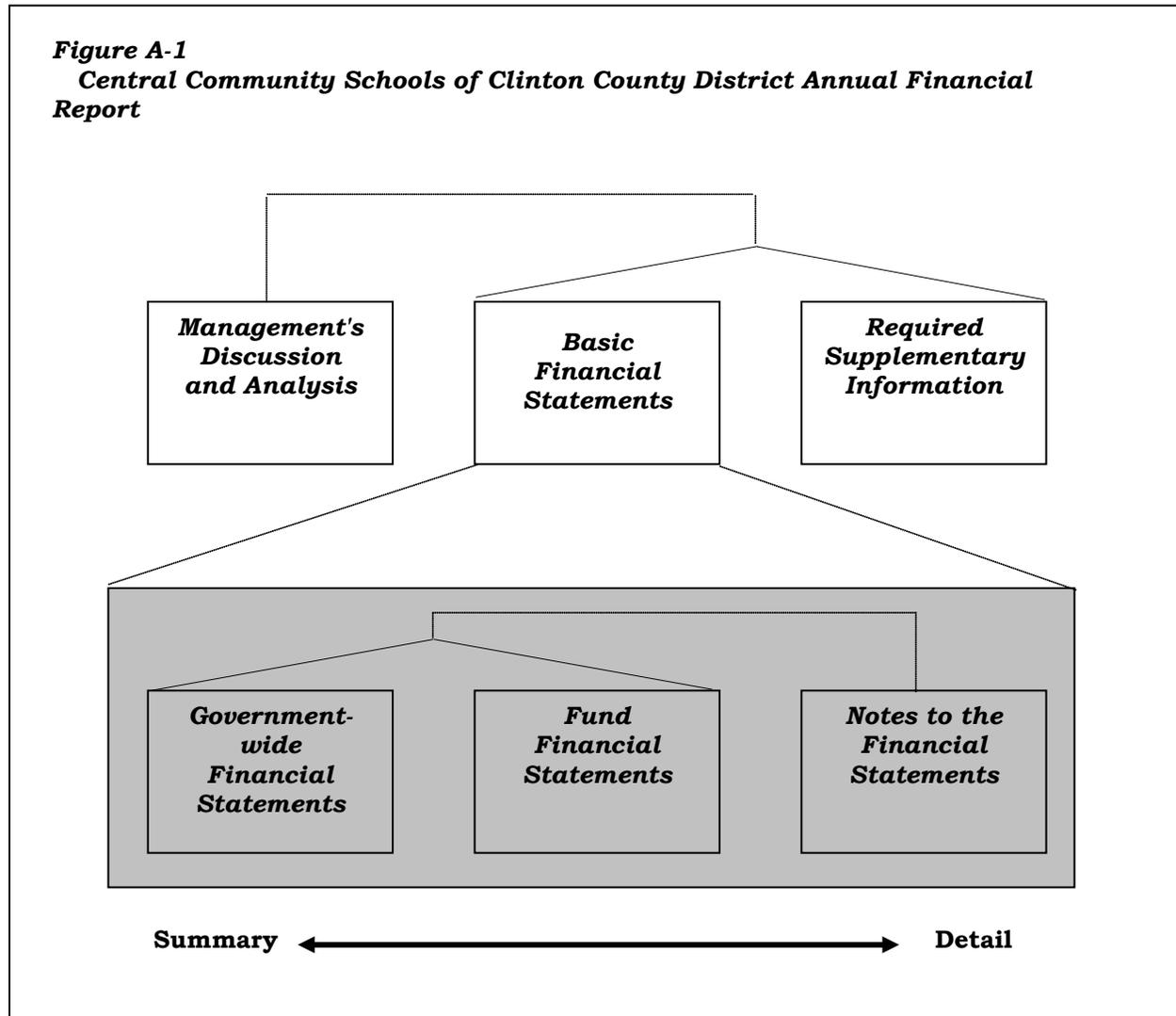


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2010 compared to June 30, 2011.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 19,038,377	33,573,367	142,071	131,534	19,180,448	33,704,901	-43.09%
Capital assets	33,520,385	15,073,809	272,933	295,068	33,793,318	15,368,877	119.88%
Total assets	52,558,762	48,647,176	415,004	426,602	52,973,766	49,073,778	7.95%
Long-term obligations	25,747,341	27,097,901	659	314	25,748,000	27,098,215	-4.98%
Other liabilities	9,962,836	7,854,864	22,074	20,708	9,984,910	7,875,572	26.78%
Total liabilities	35,710,177	34,952,765	22,733	21,022	35,732,910	34,973,787	2.17%
Net assets:							
Invested in capital assets, net of related debt	13,988,070	11,307,322	272,933	295,068	14,261,003	11,602,390	22.91%
Restricted	2,891,626	2,571,989	0	0	2,891,626	2,571,989	12.43%
Unrestricted	(31,111)	(184,900)	119,338	110,512	88,227	(74,388)	218.60%
Total net assets	\$ 16,848,585	13,694,411	392,271	405,580	17,240,856	14,099,991	22.28%

The District's combined net assets increased \$3,140,865 or 22.28% over the prior year. The largest portion of the District's net assets is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets increased by \$319,637 or 12.43% over the prior year. The increase in restricted net assets can be attributed to the increases in fund balance for the Capital Projects: Statewide Sales, Services and Use Tax and Debt Service Funds.

Unrestricted net assets – are the part of net assets that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement – increased \$162,615 or 218.60%. This increase in unrestricted net assets was a result of the increase in the District's General Fund balance.

Changes in net assets - Figure A-4 shows the changes in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2011.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 807,756	679,574	549,117	575,337	1,356,873	1,254,911	8.13%
Operating grants, contributions, and restricted interest	1,479,593	3,247,963	298,423	314,751	1,778,016	3,562,714	-50.09%
Capital grants, contributions, and restricted interest	2,948,521	375,254	0	0	2,948,521	375,254	685.74%
General revenues:							
Property tax	5,713,232	4,910,890	0	0	5,713,232	4,910,890	16.34%
Income surtax	679,976	524,638	0	0	679,976	524,638	29.61%
Statewide sales, services and use tax	1,210,095	1,141,591	0	0	1,210,095	1,141,591	6.00%
Unrestricted state grants	7,122,761	5,031,928	0	0	7,122,761	5,031,928	41.55%
Nonspecific program federal revenues	189,065	0	0	0	189,065	0	100.00%
Unrestricted investment earnings	65,606	39,591	249	345	65,855	39,936	64.90%
Other	331,986	219,668	8,525	5,037	340,511	224,705	51.54%
Total revenues and transfers	20,548,591	16,171,097	856,314	895,470	21,404,905	17,066,567	25.42%
Program expenses:							
Governmental activities:							
Instruction	9,925,618	10,236,525	0	0	9,925,618	10,236,525	-3.04%
Support services	5,385,968	4,195,084	275	1,231	5,386,243	4,196,315	28.36%
Non-instructional programs	0	0	869,348	906,711	869,348	906,711	-4.12%
Other expenses	2,082,831	1,820,623	0	0	2,082,831	1,820,623	14.40%
Total expenses	17,394,417	16,252,232	869,623	907,942	18,264,040	17,160,174	6.43%
Changes in net assets	3,154,174	(81,135)	(13,309)	(12,472)	3,140,865	(93,607)	-3455.37%
Beginning net assets	13,694,411	13,775,546	405,580	418,052	14,099,991	14,193,598	-0.66%
Ending net assets	\$ 16,848,585	13,694,411	392,271	405,580	17,240,856	14,099,991	22.28%

In fiscal year 2011, property tax and unrestricted state grants accounted for 62.47% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 98.98% of business type activities revenue.

The District's total revenues were approximately \$21.40 million, of which approximately \$20.54 million was for governmental activities and approximately \$0.86 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 25.65% increase in revenues and a 6.43% increase in expenses. Property tax increased \$802,342 and unrestricted state grants increased \$2,090,833 to fund the increase in expenses. The increase in expenses is mainly due to increases in salaries and benefits received by employees of the District.

Governmental Activities

Revenues for governmental activities were \$20,548,591 and expenses were \$17,394,417.

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

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 9,925,618	10,236,525	-3.04%	8,361,914	7,039,155	18.79%
Support services	5,385,968	4,195,084	28.39%	2,346,572	4,072,470	-42.38%
Other expenses	2,082,831	1,820,623	14.40%	1,450,061	837,816	73.08%
Totals	<u>\$ 17,394,417</u>	<u>16,252,232</u>	<u>7.03%</u>	<u>12,158,547</u>	<u>11,949,441</u>	<u>1.75%</u>

- The cost financed by users of the Districts programs was \$807,756.
- Federal and state governments along with donations from citizens of the District for construction projects subsidized certain programs with grants and contributions totaling \$4,428,114.
- The net cost of governmental activities was financed with \$5,713,232 in property tax, \$679,976 in income surtax, \$1,210,095 in statewide sales, services and use tax, \$7,122,761 in unrestricted state grants, \$189,065 in unrestricted state grants, \$65,606 in interest income and \$331,986 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$856,314 and expenses were \$869,623. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$8,773,518, below last year's ending fund balance of \$25,539,394. The primary reason for the decrease in combined fund balances is due to construction proceeds from the District's \$13.95 million general obligation bond issuance and the \$12.045 million revenue bond issuance being spent as work continues on the athletic complex and middle school addition.

Governmental Fund Highlights

- The District's General Fund balance increased by \$164,954, from a deficit fund balance of \$192,747 at the end of fiscal 2010, to a deficit balance of \$27,793 in fiscal 2011. Overall total revenues increased by \$1,050,465 or 7.97%. The most significant increase was in state sources which had an increase of \$1,246,863 or 17.85%.
- The Capital Projects Fund balance decreased from a restated balance of \$23,911,762 at the beginning of the fiscal year 2011 to \$6,889,223. The beginning balance was restated as a result of the Physical Plant and Equipment Levy Fund reclassification as a Capital Projects Fund account in accordance with GASB Statement No. 54. The decrease in fund balance was the result of work continuing on the athletic complex and middle school addition.
- The Debt Service fund balance increased from \$1,476,529 in fiscal 2010 to \$1,662,754 in fiscal 2011. The increase in Debt Service fund balance is due to transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund in excess of debt repayments.

PROPRIETARY FUND HIGHLIGHTS

The Proprietary Fund net assets decreased from \$405,580 at June 30, 2010 to \$392,271 at June 30, 2011, representing a decrease of 3.28%.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District amended its budget one time to reflect additional expenditures related to construction projects in progress at year end. The District increased expenditures by \$6,587,031.

The District's revenues were \$2,705,380 more than budgeted revenues, a variance of 14.57%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$33,793,318, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 12.15% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$685,524.

The original cost of the District's capital assets was \$42,935,738. Governmental funds account for \$42,427,474 with the remainder of \$508,264 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$2,564,914 at June 30, 2010, compared to \$20,435,289 at June 30, 2011. The increase in construction in progress is due to the continuing construction projects at the middle school and athletic complex.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 1,251,215	1,251,215	0	0	1,251,215	1,251,215	0.00%
Construction in progress	20,435,289	2,564,914	0	0	20,435,289	2,564,914	696.72%
Buildings	10,265,112	10,553,319	0	0	10,265,112	10,553,319	-2.73%
Land improvements	595,136	222,362	0	0	595,136	222,362	167.64%
Machinery and equipment	886,730	481,999	272,933	295,068	1,159,663	777,067	49.24%
Intangible assets	86,903	0	0	0	86,903	0	100.00%
Total	\$ 33,520,385	15,073,809	272,933	295,068	33,793,318	15,368,877	54.52%

Long-Term Debt

At June 30, 2011, the District had \$25,748,000 in long-term debt outstanding. This represents a decrease of 4.98% over last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had \$13,530,000 in general obligation bonds and \$12,045,000 in revenue bonds outstanding at year ended June 30, 2011.

The District had total outstanding early retirement payable from the Special Revenue, Management Levy Fund of \$45,000 at June 30, 2011.

The District's net OPEB liability at June 30, 2011 was \$128,000.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
General obligation bonds	\$ 13,530,000	13,950,000	0	0	13,530,000	13,950,000	-3.01%
Revenue bonds	12,045,000	12,045,000	0	0	12,045,000	12,045,000	0.00%
Capital loan notes	0	930,000	0	0	0	930,000	-100.00%
Early retirement	45,000	90,000	0	0	45,000	90,000	-50.00%
Net OPEB liability	127,341	82,901	659	314	128,000	83,215	34.99%
Total	\$ 25,747,341	27,097,901	659	314	25,748,000	27,098,215	-4.98%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- With the successful passing of the general obligation bond issue on June 30, 2009, the District was able to proceed with seeking bids for the new MS/HS Addition and Renovation Project. Bids were awarded in May of 2010 with results approximately 25% less than the engineer's estimate. As a result of the low bids, Phase II of the Athletic Facility Complex will also begin.
- The MS/HS Addition and Renovation Project will include a new Career & Technical Education (CTE) Wing, Fine Arts Auditorium, two new gymnasiums, Fine Arts Classrooms, and demolition of the current CTE wing to allow for additional classrooms.
- The District will be able to eliminate overcrowding in the Elementary by making Ekstand a Pre-K to 3rd grade complex, the intermediary school will be grades 4-6, the middle school will be 7-8, and the high school will continue at 9-12 grades. Anticipation of grade realignment could begin in January, 2012.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 11,398,905	50,189	11,449,094
Receivables:			
Property tax:			
Delinquent	61,237	0	61,237
Succeeding year	6,069,083	0	6,069,083
Income surtax	608,280	0	608,280
Accounts	65,759	0	65,759
Due from other governments	835,113	0	835,113
Inventories	0	91,882	91,882
Capital assets, net of accumulated depreciation	33,520,385	272,933	33,793,318
TOTAL ASSETS	52,558,762	415,004	52,973,766
LIABILITIES			
Accounts payable	1,893,797	0	1,893,797
Salaries and benefits payable	1,397,926	7,698	1,405,624
Interest payable	332,544	0	332,544
Deferred revenue:			
Succeeding year property tax	6,069,083	0	6,069,083
Other	269,486	0	269,486
Unearned revenue	0	14,376	14,376
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	445,000	0	445,000
Revenue bonds	425,000	0	425,000
Early retirement	45,000	0	45,000
Portion due after one year:			
General obligation bonds	13,085,000	0	13,085,000
Revenue bonds	11,620,000	0	11,620,000
Net OPEB liability	127,341	659	128,000
TOTAL LIABILITIES	35,710,177	22,733	35,732,910
NET ASSETS			
Invested in capital assets, net of related debt	13,988,070	272,933	14,261,003
Restricted for:			
Categorical funding	153,914	0	153,914
School infrastructure	760,720	0	760,720
Physical plant and equipment	85,818	0	85,818
Debt service	1,662,754	0	1,662,754
Management levy purposes	145,104	0	145,104
Student activities	83,316	0	83,316
Unrestricted	(31,111)	119,338	88,227
TOTAL NET ASSETS	\$ 16,848,585	392,271	17,240,856

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges	Contributions	Contributions	Govern- mental Activities	Business- Type Activities	Total
		for Services	and Restricted Interest	and Restricted Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 6,312,104	406,732	130,145	0	(5,775,227)	0	(5,775,227)
Special	2,008,179	50,786	104,317	0	(1,853,076)	0	(1,853,076)
Other	1,605,335	338,375	533,349	0	(733,611)	0	(733,611)
	<u>9,925,618</u>	<u>795,893</u>	<u>767,811</u>	<u>0</u>	<u>(8,361,914)</u>	<u>0</u>	<u>(8,361,914)</u>
Support services:							
Student	439,046	0	0	0	(439,046)	0	(439,046)
Instructional staff	400,671	0	24,967	0	(375,704)	0	(375,704)
Administration	1,272,106	0	0	0	(1,272,106)	0	(1,272,106)
Operation and maintenance of plant	2,425,909	0	0	2,948,521	522,612	0	522,612
Transportation	848,236	11,863	54,045	0	(782,328)	0	(782,328)
	<u>5,385,968</u>	<u>11,863</u>	<u>79,012</u>	<u>2,948,521</u>	<u>(2,346,572)</u>	<u>0</u>	<u>(2,346,572)</u>
Other expenditures:							
Long-term debt interest	999,722	0	0	0	(999,722)	0	(999,722)
AEA flowthrough	632,770	0	632,770	0	0	0	0
Depreciation(unallocated)*	450,339	0	0	0	(450,339)	0	(450,339)
	<u>2,082,831</u>	<u>0</u>	<u>632,770</u>	<u>0</u>	<u>(1,450,061)</u>	<u>0</u>	<u>(1,450,061)</u>
Total governmental activities	17,394,417	807,756	1,479,593	2,948,521	(12,158,547)	0	(12,158,547)
Business Type activities:							
Support services:							
Administration	275	0	0	0	0	(275)	(275)
Non-instructional programs:							
Nutrition services	869,348	549,117	298,423	0	0	(21,808)	(21,808)
Total business type activities	869,623	549,117	298,423	0	0	(22,083)	(22,083)
Total	<u>\$ 18,264,040</u>	<u>1,356,873</u>	<u>1,778,016</u>	<u>2,948,521</u>	<u>(12,158,547)</u>	<u>(22,083)</u>	<u>(12,180,630)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 4,360,870	0	4,360,870
Capital outlay					414,290	0	414,290
Debt service					938,072	0	938,072
Income surtax					679,976	0	679,976
Statewide sales, services and use tax					1,210,095	0	1,210,095
Unrestricted state grants					7,122,761	0	7,122,761
Nonspecific program federal revenues					189,065	0	189,065
Unrestricted investment earnings					65,606	249	65,855
Other general revenues					331,986	8,525	340,511
Total general revenues					<u>15,312,721</u>	<u>8,774</u>	<u>15,321,495</u>
Changes in net assets					3,154,174	(13,309)	3,140,865
Net assets beginning of year					13,694,411	405,580	14,099,991
Net assets end of year					<u>\$ 16,848,585</u>	<u>392,271</u>	<u>17,240,856</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Capital Projects	Debt Service	Other Nonmajor Special Revenue	Total
ASSETS					
Cash and pooled investments	\$ 1,501,277	7,962,528	1,653,305	255,508	11,372,618
Receivables:					
Property tax:					
Delinquent	45,977	4,173	9,449	1,638	61,237
Succeeding year	4,508,571	426,000	954,511	180,001	6,069,083
Income surtax	608,280	0	0	0	608,280
Accounts	65,759	0	0	0	65,759
Due from other governments	198,099	637,014	0	0	835,113
TOTAL ASSETS	\$ 6,927,963	9,029,715	2,617,265	437,147	19,012,090
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 172,193	1,714,492	0	7,112	1,893,797
Salaries and benefits payable	1,397,226	0	0	700	1,397,926
Deferred revenue:					
Succeeding year property tax	4,508,571	426,000	954,511	180,001	6,069,083
Income surtax	608,280	0	0	0	608,280
Other	269,486	0	0	0	269,486
Total liabilities	<u>6,955,756</u>	<u>2,140,492</u>	<u>954,511</u>	<u>187,813</u>	<u>10,238,572</u>
Fund balances:					
Restricted for:					
Categorical funding	153,914	0	0	0	153,914
Construction	0	6,042,685	0	0	6,042,685
School infrastructure	0	760,720	0	0	760,720
Physical plant and equipment	0	85,818	0	0	85,818
Debt service	0	0	1,662,754	0	1,662,754
Management levy purposes	0	0	0	190,104	190,104
Student activities	0	0	0	83,316	83,316
Unassigned for:					
General fund	(181,707)	0	0	0	(181,707)
Student activities	0	0	0	(24,086)	(24,086)
Total fund balances	<u>(27,793)</u>	<u>6,889,223</u>	<u>1,662,754</u>	<u>249,334</u>	<u>8,773,518</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,927,963	9,029,715	2,617,265	437,147	19,012,090

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances of governmental funds(page 20)	\$	8,773,518
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		33,520,385
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		608,280
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		26,287
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(332,544)
Long-term liabilities, including bonds payable, early retirement payable and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(25,747,341)
		<hr style="width: 100%;"/>
Net assets of governmental activities(page 18)	\$	16,848,585
		<hr style="width: 100%;"/>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Debt Service	Other Nonmajor Special Revenue	Total
REVENUES:					
Local sources:					
Local tax	\$ 4,762,092	1,624,385	938,072	149,995	7,474,544
Tuition	365,135	0	0	0	365,135
Other	307,435	2,038,313	4,083	536,844	2,886,675
Intermediate sources	3,300	0	0	0	3,300
State sources	8,231,506	962,215	439	72	9,194,232
Federal sources	495,946	0	0	0	495,946
Total revenues	14,165,414	4,624,913	942,594	686,911	20,419,832
EXPENDITURES:					
Current:					
Instruction:					
Regular	6,102,710	191,125	0	135,249	6,429,084
Special	2,007,395	0	0	0	2,007,395
Other	1,369,572	0	0	488,755	1,858,327
	9,479,677	191,125	0	624,004	10,294,806
Support services:					
Student	437,133	0	0	0	437,133
Instructional staff	400,353	0	0	0	400,353
Administration	1,261,512	258	0	5,275	1,267,045
Operation and maintenance of plant	1,092,692	0	0	93,265	1,185,957
Transportation	756,285	183,622	0	15,808	955,715
	3,947,975	183,880	0	114,348	4,246,203
Other expenditures:					
Facilities acquisitions	0	19,686,103	0	0	19,686,103
Long-term debt:					
Principal	0	0	1,350,000	0	1,350,000
Interest and fiscal charges	0	0	992,713	0	992,713
AEA flowthrough	632,770	0	0	0	632,770
	632,770	19,686,103	2,342,713	0	22,661,586
Total expenditures	14,060,422	20,061,108	2,342,713	738,352	37,202,595
Deficiency of revenues under expenditures	104,992	(15,436,195)	(1,400,119)	(51,441)	(16,782,763)
Other financing sources(uses):					
Transfers in	43,075	400,000	1,586,344	0	2,029,419
Transfers out	0	(1,986,344)	0	(43,075)	(2,029,419)
Proceeds from sale of equipment	16,887	0	0	0	16,887
Total other financing sources(uses)	59,962	(1,586,344)	1,586,344	(43,075)	16,887
Net change in fund balances	164,954	(17,022,539)	186,225	(94,516)	(16,765,876)
Fund balance beginning of year, as restated	(192,747)	23,911,762	1,476,529	343,850	25,539,394
Fund balance end of year	\$ (27,793)	6,889,223	1,662,754	249,334	8,773,518

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds(page 22) \$ (16,765,876)

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

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

Capital expenditures	\$ 19,153,649	
Depreciation expense	(651,346)	
Loss on disposal of capital assets	(55,727)	18,446,576

Repayments of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 1,350,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (7,009)

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 128,759

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 1,164

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

Early retirement	45,000	
Other postemployment benefits	(44,440)	560

Changes in net assets of governmental activities(page 19) \$ 3,154,174

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
ASSETS		
Current assets:		
Cash and pooled investments	\$ 50,189	26,287
Inventories	91,882	0
Total current assets	142,071	26,287
Non-current assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation	272,933	0
Total non-current assets	272,933	0
TOTAL ASSETS	415,004	26,287
LIABILITIES		
Current liabilities:		
Salaries and benefits payable	7,698	0
Unearned revenue	14,376	0
Total current liabilities	22,074	0
Long-term liabilities:		
Net OPEB liability	659	0
Total long-term liabilities	659	0
TOTAL LIABILITIES	22,733	0
NET ASSETS		
Invested in capital assets	272,933	0
Unrestricted	119,338	26,287
TOTAL NET ASSETS	\$ 392,271	26,287

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 549,117	0
Miscellaneous	8,525	1,815,174
TOTAL OPERATING REVENUES	<u>557,642</u>	<u>1,815,174</u>
OPERATING EXPENSES:		
Support services:		
Administration:		
Services	275	1,814,124
Non-instructional programs:		
Food service operations:		
Salaries	383,902	0
Benefits	70,913	0
Services	14,698	0
Supplies	365,422	0
Depreciation	34,178	0
Other	235	0
Total non-instructional programs	<u>869,348</u>	<u>0</u>
TOTAL OPERATING EXPENSES	<u>869,623</u>	<u>0</u>
OPERATING INCOME (LOSS)	<u>(311,981)</u>	<u>1,050</u>
NON-OPERATING REVENUES:		
State sources	8,024	0
Federal sources	290,399	0
Interest income	249	114
TOTAL NON-OPERATING REVENUES	<u>298,672</u>	<u>114</u>
Changes in net assets	(13,309)	1,164
Net assets beginning of year	<u>405,580</u>	<u>25,123</u>
Net assets end of year	<u>\$ 392,271</u>	<u>26,287</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	Business Type	
	Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 550,438	0
Cash received from miscellaneous operating activities	8,525	1,815,174
Cash payments to employees for services	(454,398)	0
Cash payments to suppliers for goods or services	(364,611)	(1,814,124)
Net cash provided by(used in) operating activities	<u>(260,046)</u>	<u>1,050</u>
Cash flows from non-capital financing activities:		
State grants received	8,024	0
Federal grants received	242,336	0
Net cash provided by non-capital financing activities	<u>250,360</u>	<u>0</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(12,043)	0
Cash flows from investing activities:		
Interest on investments	249	114
Net increase(decrease) in cash and cash equivalents	(21,480)	1,164
Cash and cash equivalents at beginning of year	71,669	25,123
Cash and cash equivalents at end of year	<u>\$ 50,189</u>	<u>26,287</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (311,981)	1,050
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	48,063	0
Depreciation	34,178	0
Increase in inventories	(32,017)	0
Decrease in accounts payable	(27)	0
Increase in salaries and benefits payable	72	0
Increase in unearned revenue	1,321	0
Increase in other postemployment benefits	345	0
Net cash provided by(used in) operating activities	<u>\$ (260,046)</u>	<u>1,050</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$48,063.

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2011

	Private Purpose Trust	
	Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 299,965	153,885
TOTAL ASSETS	<u>299,965</u>	<u>153,885</u>
LIABILITIES		
Accounts payable	0	551
Due to other groups	0	153,334
TOTAL LIABILITIES	<u>0</u>	<u>153,885</u>
NET ASSETS		
Restricted for scholarships	297,875	0
Unrestricted	2,090	0
TOTAL NET ASSETS	<u>\$ 299,965</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Contributions	\$ 250
Interest income	4,703
Total additions	<u>4,953</u>
Deductions:	
Support services:	
Administration:	
Scholarships awarded	10,250
Total deductions	<u>10,250</u>
Change in net assets	(5,297)
Net assets beginning of year	<u>305,262</u>
Net assets end of year	<u>\$ 299,965</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following proprietary funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - restricted and then unassigned fund balances.

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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

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

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

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

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

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

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either

externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures in the non-instructional and other expenditures functional areas exceeded budgeted amounts.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2011 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$6,039,886 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) Transfers

The detail of transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Sinking	Capital Projects: Statewide Sales, Services and Use Tax	\$ 637,472
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	250,000
Capital Projects: Statewide Sales, Services and Use Tax	Capital Projects: High School & Middle School Projects	400,000
Debt Service	Capital Projects: Physical Plant and Equipment Levy	698,872
General	Activity Fund	43,075
Total		<u>\$ 2,029,419</u>

The Capital Projects: Statewide Sales, Services and Use Tax transfer to Debt Sinking was needed for principal and interest payments on the District's revenue bond indebtedness.

The Capital Projects: Statewide Sales, Services and Use Tax transfer to Debt Service was needed for payments on the District's general obligation bond indebtedness.

The transfer from the Capital Projects - Building Projects to the Capital Projects: High School & Middle School Projects was for facilities acquisition costs.

The Capital Projects: Physical Plant and Equipment Levy transfer to Debt Service was needed for payments on the District's general obligation bond indebtedness.

The Student Activity Fund repaid the General Fund for the allocation of transportation expenses.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 496,221	12,043	0	508,264
Less accumulated depreciation	201,153	34,178	0	235,331
Business type activities capital assets, net	<u>\$ 295,068</u>	<u>(22,135)</u>	<u>0</u>	<u>272,933</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,251,215	0	0	1,251,215
Construction in progress	2,564,914	18,195,690	325,315	20,435,289
Total capital assets not being depreciated	<u>3,816,129</u>	<u>18,195,690</u>	<u>325,315</u>	<u>21,686,504</u>
Capital assets being depreciated:				
Buildings	16,973,539	140,381	147,337	16,966,583
Land improvements	647,397	443,387	68,575	1,022,209
Machinery and equipment	2,268,263	602,947	215,591	2,655,619
Intangible assets	0	96,559	0	96,559
Total capital assets being depreciated	<u>19,889,199</u>	<u>1,283,274</u>	<u>431,503</u>	<u>20,740,970</u>
Less accumulated depreciation for:				
Buildings	6,420,220	390,960	109,709	6,701,471
Land improvements	425,035	59,379	57,341	427,073
Machinery and equipment	1,786,264	191,351	208,726	1,768,889
Intangible assets	0	9,656	0	9,656
Total accumulated depreciation	<u>8,631,519</u>	<u>651,346</u>	<u>375,776</u>	<u>8,907,089</u>
Total capital assets being depreciated, net	<u>11,257,680</u>	<u>631,928</u>	<u>55,727</u>	<u>11,833,881</u>
Governmental activities capital assets, net	<u>\$ 15,073,809</u>	<u>18,827,618</u>	<u>381,042</u>	<u>33,520,385</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 13,986
Other	78,602
Support services:	
Student	0
Administration	7,402
Operation and maintenance of plant	25,557
Transportation	75,460
	<u>201,007</u>
Unallocated depreciation	450,339
Total governmental activities depreciation expense	<u>\$ 651,346</u>
Business type activities:	
Food service	<u>\$ 34,178</u>

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 13,950,000	0	420,000	13,530,000	445,000
Revenue bonds	12,045,000	0	0	12,045,000	425,000
Capital loan notes	930,000	0	930,000	0	0
Early retirement	90,000	0	45,000	45,000	45,000
Net OPEB liability	82,901	44,440	0	127,341	0
Total governmental activities	\$ 27,097,901	44,440	1,395,000	25,747,341	915,000
Business type activities:					
Net OPEB liability	\$ 314	345	0	659	0

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rate	Bond issue of May 1, 2010		
		Principal	Interest	Total
2012	2.00	% \$ 445,000	509,513	954,513
2013	2.00	465,000	500,613	965,613
2014	3.00	490,000	491,313	981,313
2015	3.00	515,000	476,613	991,613
2016	3.00	540,000	461,163	1,001,163
2017-2021	3.00-4.00	3,125,000	2,009,412	5,134,412
2022-2026	4.00	3,985,000	1,324,662	5,309,662
2027-2030	4.00-4.25	3,965,000	429,987	4,394,987
Total		\$ 13,530,000	6,203,276	19,733,276

Revenue Bonds Payable

Details of the District's June 30, 2011 revenue bonded indebtedness is as follows:

Year Ending June 30,	Interest Rate	Bond issue of February 1, 2010		
		Principal	Interest	Total
2012	3.00	% \$ 425,000	488,875	913,875
2013	3.00	440,000	475,900	915,900
2014	3.00	475,000	462,175	937,175
2015	3.00	495,000	447,625	942,625
2016	3.00	510,000	432,550	942,550
2017-2021	3.10-4.10	2,840,000	1,882,223	4,722,223
2022-2026	4.20-4.60	3,470,000	1,234,062	4,704,062
2027-2030	4.60-5.00	3,390,000	347,420	3,737,420
Total		\$ 12,045,000	5,770,830	17,815,830

The District has pledged future statewide sales, services and use tax revenues to repay the \$12,045,000 bonds issued in February 2010 for the purposes of an addition to the middle school and high school buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 40 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining on the bonds are \$17,815,830. For the current year interest of \$453,979 was paid on the bonds. Total statewide sales, services and use tax revenues for the year were \$1,141,591.

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

- a) \$959,050 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Early Retirement

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

(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.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$577,793, \$571,825, and \$536,299, respectively, equal to the required contributions for each year.

(7) Risk Management

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

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That balance was \$26,287 at June 30, 2011.

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

(8) 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 \$632,770 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Other Postemployment Benefits

Plan Description - The District operates a single employer retiree benefit plan which includes medical and prescription drug benefits for retirees and their spouses. There are 229 active and 19 retirees in the plan. Participants must be age 55 or older at retirement.

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

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

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution(ARC) of the District, an amount actuarially determined in accordance with GASB No. 45. The ARC represents a

level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 109,000
Interest on net OPEB obligation	4,000
Adjustment of annual required contribution	(3,215)
Annual OPEB cost	<u>109,785</u>
Contributions made	(65,000)
Increase in net OPEB obligation	<u>44,785</u>
Net OPEB obligation beginning of year	<u>83,215</u>
Net OPEB obligation end of year	<u>\$ 128,000</u>

For the calculation of the net OPEB obligation, the actuary has set the transition as July 1, 2010. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$65,000 to the medical plan. Plan members eligible for benefits contributed \$147,000 or 69.34% of the premium cost.

The District's annual OPEB cost, the percentage of the OPEB cost contributed to the plan and the net OPEB obligation as June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 99,000	30.32 %	\$ 52,000
2010	99,215	68.54	83,215
2011	109,785	59.21	128,000

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$914,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability(UAAL)of \$914,000. The annual covered payroll (annual payroll of the active employees covered by the plan) was approximately \$7.033 million the ratio of the UAAL to covered payroll was 13.00%. As of June 30, 2011, there were no trust fund assets.

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

multiyear trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption include a 4.5% discount rate and is based on the long-term investment yield on the investments used to finance the payments of the benefits. The annual medical trend rate is 11%. The medical trend rate is reduced by 0.5% each year until reaching 5% in 2021.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on gender specific basis. Annual retirement and termination probabilities were developed from retirement probabilities from the IPERS Actuarial Report as June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$556 per month for retirees less than age. The salary increase was assumed to be 3.5% per year. The UAAL is amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2011, expenditures in the non-instructional and other expenditures functions exceeded the amount budgeted.

(11) Deficit Fund Balance/Net Assets

At June 30, 2011, the General Fund had deficit unassigned fund balance of \$181,707 and a total deficit fund balance of \$27,793. The District also had a deficit unrestricted net assets balance in the governmental activities of \$31,111. The Student Activity Fund had a deficit unassigned fund balance of \$24,086.

(12) Categorical Funding

The District's restricted fund balance for categorical funding at the year ended June 30, 2011 is comprised of the following projects:

Project	Amount
Talented and gifted	\$ 22,847
Dropout and dropout prevention	40,208
Professional development	33,336
Market factor	4,224
Beginning teacher mentoring	1,500
Model core curriculum	43,562
Market factor incentives	8,237
Total	<u>\$ 153,914</u>

(13) Construction Commitments

The District has entered into various contracts totaling \$22,775,700 for the construction of an addition to the middle school and high school, as well as the construction of an athletic complex. As of June 30, 2011, costs of \$20,435,289 had been incurred against the contracts. The balance of \$2,340,411 remaining at June 30, 2011 will be paid as work on the projects progresses. The total cost of the projects will be added to the District's capital asset listing upon completion.

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassification is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010 as previously reported	\$ 23,543,547	\$ 368,215
Change in fund type classification per implementation of GASB Statement No. 54	<u>368,215</u>	<u>(368,215)</u>
Balance July 1, 2010 as restated	<u><u>\$ 23,911,762</u></u>	<u><u>\$ 0</u></u>

Central Community Schools of Clinton County

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2011

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local	\$ 10,726,354	557,891	11,284,245	9,142,306	9,142,306	2,141,939
Intermediate	3,300	0	3,300	200	200	3,100
State	9,194,232	8,024	9,202,256	9,128,441	9,128,441	73,815
Federal	495,946	290,399	786,345	299,819	299,819	486,526
Total revenues	20,419,832	856,314	21,276,146	18,570,766	18,570,766	2,705,380
Expenditures/expenses:						
Instruction	10,294,806	0	10,294,806	10,048,943	10,800,000	505,194
Support services	4,246,203	275	4,246,478	4,741,114	4,741,114	494,636
Non-instructional programs	0	869,348	869,348	700,000	810,000	(59,348)
Other expenditures	22,661,586	0	22,661,586	16,244,346	21,970,320	(691,266)
Total expenditures/expenses	37,202,595	869,623	38,072,218	31,734,403	38,321,434	249,216
Deficiency of revenues under expenditures/expenses	(16,782,763)	(13,309)	(16,796,072)	(13,163,637)	(19,750,668)	2,954,596
Other financing sources, net	16,887	0	16,887	0	0	16,887
Deficiency of revenues and other financing sources under expenditures/expenses	(16,765,876)	(13,309)	(16,779,185)	(13,163,637)	(19,750,668)	2,971,483
Balance beginning of year	25,539,394	405,580	25,944,974	25,916,480	25,916,480	28,494
Balance end of year	\$ 8,773,518	392,271	9,165,789	12,752,843	6,165,812	2,999,977

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budget expenditures by \$6,587,031.

During the year ended June 30, 2011, expenditures in the non-instructional programs and other expenditures functions exceeded budgeted amounts.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UUAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [[b-a]/c]
2009	July 1, 2008	\$ 0	930	930	0.00	% \$ 7,268	12.80 %
2010	July 1, 2008	0	930	930	0.00	7,009	13.27
2011	July 1, 2010	0	914	914	0.00	7,033	13.00

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

OTHER SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 189,318	66,190	255,508
Receivables:			
Property tax:			
Delinquent	1,638	0	1,638
Succeeding year	180,001	0	180,001
TOTAL ASSETS	\$ 370,957	66,190	437,147
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 852	6,260	7,112
Salary and benefits payable	0	700	700
Deferred revenue:			
Succeeding year property tax	180,001	0	180,001
Total liabilities	180,853	6,960	187,813
Fund balances:			
Restricted for:			
Management levy purposes	190,104	0	190,104
Student activities	0	83,316	83,316
Unassigned for student activities	0	(24,086)	(24,086)
Total fund balances	190,104	59,230	249,334
TOTAL LIABILITIES AND FUND BALANCES	\$ 370,957	66,190	437,147

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
REVENUES:			
Local:			
Local tax	\$ 149,995	0	149,995
Other	31,647	505,197	536,844
State sources	72	0	72
TOTAL REVENUES	<u>181,714</u>	<u>505,197</u>	<u>686,911</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	135,249	0	135,249
Other	0	488,755	488,755
Support services:			
Administration	5,275	0	5,275
Operation and maintenance of plant	93,265	0	93,265
Transportation	15,808	0	15,808
TOTAL EXPENDITURES	<u>249,597</u>	<u>488,755</u>	<u>738,352</u>
Excess(deficiency) of revenues over(under) expenditures	(67,883)	16,442	(51,441)
Other financing uses:			
Transfer out	0	(43,075)	(43,075)
Net change in fund balances	(67,883)	(26,633)	(94,516)
Fund balances beginning of year, as restated	257,987	85,863	343,850
Fund balances end of year	<u>\$ 190,104</u>	<u>59,230</u>	<u>249,334</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2011

	Capital Projects			Total
	High School & Middle School Projects	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	
ASSETS				
Cash and pooled investments	\$ 7,314,079	566,804	81,645	7,962,528
Receivables:				
Property tax:				
Delinquent	0	0	4,173	4,173
Succeeding year	0	0	426,000	426,000
Due from other governments	443,098	193,916	0	637,014
TOTAL ASSETS	\$ 7,757,177	760,720	511,818	9,029,715
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,714,492	0	0	1,714,492
Deferred revenue:				
Succeeding year property tax	0	0	426,000	426,000
Total liabilities	1,714,492	0	426,000	2,140,492
Fund balances:				
Restricted for:				
Construction	6,042,685	0	0	6,042,685
School infrastructure	0	760,720	0	760,720
Physical plant and equipment	0	0	85,818	85,818
Total fund balances	6,042,685	760,720	85,818	6,889,223
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,757,177	760,720	511,818	9,029,715

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2011

	Capital Projects			Total
	High School & Middle School Projects	Statewide Sales and Services Tax	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ 0	1,210,095	414,290	1,624,385
Other	2,008,512	27,810	1,991	2,038,313
State sources	962,021	0	194	962,215
Total revenues	<u>2,970,533</u>	<u>1,237,905</u>	<u>416,475</u>	<u>4,624,913</u>
EXPENDITURES:				
Other expenditures:				
Instruction:				
Regular	0	191,125	0	191,125
Support services:				
Adminstration	258	0	0	258
Transportation	0	183,622	0	183,622
Other expenditures:				
Facilities acquisitions	19,686,103	0	0	19,686,103
Total expenditures	<u>19,686,361</u>	<u>374,747</u>	<u>0</u>	<u>20,061,108</u>
Excess(Deficiency) of revenues over(under) expenditures	(16,715,828)	863,158	416,475	(15,436,195)
Other financing sources(uses):				
Transfer in	0	400,000	0	400,000
Transfer out	(400,000)	(887,472)	(698,872)	(1,986,344)
Total other financing sources(uses)	<u>(400,000)</u>	<u>(487,472)</u>	<u>(698,872)</u>	<u>(1,586,344)</u>
Net change in fund balances	(17,115,828)	375,686	(282,397)	(17,022,539)
Fund balances beginning of year, as restated	<u>23,158,513</u>	<u>385,034</u>	<u>368,215</u>	<u>23,911,762</u>
Fund balances end of year	<u>\$ 6,042,685</u>	<u>760,720</u>	<u>85,818</u>	<u>6,889,223</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING BALANCE SHEET
 DEBT SERVICE FUND
 JUNE 30, 2011

	Debt Service	Debt Sinking	Total
ASSETS			
Cash and pooled investments	\$ 21,123	1,632,182	1,653,305
Receivables:			
Property tax:			
Delinquent	9,449	0	9,449
Succeeding year	954,511	0	954,511
TOTAL ASSETS	\$ 985,083	1,632,182	2,617,265
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	954,511	0	954,511
Total liabilities	954,511	0	954,511
Fund balances:			
Restricted for debt service	30,572	1,632,182	1,662,754
Total fund balances	30,572	1,632,182	1,662,754
TOTAL LIABILITIES AND FUND BALANCES	\$ 985,083	1,632,182	2,617,265

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DEBT SERVICE FUND
 YEAR ENDED JUNE 30, 2011

	Debt Service	Debt Sinking	Total
REVENUES:			
Local sources:			
Local tax	\$ 938,072	0	938,072
Other	2,298	1,785	4,083
State sources	439	0	439
TOTAL REVENUES	<u>940,809</u>	<u>1,785</u>	<u>942,594</u>
EXPENDITURES:			
Current:			
Other expenditures:			
Long-term debt:			
Principal	1,350,000	0	1,350,000
Interest and fiscal charges	538,734	453,979	992,713
TOTAL EXPENDITURES	<u>1,888,734</u>	<u>453,979</u>	<u>2,342,713</u>
Deficiency of revenues under expenditures	(947,925)	(452,194)	(1,400,119)
Other financing sources:			
Transfers in	948,872	637,472	1,586,344
Net change in fund balances	947	185,278	186,225
Fund balance beginning of year	29,625	1,446,904	1,476,529
Fund balance end of year	<u>\$ 30,572</u>	<u>1,632,182</u>	<u>1,662,754</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures and Transfers	Balance End of Year
Activity tickets	\$ 6,715	4,150	10,865	0
Interest	1,370	204	1,574	0
Co-ed bowling	166	8,610	7,847	929
MS drama	336	5,513	5,534	315
MS vocal music	5,383	4,959	3,589	6,753
MS instrumental music	910	3,389	3,049	1,250
MS general athletics	909	0	294	615
MS boys basketball	321	835	1,021	135
MS boys football	(56)	1,081	984	41
MS boys track	210	629	798	41
MS cross country	11	0	9	2
MS boys wrestling	149	652	748	53
MS girls basketball	19	658	668	9
MS girls volleyball	10	2,944	2,928	26
MS girls track	20	245	214	51
MS yearbook	1,046	3,474	2,809	1,711
MS student building project	1,377	1,853	2,781	449
MS concessions	7,848	10,332	10,248	7,932
MS Resale	0	174	253	(79)
Odyssey of the Minds	0	6,669	4,336	2,333
MS student council	2,120	2,346	2,431	2,035
HS drama	7,431	1,546	1,415	7,562
HS speech	23	1,329	2,040	(688)
HS vocal music	5,590	12,852	9,551	8,891
HS instrumental music	29,864	116,952	143,965	2,851
HS musicals	7,786	4,253	2,584	9,455
HS general athletics	4,586	43,837	48,339	84
HS boys basketball	784	12,119	12,826	77
HS boys football	4,708	35,937	40,613	32
HS boys soccer	1	4,608	4,608	1
HS boys baseball	37	9,982	23,191	(13,172)
HS boys track	(6,837)	20,891	14,021	33
HS cross country	27	2,000	2,023	4
HS boys golf	31	1,465	1,490	6
HS boys wrestling	6	6,504	6,473	37
HS girls basketball	49	23,669	23,696	22
HS girls volleyball	11	4,130	3,823	318
HS girls soccer	(1,736)	3,547	3,372	(1,561)
HS girls softball	24	7,066	3,230	3,860
HS girls track	393	5,558	5,863	88
HS girls golf	4	1,580	1,583	1
HS yearbook	(7,543)	19,089	19,300	(7,754)
HS newspaper	320	25	0	345
HS cheerleading	(565)	5,513	4,077	871
HS central sensations dance	1,180	0	0	1,180
HS FFA	(2,084)	60,510	49,104	9,322
HS food production	(230)	931	1,533	(832)
FCCLA	407	7,042	5,518	1,931
HS national honor society	3,763	2,348	3,255	2,856
HS student council	2,272	6,788	7,463	1,597
HS SADD	767	0	0	767
HS class of 2009	(353)	353	0	0
HS class of 2010	1,237	0	1,237	0
HS class of 2011	2,260	0	1,574	686
HS class of 2012	431	17,164	15,614	1,981
HS class of 2013	100	351	17	434
HS class of 2014	0	128	0	128
PSP Camp	0	2,350	1,800	550
Ekstrand special olympics	322	350	672	0
Ekstrand student council	1,929	2,327	1,594	2,662
Ekstrand resale	4	1,386	1,386	4
Total	\$ 85,863	505,197	531,830	59,230

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND
 JUNE 30, 2011

	Private Purpose Trust - Scholarship Fund			
	Paarmann Scholarship	Hilbert Scholarship	Athletic Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 99,520	200,195	250	299,965
LIABILITIES				
	0	0	0	0
NET ASSETS				
Restricted for scholarships	97,875	200,000	0	297,875
Unrestricted	1,645	195	250	2,090
TOTAL NET ASSETS	\$ 99,520	200,195	250	299,965

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust - Scholarship Fund			
	Paarmann Scholarship	Hilbert Scholarship	Athletic Scholarship	Total
Additions:				
Local sources:				
Contributions	\$ 0	0	250	250
Interest income	1,545	3,158	0	4,703
Total additions	1,545	3,158	250	4,953
Deductions:				
Support services:				
Administration:				
Scholarships awarded	1,500	8,750	0	10,250
Changes in net assets	45	(5,592)	250	(5,297)
Net assets beginning of year	99,475	205,787	0	305,262
Net assets end of year	\$ 99,520	200,195	250	299,965

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 46,641	213,016	105,772	153,885
	<u>\$ 46,641</u>	<u>213,016</u>	<u>105,772</u>	<u>153,885</u>
LIABILITIES				
Accounts payable	\$ 193	551	193	551
Due to other groups	46,448	212,465	105,579	153,334
	<u>\$ 46,641</u>	<u>213,016</u>	<u>105,772</u>	<u>153,885</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 7,474,544	6,508,706	6,540,849	6,375,125	6,219,477	5,481,937	5,446,878	5,482,019
Tuition	365,135	332,428	338,835	406,013	360,671	371,388	370,479	423,082
Other	2,886,675	1,016,032	707,408	777,642	839,859	756,758	628,988	742,359
Intermediate sources	3,300	2,700	5,270	2,829	8,321	3,332	6,847	923
State sources	9,194,232	6,985,164	7,936,143	7,620,385	7,336,027	7,203,485	7,095,910	6,855,614
Federal sources	495,946	1,257,654	460,441	315,295	270,098	279,964	328,961	381,623
Total	\$ 20,419,832	16,102,684	15,988,946	15,497,289	15,034,453	14,096,864	13,878,063	13,885,620
Expenditures:								
Instruction:								
Regular	\$ 6,429,084	6,396,626	7,963,842	7,338,551	5,084,403	4,758,348	4,844,291	4,895,670
Special	2,007,395	2,116,235	410,219	396,363	1,942,885	1,884,306	2,194,872	2,258,272
Other	1,858,327	1,701,231	1,181,889	1,222,816	1,480,076	1,510,257	1,086,120	1,121,948
Support services:								
Student	437,133	491,350	551,367	570,702	586,018	508,169	523,889	511,424
Instructional staff	400,353	291,161	366,611	407,089	449,007	422,505	397,983	398,076
Administration	1,267,045	1,459,565	1,438,273	1,407,794	1,296,742	1,285,114	1,409,492	1,328,615
Operation and maintenance of plant	1,185,957	1,113,620	1,241,495	1,131,053	1,031,531	1,014,598	969,635	879,635
Transportation	955,715	751,788	718,676	842,314	643,292	867,954	651,042	621,878
Other support	0	0	0	0	0	0	0	85,835
Non-instructional	0	0	35,589	64,977	0	8,341	1,136	6,516
Other expenditures:								
Facilities acquisitions	19,686,103	2,779,772	1,555,222	1,589,624	3,103,586	569,556	361,492	179,475
Long-term debt:								
Principal	1,350,000	2,250,000	995,000	650,000	630,000	600,000	575,000	550,000
Interest and fiscal charges	992,713	103,289	135,187	108,327	134,389	159,723	182,884	205,115
AEA flow-through	632,770	607,553	562,122	531,547	510,131	481,919	473,224	472,520
Total	\$ 37,202,595	20,062,190	17,155,492	16,261,157	16,892,060	14,070,790	13,671,060	13,514,979

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	\$ 32,160
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	258,239 *
			<u>290,399</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1082-G	108,481
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	11,171
			<u>119,652</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 11	50,178
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 11	9,640
STATE FISCAL STABILIZATION FUND CLUSTER:			
STATE FISCAL STABILIZATION FUNDS (SFSF) -			
EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 11	80,565
STATE FISCAL STABILIZATION FUNDS (SFSF) -			
GOVERNMENT SERVICES, RECOVERY ACT	84.397	FY 11	71,860
			<u>152,425</u>
EDUCATION JOBS FUNDS	84.410	FY 11	36,640
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 11	85,131
SPECIAL EDUCATION - GRANTS TO STATES(IOWA'S RAPIDLY IMPROVING SCHOOLS)	84.027	FY 11	15,327
			<u>100,458 **</u>
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173	FY 10	335 **
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 11	7,767
TOTAL			<u>\$ 767,494</u>

* - Includes \$48,063 in non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community Schools of Clinton County as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 28, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Members American Institute & Iowa Society of Certified Public Accountants

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

Handwritten signature in black ink, reading "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

February 28, 2012

NOLTE, CORNMAN & JOHNSON P.C.
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Independent Auditor's Report on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major Program and Internal Control
over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of Central Community Schools of Clinton County with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Central Community Schools of Clinton County's major federal programs for the year ended June 30, 2011. Central Community Schools of Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Central Community Schools of Clinton County's management. Our responsibility is to express an opinion on Central Community Schools of Clinton County's compliance based on our audit.

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

In our opinion, Central Community Schools of Clinton County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, somewhat stylized font.

NOLTE, CORNMAN & JOHNSON, P.C.

February 28, 2012

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - Child Nutrition Cluster:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
 - State Fiscal Stabilization Fund Cluster:
 - CFDA Number 84.394 - State Fiscal Stabilization Fund - Education State Grants, Recovery Act
 - CFDA Number 84.397 - State Fiscal Stabilization Fund - Government Services, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Central Community Schools of Clinton County did not qualify as a low-risk auditee.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - District expenditures for the year ended June 30, 2011 exceeded budgeted amounts in the non-instructional programs and other expenditures functions.

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

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

Conclusion - Response accepted.

IV-B-11 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-11 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-11 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rodney Wold, bus driver Owner of Wold's Petro Shop	Tire repairs	\$237

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

IV-E-11 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-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-11 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-11 Supplementary Weighting - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-I-11 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-11 Statewide Sales, Service and Use Tax - During our audit, there was no instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	385,034
Revenues/transfers in:			
Sales tax revenues	\$	1,210,095	
Other local revenues		27,810	
Transfers from other funds		400,000	
		<u>1,637,905</u>	
			<u>2,022,939</u>
Expenditures/transfers out:			
Equipment		374,747	
Debt service for school infrastructure:			
Revenue debt		887,472	
		<u>1,262,219</u>	
Ending Balance		\$	<u>760,720</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-11 Financial Condition - We noted during our audit that the General Fund had deficit unassigned fund balance of \$181,707 and a deficit fund balance of \$27,793. The District also had a deficit unrestricted net assets balance in the governmental activities of \$31,111. The District Student Activity Fund had a deficit unassigned fund balance of \$24,086.

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

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

Conclusion - Response accepted.

IV-N-11 Student Activity Fund - The High School Student Council account awarded scholarships from proceeds of fundraising during the year.

Recommendation - When fundraising takes place the revenues should be recorded in the fund that may legally pay for the purpose of the fundraiser. Scholarships are most appropriately paid from the Private Purpose Trust Fund; therefore, proceeds from scholarship fundraising should be placed and expended from the Private Purpose Trust Fund.

Response - Student council fundraising monies collected for scholarships will be placed and paid for out of the Scholarship trust Fund.

Conclusion - Response accepted.