

COLLEGE COMMUNITY SCHOOL DISTRICT
Cedar Rapids, Iowa

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011



TABLE OF CONTENTS

	PAGE
OFFICIALS	3
INDEPENDENT AUDITOR’S REPORT	4-5
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	6-19
BASIC FINANCIAL STATEMENTS:	<u>Exhibit</u>
District - Wide Financial Statements:	
Statement of Net Assets	A 21-22
Statement of Activities	B 23-26
Governmental Fund Financial Statements:	
Balance Sheet	C 27-28
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D 29
Statement of Revenues, Expenditures and Changes in Fund Balances .	E 30-33
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 34
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 35
Statement of Revenues, Expenses and Changes in Net Assets	H 36
Statement of Cash Flows	I 37-38
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	J 39
Notes to Financial Statement	40-55
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds	57-58
Notes to Required Supplementary Information - Budgetary Reporting	59
Schedule of Funding Progress for the Retiree Health Plan	60
OTHER SUPPLEMENTARY INFORMATION:	<u>Schedule</u>
Nonmajor Funds:	
Combining Balance Sheet	1 62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 63
Schedule of Changes in Individual Student Activity Accounts	3 64-65
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	4 66
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	5 67-68
Schedule of Expenditures of Federal Awards	6 69-71

	PAGE
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 <i>GOVERNMENT AUDITING STANDARDS</i>	72-73
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	74-75
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	76-84
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS.....	85
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS	86

COLLEGE COMMUNITY SCHOOL DISTRICT

OFFICIALS

June 30, 2011

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

Independent Auditor's Report

To the Board of Education of the
College Community School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Community School District, Cedar Rapids, Iowa, as of and for the year ended June 30, 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 College Community School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011 on our consideration of College Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, budgetary comparison information, and the Schedule of Funding Progress for the Retirement Health Plan on pages 6 through 19 and 56 through 60 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise College Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2010 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Cedar Rapids, Iowa
December 13, 2011

Management Discussion and Analysis

This section of the College Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ended June 30, 2011. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

2011 Financial Highlights

- The State of Iowa allowed a 2% growth for the 2010-11 school year. This increase, along with the addition of 120.6 resident students formulated an increase of revenue of \$1,183,363 in the General Fund. These increased dollars were made up of a combination of state aid, local taxes, and one time Federal Stimulus dollars. The 120.6 student increase represents a 2.93% increase in the District's resident enrollment.
- The District spent \$1.4 million on construction projects, a 200% increase from 2010. The increase in expenditures was due to projects at the stadium, youth ball fields and the baseball/softball concession stand. No new funds were borrowed during the year, resulting in a general obligation principal balance of \$61.24 million.
- The General Fund balance increased from \$4.02 million in fiscal year 2010 to \$7.31 million in fiscal year 2011. This equates to a 14.56% solvency ratio, an increase of 9.78% from prior year. According to the Iowa School Board Association, solvency ratios between 5% and 15% are considered "good" or "excellent". The increase is the result of a one-time Federal Stimulus fund used by the State to "backfill" the State Funding Formula and an additional one-time Education Jobs Fund & SFSF Government Fund in the amount of \$1.03M. The District's General Fund Solvency ratio would equate to 10.85% before receiving these funds.
- Interest rates remained at record lows during the course of the year with a public fund investment rate of 0.05% at the end of fiscal year 2010 to 0.25% at the end of fiscal year 2011. These rates yielded only \$11,305 in revenue compared to \$17,789 in fiscal year 2010, \$52,059 in fiscal year 2009 and \$177,368 in fiscal year 2008.
- The District received \$1.03 million in Education Jobs & SFSF dollars which was forwarded by the State Legislature to assist all Districts with staff reduction. These dollars added spending authority but were one-time monies that could not be used for ongoing expenditures as allowed by law. The District, through Board action, utilized the dollars to protect jobs by paying the cost of current employees.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

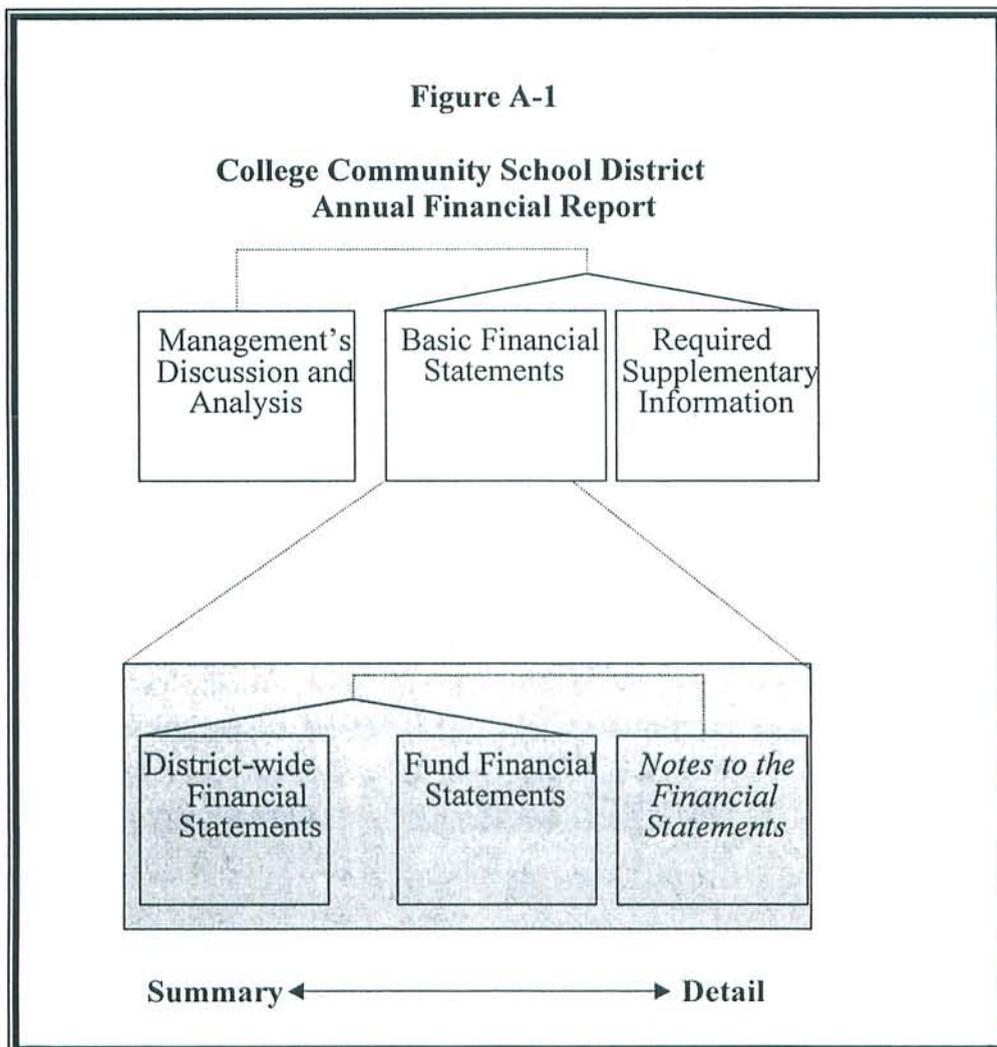


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

District-Wide Financial Statements

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

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

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

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

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

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. This information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

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

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

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

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

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

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

Financial Analysis of the District as a Whole

The District's net assets are evidenced below in Figure A-3. Combined total net assets have increased by 16.5% percent. These changes are attributed to a slight increase in total assets and virtually no change in liabilities. Fiscal year 2011 is the 9th year of District implementation of the GASB-34 financial reporting model.

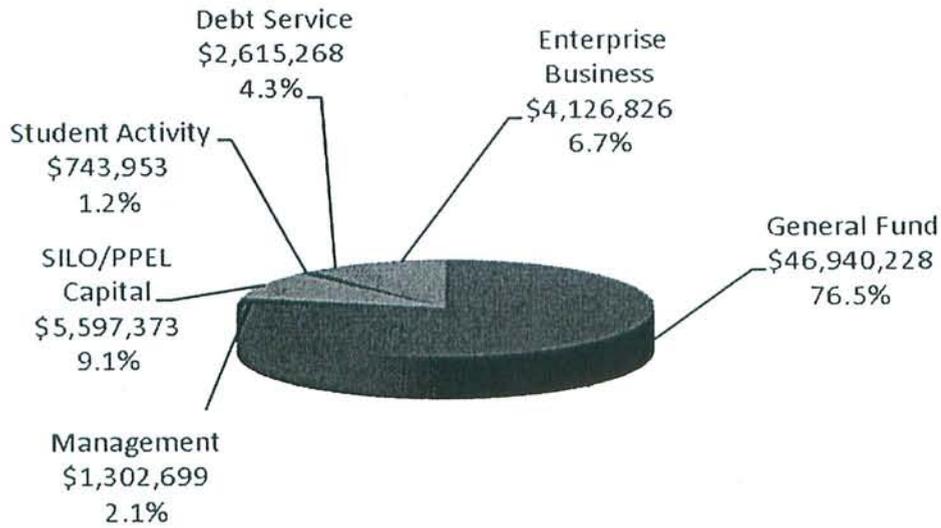
	Governmental Activities		Business-Type Activities		Total School District		Total Change 2010-2011
	2011	2010	2011	2010	2011	2010	
Current and other assets	\$ 39,978	\$ 35,139	\$ 1,141	\$ 953	\$ 41,119	\$ 36,092	14.7%
Capital assets	83,823	83,943	577	643	84,400	84,586	-0.2%
Total assets	<u>\$ 123,801</u>	<u>\$ 119,082</u>	<u>\$ 1,718</u>	<u>\$ 1,596</u>	<u>\$125,519</u>	<u>\$120,678</u>	4.2%
Long-term obligations	\$ 64,011	\$ 66,313	\$ -	\$ -	\$ 64,011	\$ 66,313	-3.5%
Other liabilities	26,446	24,686	147	145	26,593	24,831	8.2%
Total liabilities	<u>\$ 90,457</u>	<u>\$ 90,999</u>	<u>\$ 147</u>	<u>\$ 145</u>	<u>\$ 90,604</u>	<u>\$ 91,144</u>	-0.3%
Net assets:							
Invested in capital assets, net of related debt	\$ 25,944	\$ 23,826	\$ 577	\$ 643	\$ 26,521	\$ 24,469	8.4%
Non-spendable	27	-	-	-	27	-	0%
Restricted	2,008	1,299	-	-	2,008	1,299	54.6%
Unrestricted	5,365	3,400	994	808	6,359	4,208	51.1%
Total net assets	<u>\$ 33,344</u>	<u>\$ 28,525</u>	<u>\$ 1,571</u>	<u>\$ 1,451</u>	<u>\$ 34,915</u>	<u>\$ 29,976</u>	16.5%

Figure A-4 below reflects totals from the 2010-11 fiscal year ended June 30, 2011.

Figure A-4	CHANGES IN NET ASSETS (EXPRESSED IN THOUSANDS)					
	Governmental Activities		Business-Type Activities		Total School District	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for service and sales	\$ 5,657	\$ 4,954	\$ 3,198	\$ 3,152	\$ 8,855	\$ 8,106
Operating grants, contributions, and restricted interest	7,361	8,259	919	875	8,280	9,134
Capital grants, contributions, and restricted interest	-	-	-	-	-	-
General revenues:						
Property tax	28,276	26,274	-	-	28,276	26,274
Unrestricted state grants	15,366	12,306	-	-	15,366	12,306
Unrestricted investment earnings	18	28	2	1	20	29
Other	521	499	8	10	529	509
Total revenues	<u>57,199</u>	<u>52,320</u>	<u>4,127</u>	<u>4,038</u>	<u>61,326</u>	<u>56,358</u>
Program expenses:						
Governmental activities:						
Instruction	31,389	31,387	-	-	31,389	31,387
Support services	14,622	13,873	204	-	14,826	13,873
Non-instructional programs	33	-	3,803	3,911	3,836	3,911
Other expenses	6,337	6,106	-	-	6,337	6,106
Total expenses	<u>52,381</u>	<u>51,366</u>	<u>4,007</u>	<u>3,911</u>	<u>56,388</u>	<u>55,277</u>
Capital contribution	-	-	-	-	-	-
Changes in net assets	<u>\$ 4,818</u>	<u>\$ 954</u>	<u>\$ 120</u>	<u>\$ 127</u>	<u>\$ 4,938</u>	<u>\$ 1,081</u>

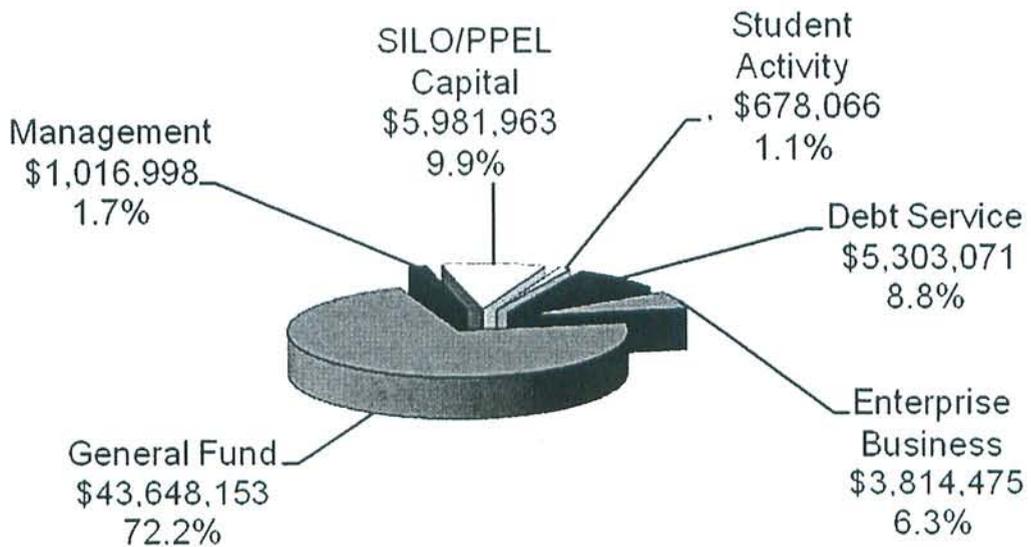
The District's total revenues increased \$4.97 million from the previous year, while total expenditures increased only \$1.11 million. Total net assets of the District increased \$3.86 million. This increase is a combination of the District's governmental and business activities. General revenues increased substantially in the governmental activities. This is primarily due to the additional one-time federal revenues mentioned earlier. Student enrollment, net open enrollment, and allowable growth have a significant role on revenues generated by the District. During the past five years, open enrollment and tuition generated revenue as follows: fiscal year 2007 \$3,483,824, fiscal year 2008 \$3,613,434, fiscal year 2009 \$3,323,392, fiscal year 2010 \$3,678,362, and in fiscal year 2011 \$4,301,433. Business activities had an increase in revenue and an increase in expenditures with a resulting increase of net assets. This increase was minimal compared to prior year. Increased program expenses in the General Fund are also minimal and a result of a slight increase in employee wages and benefits. Total student enrollment, not including 4 year old preschool students, has increased from 3,268 students in September 2002 to 4,817 in September 2011. This calculates to an average of 154.9 students per year.

Revenues for Fiscal Year 2010-11



The chart above illustrates total Revenues for the 2010-11 school year. The General Fund accounts for the largest portion of Revenues. The chart below illustrates total Expenses which indicates the greatest portion of dollars were spent in the General Fund followed by PPEL/SILO (Capital Projects).

Expenses for Fiscal Year 2010-11



Governmental Activities

Governmental activities are primarily supported through the state aid formula. Overall property tax base (taxable valuation) have increased from \$1,060,461,727 in 2000 to \$1,561,700,282 in 2009. This 47.27% increase over the nine year period averages to 4.73% per year. The increase from 2009 to 2010 was 4.81%.

The overall District tax rate was \$17.21 per thousand in the 2011 fiscal year which was the same as the levy in the 2010 fiscal year. The rate remained the same despite the increase in valuations as the funding formula factors in the growth of the additional student count. The District also maintained its cash reserve levy to offset the state formula shortfall.

Figure A-5 presents the cost of four District activities: instruction, support services, non-instructional, and other expenses. The table shows each activity's net cost, (total costs less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-5	TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 31,389	\$ 22,871
Support services	14,622	11,845
Non-instructional	33	33
Other Expenses	<u>6,337</u>	<u>4,614</u>
Totals	<u>\$ 52,381</u>	<u>\$ 39,363</u>

- The cost of all governmental activities this year was \$52.38 million compared to \$51.37 million a year ago.
- Some of the cost (non-resident tuition, fees, rentals) was financed by the users of the District's programs. This accounted for \$5.23 million in revenue to help offset the above costs.
- Most of the District's Governmental Fund costs were financed by District and state taxpayers. This portion of governmental activities was financed with \$29.20 million in property/state sales taxes and \$22.76 million in state and federal aid.

Business-Type Activities

Revenues of the District's business-type activities were \$4.10 million while expenses were \$4.01 million. (Refer to Figure A-4) Although these activities are not in place to make a profit, they are organized and structured to operate at a revenue/expenditure neutral position. The increase in fund balance is due to efficient operation of our two main business activities. At the present time, the three main funds that make up the business type activities are the Food and Nutrition Fund, Daycare Fund, and the Student Built House Fund.

Financial Analysis of the District's Funds

Business-Type Fund Highlights

Significant highlights for the three main business type funds are as follows:

- The Nutrition and Daycare Fund balances are both in positive territory at \$1,285,977 and \$274,408 respectively. As mentioned in previous year reports, the addition of the kitchen at Point did not significantly increase costs and has been offset by additional students participating in the lunch program. The Daycare Fund received a significant increase in fees due to usage of wrap around care for 4 year old pre-school students.
- The Daycare Fund balance increased significantly by \$235,326 to remain in positive territory. Two significant changes have helped the daycare's balance; the implementation of the state wide preschool program and staggered start times. The District is currently conducting in internal review of all revenues and expenditures to ensure that each are being coded to the most appropriate account due to the multiple programs being utilized within the daycare program. These include 4 year old preschool, 3 & 4 year old daycare, before and after school care, and wrap around care.
- The Student Built House Fund balance closed negative \$296,198 as the 2011 house had not sold as of June 30, 2011. The house subsequently sold on August 3, 2011 at a net profit of \$272,025. Each year the District struggles with selling the house at a desired profit vs. selling the house at something less to ensure that the asset is not carried forward into the next year resulting in another fund to provide funding for the new house being constructed. The Board has realized that there are inherent costs associated with the construction of the house beyond the hiring of a single staff member and have approved the transfer of General Fund dollars to offset the shortfall in this fund.

Governmental Fund Highlights

All of the District's Governmental Funds balances did well and are in good position to move forward to meet the District's growing needs. The unusually large growth in the General Fund is a direct result of one time Federal Stimulus dollars the past two years.

- The Capital Projects Fund balance decreased from a balance of \$3.92 million to \$3.24 million. The fund currently consists of Benton, Linn, and Johnson County SILO Funds. School Infrastructure Local Option (SILO) funds are primarily utilized for various projects approved by the Board and an annual \$2.0 million payment on district debt. The fund decrease is due to three large projects being paid off fully or partially during the year. These included the baseball/softball concession building, the stadium renovation, and the youth ball field project.

- The Management Fund balance increased from \$889,687 to \$1,175,388. The District pays for its liability, property, fleet, workers compensation insurance, and early separation programs out of the Management Fund. The balance is very strong at this point but the District had 13 staff members take advantage of the early separation program in 2010. This is a substantial increase over the typical 5 or 6 retirees. The District continues to monitor the interest in the early separation program, which was utilized by six employees in 2011. It's anticipated that this number will be higher in 2012 as new IPERS rules go into place that may incent some eligible staff to retire early. The District currently has 35 certified employees eligible for early separation.
- The Physical Plant and Equipment Levy, (PEEL) Fund balance increased from \$694,052 to \$992,463. PEEL fund dollars are utilized to purchase technology and complete general maintenance projects. Funds are also utilized to replace old busses and vans in the district fleet. The carryover balance is significant and excess funds will be utilized in 21st century technology initiatives. With its current assessed valuation, the district is able to generate approximately \$1.54 million annually in this fund. This is achieved with the current voter approved \$.67 levy per \$1,000 valuation and Board approved \$.33 per \$1,000. This is less than the maximum allowed voter approved levy of \$1.34 per \$1,000.
- The Other Governmental Funds balance (the Activity Fund), increased from \$503,149 to \$569,037 from the previous fiscal year. The primary activities in this fund include the athletic accounts and building level student activities other than athletics.
- The General Fund balance increased from \$4.02 million to \$7.31 million during the fiscal year. Although this is a large increase, it represents approximately 2.04 months of operating expenses. The fiscal year 2009 and 2010 cuts resulted in a loss of over \$1.92 million in state aid revenue. The District attempted to position itself through negotiations with employee groups and minimal increases in budgeting on discretionary (supply) spending to maintain its current balances in the General Fund. With this approach and the unexpected one-time Federal funds received in September 2010, the District realized the increased balance. The unusual increase is viewed as a single year anomaly made possible only by the District's conservative approach and unexpected one-time revenues. It's anticipated that it will be difficult to maintain the current balance because class sizes have increased and District level support staff hires have been minimized to offset the ATB cuts. Teaching positions and District level support positions will need to occur in the near future to accommodate the District's growing student and staff populations.

General Fund Budgetary Highlights

Of all Governmental Funds, the General Fund is the largest, comprising 70% of all Governmental Fund expenses in the fiscal year. All other Governmental funds combined account for a little less than half of the General Fund Expenditures in a typical year. This balance will change in years the District has undertaken a large capital improvement project such as a school building.

The General Fund expenditures are updated monthly to monitor expenditures and reflect any changes in staffing and non-staffing costs. A comparison of General Fund budgeted to actual expenditures shows actual expenditures of \$43.65 million, which was less than the original budgeted line item amount of \$45.33 million, approved at the October 2010 meeting. The District increased its cash reserve for the 2011 fiscal year due to the ATB cuts endured the past two fiscal years.

The General Fund balance at year-end was 15.57% of fund revenues, up from 9.78% from a year ago. For the first time, the District has achieved a solvency ratio of at least 15% of its revenues as outlined in Board Policy 801.2. The Board of Education has supported action to ensure that District General Fund cash reserves are adequate utilizing local property taxes as necessary to fund the growth of the District. Another important aspect of the General fund balance is the actual "spending authority" that accompanies the cash reserve. At the time of this report, it's estimated that the carryover authority is approximately \$8.9 million. Within this number is one-time authority of \$3.23 million which was awarded the District in fiscal year 2010 to offset the cost of additional staff at Prairie Point. Without this one-time amount, the estimated authority is only \$5.7 million or just a little less than four months operating expenses and not adequate to cover the current cash reserve balance.

Capital Asset and Debt Administration

Capital Assets

At the end of 2011, the District had invested net of depreciation, \$83.82 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) This amount represents a net decrease of .2% from a year ago. Note the large decrease in construction in progress and large increase in buildings. This is due to the movement of the value of the 7-9 building (Prairie Point) from one category to the other.

Governmental Funds account for all of these assets with the exception of \$577,000 which is accounted for in the Food and Nutritional Fund, Print Shop Fund and Student Built House Fund.

Figure A-6 will continually change as the depreciation of current assets will continue to reduce/offset totals. Due to a change in District policy, the furniture and equipment totals will steadily decrease as current assets depreciate and most new computer equipment will no longer be included in this list. Instead, these items will be tracked separately for insurance and inventory purposes only.

Figure A-6

**CAPITAL ASSETS, NET OF DEPRECIATION
(EXPRESSED IN THOUSANDS)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total Change</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2010- 2011</u>
Land	\$ 2,509	\$ 2,509	\$ -	\$ -	\$ 2,509	\$ 2,509	0.0%
Construction in progress	1,436	24,947	-	-	1,436	24,947	-94.2%
Buildings	73,865	50,491	-	-	73,865	50,491	46.3%
Improvements other than buildings	4,010	3,985	-	-	4,010	3,985	0.6%
Furniture and equipment	<u>2,003</u>	<u>2,011</u>	<u>577</u>	<u>643</u>	<u>2,580</u>	<u>2,654</u>	<u>-2.8%</u>
Totals	<u>\$ 83,823</u>	<u>\$ 83,943</u>	<u>\$ 577</u>	<u>\$ 643</u>	<u>\$ 84,400</u>	<u>\$ 84,586</u>	<u>-0.2%</u>

Long-Term Debt

At year-end, the District had \$64.01 million in general obligation bonds and other long-term debt outstanding. This represents a decrease of \$1.86 million over the previous fiscal year as can be seen in Figure A-7 below. Fiscal year 2011 marks the third year that the District is reporting the Other Post Employment Benefits (OPEB) per GASB-45. The current actuarially determined liability is \$2,628,000. OPEB liabilities are a combination of early retirement incentives offered by the District and implicit benefits guaranteed to public employees by state code which allows them to take advantage of group rates until the age of 65. In other words, the District would not be able to eliminate OPEB liabilities by simply not offering early separation benefits.

Figure A-7

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

	<u>Total School District</u>		<u>Total Change</u>
	<u>2011</u>	<u>2010</u>	<u>2010-2011</u>
General obligation bonds	\$ 61,240	\$ 64,040	-4.4%
Notes payable	-	-	0.0%
Deferred gain or refunded debt	-	-	0.0%
OPEB Liability	2,628	1,526	72.2%
Early retirement	<u>143</u>	<u>304</u>	<u>-53.0%</u>
Totals	<u>\$ 64,011</u>	<u>\$ 65,870</u>	<u>-2.8%</u>

Changes in the debt schedule are primarily due to the payment on general obligation bonds and the sale of new bonds. The District did not incur any new debt, or re-finance any existing debt during the fiscal year.

Factors Bearing on the District's Future

- Spending authority and financial solvency of the District continue to be the most important measures as the District continues to grow. Staff hired with the addition of our 7-9 building and new staff hires necessary to keep up with growing class sizes over the next two years will have an impact on the District's authority and cash positions. The District must monitor General Fund expenditures carefully to assure that it has sufficient spending authority to support needs long term. Class sizes have increased in the elementary setting the past two years and will need to be adjusted with staff hires for the foreseeable future. As the District's student population continues to grow, so will the need for additional support staff at the District level. Current areas that would benefit from additional support include Buildings and Grounds, Nutritional Services, Human Resources, and Building Based Leadership.
- State funding growth for public schools for fiscal year 2011 was set at 2% and funded partially with one-time federal funds due to state cash shortfalls. Due to the continued poor financial condition of the state, allowable growth for the 2012 fiscal year was set at 0% by the State Legislature for the first time ever. The District is fortunate to be growing in student population as, despite the 0% allowable growth, some additional authority is generated due to the student population growth within the state aid formula.
- School Infrastructure Local Option (SILO) funds continue to be utilized to offset the District's tax levy with \$2.0 million per year pledged to be utilized for district debt. This continued with an additional \$670,000 utilized in the 2011 fiscal year to help offset levy increases on the General Fund due to the state's fiscal position. As student growth continues, there will be increased pressure to utilize these dollars to offset the levy. Despite this, the Board remains cautious in the use of these funds to artificially buy down the actual levy generated by the foundation aid formula and returned to the \$2.0 million pledge within the 2012 budget.
- District certified enrollment increased by 1,113 students over the past nine years. Under Iowa's school funding formula, this has placed upward pressure on the District tax levy. During the same time, property valuations have grown but not proportionately with student growth, thus placing more pressure on the levy. The 2009 and 2010 valuation increases have helped offset this pressure along with large portions (\$1.76 million) of TIF property rolling onto the general valuations. Another factor contributing to the upward pressure in levy rates is the state's initiative to balance property tax rates through an increase in the roll-back percentage on residential property.
- In February, 2011, District voters approved a revenue purpose statement for state-wide sales tax revenue which will be in effect for the life of the state-wide 1 cent funding or until the District changes it. This will allow the District, if it chooses, to utilize these funds for all allowable PPEL purchases, including the borrowing of funds against future revenues. This action affords the District an additional option to finance large capital projects. These dollars will replace SILO revenues beginning July 1, 2012.

- Also approved by District voters in February, 2011 was the continued PPEL levy of \$.67 per one thousand dollar valuation for a period of ten years beginning July 1, 2015. Both of these measures ensure that long-term planning and infrastructure needs are met well into the future.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 13,092,497	\$ 1,353,911	\$ 14,446,408
Receivables:			
Property tax:			
Delinquent	192,815	-	192,815
Succeeding year	23,811,700	-	23,811,700
Accounts	29,604	16,333	45,937
Accrued interest	1,749	255	2,004
Internal balances	275,000	(275,000)	-
Due from other governments	2,427,345	-	2,427,345
Inventories	1,424	41,673	43,097
Prepaid expenses	25,583	4,337	29,920
Debt issuance cost, net of amortization	120,382	-	120,382
Capital assets, net of accumulated depreciation	<u>83,823,095</u>	<u>576,800</u>	<u>84,399,895</u>
Total assets	<u>123,801,194</u>	<u>1,718,309</u>	<u>125,519,503</u>
LIABILITIES			
Accounts payable	910,033	41,790	951,823
Accrued expenses	885,989	46,732	932,721
Salaries and benefits payable	384,177	58,886	443,063
Due to other governments	253,043	-	253,043
Accrued interest payable	202,011	-	202,011
Deferred revenue - succeeding year property tax	23,811,700	-	23,811,700
Long-term liabilities:			
Portion due within one year:			
Bonds payable	2,875,000	-	2,875,000
Early retirement	142,703	-	142,703
Portion due after one year:			
Bonds payable	58,365,000	-	58,365,000
Net OPEB liability	<u>2,627,921</u>	<u>-</u>	<u>2,627,921</u>
Total liabilities	<u>90,457,577</u>	<u>147,408</u>	<u>90,604,985</u>

	Governmental Activities	Business-type Activities	Total
NET ASSETS			
Invested in capital assets, net of related debt	\$ 25,943,888	\$ 576,800	\$ 26,520,688
Nonspendable	27,007		27,007
Restricted for:			
Categorical funding and other reserves	463,045	-	463,045
Physical plant and equipment levy	992,463	-	992,463
Student Activity purposes	552,462	-	552,462
Unrestricted	<u>5,364,752</u>	<u>994,101</u>	<u>6,358,853</u>
TOTAL NET ASSETS	<u>\$ 33,343,617</u>	<u>\$ 1,570,901</u>	<u>\$ 34,914,518</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Charges for Service	Program Revenues	
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 19,953,584	\$ 2,250,296	\$ 2,579,397	\$ -
Special instruction	7,324,513	2,207,113	-	-
Other instruction	4,111,178	1,099,203	382,300	-
	<u>31,389,275</u>	<u>5,556,612</u>	<u>2,961,697</u>	<u>-</u>
Support services:				
Student	1,588,468	-	285,746	-
Instructional staff	2,634,954	-	2,349,108	-
Administration	4,182,231	-	-	-
Operation and maintenance of plant	3,867,682	89,043	8,028	-
Transportation	2,348,948	11,240	33,412	-
	<u>14,622,283</u>	<u>100,283</u>	<u>2,676,294</u>	<u>-</u>
Non-instructional programs	<u>32,611</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenses:				
Long-term debt interest	2,497,082	-	3,675	-
AEA flowthrough	1,719,630	-	1,719,630	-
Amortization (unallocated)	13,376	-	-	-
Depreciation (unallocated)	2,106,998	-	-	-
	<u>6,337,086</u>	<u>-</u>	<u>1,723,305</u>	<u>-</u>
Total governmental activities	<u>52,381,255</u>	<u>5,656,895</u>	<u>7,361,296</u>	<u>-</u>
Business-type activities:				
Support services:				
Administrative services	124,932	-	-	-
Operation and maintenance of plant	79,801	-	-	-
Non-instructional programs:				
Nutrition services	1,885,161	1,353,532	861,543	-
Daycare services	1,312,553	1,531,161	57,675	-
Concession services	133,681	146,792	-	-
Print services	192,389	166,828	-	-
Student built house	278,352	-	-	-
	<u>4,006,869</u>	<u>3,198,313</u>	<u>919,218</u>	<u>-</u>
Total business-type activities	<u>4,006,869</u>	<u>3,198,313</u>	<u>919,218</u>	<u>-</u>
Total	<u>\$ 56,388,124</u>	<u>\$ 8,855,208</u>	<u>\$ 8,280,514</u>	<u>\$ -</u>

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (15,123,891)	\$ -	\$ (15,123,891)
(5,117,400)	-	(5,117,400)
<u>(2,629,675)</u>	<u>-</u>	<u>(2,629,675)</u>
<u>(22,870,966)</u>	<u>-</u>	<u>(22,870,966)</u>
(1,302,722)	-	(1,302,722)
(285,846)	-	(285,846)
(4,182,231)	-	(4,182,231)
(3,770,611)	-	(3,770,611)
<u>(2,304,296)</u>	<u>-</u>	<u>(2,304,296)</u>
<u>(11,845,706)</u>	<u>-</u>	<u>(11,845,706)</u>
<u>(32,611)</u>	<u>-</u>	<u>(32,611)</u>
(2,493,407)	-	(2,493,407)
-	-	-
(13,376)	-	(13,376)
<u>(2,106,998)</u>	<u>-</u>	<u>(2,106,998)</u>
<u>(4,613,781)</u>	<u>-</u>	<u>(4,613,781)</u>
<u>(39,363,064)</u>	<u>-</u>	<u>(39,363,064)</u>
-	(124,932)	(124,932)
-	(79,801)	(79,801)
-	329,914	329,914
-	276,283	276,283
-	13,111	13,111
-	(25,561)	(25,561)
<u>-</u>	<u>(278,352)</u>	<u>(278,352)</u>
<u>-</u>	<u>110,662</u>	<u>110,662</u>
\$ (39,363,064)	\$ 110,662	\$ (39,252,402)

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2011

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

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

Governmental Activities	Business-type Activities	Total
\$ 24,133,945	\$ -	\$ 24,133,945
2,611,593	-	2,611,593
1,530,273	-	1,530,273
15,366,104	-	15,366,104
18,458	1,581	20,039
<u>520,957</u>	<u>7,714</u>	<u>528,671</u>
<u>44,181,330</u>	<u>9,295</u>	<u>44,190,625</u>
4,818,266	119,957	4,938,223
<u>28,525,351</u>	<u>1,450,944</u>	<u>29,976,295</u>
<u>\$ 33,343,617</u>	<u>\$ 1,570,901</u>	<u>\$ 34,914,518</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2011

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
ASSETS			
Cash and pooled investments	\$ 6,854,600	\$ 1,312,167	\$ 163,172
Receivables:			
Property tax:			
Delinquent	150,651	9,931	20,330
Succeeding year	18,256,753	1,105,201	2,958,734
Accounts	29,604	-	-
Accrued interest	1	274	454
Due from other funds	275,000	-	-
Due from other governments	1,607,349	-	-
Inventories	1,424	-	-
Prepaid expenses	9,008	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 27,184,390	\$ 2,427,573	\$ 3,142,690
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 101,475	\$ 2,328	\$ -
Accrued expenses	885,989	-	-
Salaries and benefits payable	384,177	142,703	-
Due to other governments	247,179	1,953	-
Deferred revenue-succeeding year property tax	18,256,753	1,105,201	2,958,734
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	19,875,573	1,252,185	2,958,734
Fund balances:			
Nonspendable	10,432	-	-
Restricted for:			
Categorical funding and other reserves	463,045	-	-
Debt service	-	-	183,956
Management levy purposes	-	1,175,388	-
Student activities	-	-	-
School infrastructure	-	-	-
Physical plant and equipment	-	-	-
Unassigned	6,835,340	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	7,308,817	1,175,388	183,956
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 27,184,390	\$ 2,427,573	\$ 3,142,690

<u>Capital Projects- Benton Co. Silo</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 3,215,204	\$ 1,547,354	\$ 13,092,497
-	11,903	192,815
-	1,491,012	23,811,700
-	-	29,604
697	323	1,749
-	-	275,000
813,668	6,328	2,427,345
-	-	1,424
-	16,575	25,583
<u>\$ 4,029,569</u>	<u>\$ 3,073,495</u>	<u>\$ 39,857,717</u>
\$ 789,158	\$ 17,072	\$ 910,033
-	-	885,989
-	-	526,880
-	3,911	253,043
-	1,491,012	23,811,700
<u>789,158</u>	<u>1,511,995</u>	<u>26,387,645</u>
-	16,575	27,007
-	-	463,045
-	-	183,956
-	-	1,175,388
-	552,462	552,462
3,240,411	-	3,240,411
-	992,463	992,463
-	-	6,835,340
<u>3,240,411</u>	<u>1,561,500</u>	<u>13,470,072</u>
<u>\$ 4,029,569</u>	<u>\$ 3,073,495</u>	<u>\$ 39,857,717</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

June 30, 2011

Total fund balances of governmental funds (page 28)	\$ 13,470,072
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	83,823,095
Debt issuance costs on refunded bonds are not financial resources and, therefore, are not reported as assets in the governmental funds.	120,382
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(202,011)
Long-term liabilities, including bonds payable, compensated absences, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(63,867,921)</u>
Net assets of governmental activities (page 26)	<u>\$ 33,343,617</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2011

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Revenues:			
Local sources:			
Local tax	\$ 18,836,081	\$ 1,242,195	\$ 2,610,937
Tuition	4,312,674	-	-
Other	1,038,201	60,176	3,675
State sources	19,793,515	328	656
Federal sources	2,959,757	-	-
	<u>46,940,228</u>	<u>1,302,699</u>	<u>2,615,268</u>
Total revenues			
Expenditures:			
Instruction:			
Regular instruction	18,286,094	620,339	-
Special instruction	7,303,228	-	-
Other instruction	3,404,114	-	-
	<u>28,993,436</u>	<u>620,339</u>	<u>-</u>
Support services:			
Student services	1,588,468	-	-
Instructional staff services	2,341,159	-	-
Administrative services	3,697,441	45,771	-
Operation and maintenance of plant services	3,606,383	257,954	-
Transportation services	1,701,075	60,323	-
	<u>12,934,526</u>	<u>364,048</u>	<u>-</u>
Non-Instructional programs:			
	<u>-</u>	<u>32,611</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	-	-	-
Long-term debt:			
Principal	-	-	2,800,000
Interest and fiscal charges	-	-	2,503,471
AEA flowthrough	1,719,630	-	-
	<u>1,719,630</u>	<u>-</u>	<u>5,303,471</u>
Total expenditures			
	<u>43,647,592</u>	<u>1,016,998</u>	<u>5,303,471</u>
Excess (deficiency) of revenues over (under) expenditures			
	<u>3,292,636</u>	<u>285,701</u>	<u>(2,688,203)</u>

Capital Projects- Benton <u>Co. Silo</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ 1,529,889	\$ 24,219,102
-	-	4,312,674
4,054,709	748,316	5,905,077
-	384	19,794,883
-	8,028	2,967,785
<u>4,054,709</u>	<u>2,286,617</u>	<u>57,199,521</u>
-	-	18,906,433
-	-	7,303,228
-	669,481	4,073,595
<u>-</u>	<u>669,481</u>	<u>30,283,256</u>
-	-	1,588,468
-	263,020	2,604,179
-	5	3,743,217
-	-	3,864,337
-	314,808	2,076,206
<u>-</u>	<u>577,833</u>	<u>13,876,407</u>
<u>-</u>	<u>-</u>	<u>32,611</u>
2,062,709	675,004	2,737,713
-	-	2,800,000
-	-	2,503,471
-	-	1,719,630
<u>2,062,709</u>	<u>675,004</u>	<u>9,760,814</u>
<u>2,062,709</u>	<u>1,922,318</u>	<u>53,953,088</u>
<u>1,992,000</u>	<u>364,299</u>	<u>3,246,433</u>

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2011

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Other financing sources (uses):			
Operating transfers in	\$ -	\$ -	\$ 2,675,000
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,675,000</u>
Net change in fund balances	3,292,636	285,701	(13,203)
Fund balances beginning of year	<u>4,016,181</u>	<u>889,687</u>	<u>197,159</u>
Fund balances end of year	<u>\$ 7,308,817</u>	<u>\$ 1,175,388</u>	<u>\$ 183,956</u>

Capital Projects- Benton <u>Co. Silo</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ 2,675,000
<u>(2,675,000)</u>	<u>-</u>	<u>(2,675,000)</u>
<u>(2,675,000)</u>	<u>-</u>	<u>-</u>
(683,000)	364,299	3,246,433
<u>3,923,411</u>	<u>1,197,201</u>	<u>10,223,639</u>
<u>\$ 3,240,411</u>	<u>\$ 1,561,500</u>	<u>\$ 13,470,072</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2011

Net change in fund balances - total governmental funds (page 33) \$ 3,246,433

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

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

Capital outlays	\$ 2,695,178	
Depreciation expense	<u>(2,814,661)</u>	(119,483)

Debt issuance costs are reported in governmental funds as expenditures. However, these costs are reported in the Statement of Net Assets and are allocated over the life of the bond as amortization expense in the Statement of Activities.		(13,376)
--	--	----------

Repayment of long-term debt principal and payments to refund bonds are expenditures in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		2,800,000
---	--	-----------

Some expenses in the Statement of Activities differ from the amount reported in the governmental funds because they are recorded as an expenditure in the funds when due. In the Statement of Activities, they are recognized as the expense accrues, regardless of when it is due.

Interest on long-term debt	6,389	
Other postemployment benefits	<u>(1,101,697)</u>	<u>(1,095,308)</u>

Change in net assets of governmental activities (page 26) \$ 4,818,266

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

June 30, 2011

	<u>Total Proprietary Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,353,911
Accounts receivable	16,333
Accrued interest receivable	255
Prepaid expenses	4,337
Inventories	41,673
Capital assets, net of accumulated depreciation	<u>576,800</u>
Total assets	<u>1,993,309</u>
LIABILITIES	
Accounts payable	41,790
Accrued expenses	46,732
Salaries and benefits payable	58,886
Due to other funds	<u>275,000</u>
Total liabilities	<u>422,408</u>
NET ASSETS	
Invested in capital assets, net of related debt	576,800
Unrestricted	<u>994,101</u>
Total net assets	<u>\$ 1,570,901</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

Year Ended June 30, 2011

	<u>Total Proprietary Funds</u>
Operating revenues:	
Local sources:	
Charges for services	\$ 3,206,027
State sources	<u>57,675</u>
Total operating revenues	<u>3,263,702</u>
Operating expenses:	
Support services:	
Administrative services	124,932
Operation and maintenance of plant services	<u>79,801</u>
Total support services	<u>204,733</u>
Non-instructional programs:	
Salaries	1,546,523
Benefits	343,918
Purchased supplies	8,586
Supplies	1,794,232
Depreciation	<u>108,877</u>
Total non-instructional programs	<u>3,802,136</u>
Total operating expenses	<u>4,006,869</u>
Operating loss	<u>(743,167)</u>
Nonoperating revenues:	
State sources	19,485
Federal sources	842,058
Interest income	<u>1,581</u>
Total nonoperating revenues	<u>863,124</u>
Net income	<u>119,957</u>
Net assets, beginning of year	<u>1,450,944</u>
Net assets, end of year	<u>\$ 1,570,901</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2011

	<u>Total Proprietary Funds</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,352,522
Cash received from day care activities	1,596,495
Cash received from printing	166,185
Cash received from concession sales	146,571
Cash received from student-built houses	1,751
Cash payments to employees for services	(1,902,156)
Cash payments to suppliers for goods or services	<u>(1,737,609)</u>
Net cash used in operating activities	<u>(376,241)</u>
Cash flows from non-capital financing activities:	
State grants received	19,485
Federal grants received	<u>842,058</u>
Net cash provided by non-capital financing activities	<u>861,543</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(43,041)</u>
Cash flows from investing activities:	
Interest on investments	<u>1,349</u>
Net increase in cash and cash equivalents	443,610
Cash and cash equivalents, beginning of year	<u>910,301</u>
Cash and cash equivalents, end of year	<u>\$ 1,353,911</u>

	<u>Total Proprietary Funds</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (743,167)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	108,876
Increase in inventories	(14,648)
Increase in accounts receivable	(176)
Increase in prepaid expenses	(4,172)
Increase in accounts payable	5,879
Decrease in salaries and benefits payable	(11,715)
Increase in due to other funds	275,000
Increase in accrued expenses	<u>7,882</u>
Net cash used in operating activities	<u>\$ (376,241)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$131,809 of federal commodities.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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 - committed, assigned and then unassigned fund balances.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

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

C. Measurement Focus and Basis of Accounting (continued)

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

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

D. Use of Estimates in Preparing Financial Statements

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

E. Assets, Liabilities and Fund Equity

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 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. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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

Furniture and equipment:

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

No threshold exists for land, buildings, or improvements.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

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

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

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.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in other spendable classifications.

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

F. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The District's deposits, totaling \$5,328,909 excluding cash held for agency funds, in banks 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; 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 as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 9,117,499</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(2) **Cash and Pooled Investments** (continued)

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

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

The detail of interfund receivables and payables at June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Proprietary Funds	\$ <u>275,000</u>

(4) **Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Benton County SILO	\$ <u>2,675,000</u>

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

(5) **Capital Assets**

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,509,334	\$ -	\$ -	\$ 2,509,334
Construction in progress	<u>24,947,327</u>	<u>1,405,495</u>	<u>24,916,573</u>	<u>1,436,249</u>
Total capital assets not being depreciated	<u>27,456,661</u>	<u>1,405,495</u>	<u>24,916,573</u>	<u>3,945,583</u>
Governmental activities:				
Capital assets being depreciated:				
Buildings	70,433,469	25,128,356	-	95,561,825
Improvements other than buildings	5,551,392	311,895	-	5,863,287
Furniture and equipment	<u>12,416,561</u>	<u>766,005</u>	<u>3,763,462</u>	<u>9,419,104</u>
Total capital assets being depreciated	<u>88,401,422</u>	<u>26,206,256</u>	<u>3,763,462</u>	<u>110,844,216</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(5) Capital Assets (continued)

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Less accumulated depreciation for:				
Buildings	19,942,840	1,754,490	-	21,697,330
Improvements other than buildings	1,567,254	285,367	-	1,852,621
Furniture and equipment	<u>10,405,411</u>	<u>774,804</u>	<u>3,763,462</u>	<u>7,416,753</u>
Total accumulated depreciation	<u>31,915,505</u>	<u>2,814,661</u>	<u>3,763,462</u>	<u>30,966,704</u>
Governmental activities capital assets, net	<u>\$83,942,578</u>	<u>\$24,797,090</u>	<u>\$24,916,573</u>	<u>\$83,823,095</u>
Business-type activities:				
Furniture and equipment	\$ 1,770,969	\$ 43,041	\$ 90,069	\$ 1,723,941
Less accumulated depreciation	<u>1,128,334</u>	<u>108,876</u>	<u>90,069</u>	<u>1,147,141</u>
Business-type activities capital assets, net	<u>\$ 642,635</u>	<u>\$ (65,835)</u>	<u>\$ -</u>	<u>\$ 576,800</u>

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

Governmental activities:	
Instruction:	
Regular	\$ 312,687
Special	21,285
Other	37,583
Support services:	
Instructional staff	30,775
Administration	71,781
Operation and maintenance of plant	3,345
Transportation	<u>272,742</u>
	750,198
Unallocated depreciation	<u>2,064,463</u>
Total depreciation expense - governmental activities	<u>\$2,814,661</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(5) Capital Assets (continued)

Business-type activities	
Nutrition services	\$ 91,212
Student-built house	1,164
Day care	906
Enterprise/resale	408
Print services	<u>15,186</u>
 Total depreciation expense - business-type activities	 <u>\$ 108,876</u>

(6) Long-term Liabilities

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Early retirement	\$ 303,587	\$ 154,355	\$ 315,239	\$ 142,703	\$ 142,703
General obligation bonds	64,040,000	-	2,800,000	61,240,000	2,875,000
Net OPEB liability	<u>1,526,224</u>	<u>1,366,190</u>	<u>264,493</u>	<u>2,627,921</u>	<u>-</u>
 Total	 <u>\$ 65,869,811</u>	 <u>\$ 1,520,545</u>	 <u>\$ 3,379,732</u>	 <u>\$ 64,010,624</u>	 <u>\$ 3,017,703</u>

A. Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are available for all employees except bus drivers and are based on classification of employee. At June 30, 2011, the District has obligations to five participants with a total liability of \$142,703. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$154,355. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(6) Long-term Liabilities (continued)

B. General Obligation Bonds

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

Year Ending June 30,	Bond Issue of 2005A			Bond Issue of 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	3.05%	\$ 985,000	\$ 30,042	4.50%	\$ 435,000	\$ 1,215,575
2013	-	-	-	4.00%	415,000	1,196,000
2014	-	-	-	4.00%	440,000	1,179,400
2015	-	-	-	4.50%	480,000	1,161,800
2016	-	-	-	4.50%	515,000	1,140,200
2017	-	-	-	4.50%	485,000	1,117,025
2018	-	-	-	4.50%	520,000	1,095,200
2019	-	-	-	4.50%	580,000	1,071,800
2020	-	-	-	4.50%	615,000	1,045,700
2021	-	-	-	4.50%	760,000	1,018,025
2022	-	-	-	4.50%	3,925,000	983,825
2023	-	-	-	4.50%	4,115,000	807,200
2024	-	-	-	4.50%	4,310,000	622,025
2025	-	-	-	4.50%	4,520,000	428,075
2026	-	-	-	4.75%	4,730,000	224,675
Total		\$ 985,000	\$ 30,042		\$ 26,845,000	\$ 14,306,525

Year Ending June 30,	Bond Issue of 2007			Bond Issue of 2008		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	3.75%	\$ 255,000	\$ 359,921	4.00%	\$ -	\$ 375,950
2013	3.75%	255,000	350,359	4.00%	-	375,950
2014	3.75%	255,000	340,796	4.00%	-	375,950
2015	3.75%	255,000	331,234	4.00%	-	375,950
2016	3.75%	260,000	321,671	4.00%	115,000	375,950
2017	3.75%	260,000	311,921	4.00%	2,190,000	371,350
2018	3.80%	255,000	302,171	4.75%	1,415,000	283,750
2019	3.85%	265,000	292,482	3.50%	1,600,000	223,612
2020	3.85%	260,000	282,279	3.55%	1,735,000	167,612
2021	3.88%	265,000	272,269	3.60%	2,945,000	106,020
2022	4.00%	270,000	262,000	-	-	-
2023	4.00%	265,000	251,200	-	-	-
2024	4.00%	265,000	240,600	-	-	-
2025	4.00%	260,000	230,000	-	-	-
2026	4.00%	265,000	219,600	-	-	-
2027	4.00%	5,225,000	209,000	-	-	-
Total		\$ 9,135,000	\$ 4,577,503		\$ 10,000,000	\$ 3,032,094

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

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

B. General Obligation Bonds (continued)

Year Ending June 30,	Bond Issue of 2009A			Bond Issue of 2009B		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	2.10%	\$ 1,100,000	\$ 240,420	2.75%	\$ 100,000	\$ 202,226
2013	2.40%	1,250,000	217,320	2.75%	1,050,000	199,476
2014	2.80%	1,400,000	187,320	2.75%	1,000,000	170,600
2015	3.10%	1,900,000	148,120	3.00%	400,000	143,100
2016	3.30%	2,300,000	89,220	3.25%	100,000	131,100
2017	3.60%	370,000	13,320	3.50%	100,000	127,850
2018	-	-	-	3.75%	1,100,000	124,350
2019	-	-	-	3.90%	1,100,000	83,100
2020	-	-	-	4.00%	1,005,000	40,200
Total		\$ 8,320,000	\$ 895,720		\$ 5,955,000	\$ 1,222,002

Year Ending June 30,	Total	
	Principal	Interest
2012	\$ 2,875,000	\$ 2,424,134
2013	2,970,000	2,339,105
2014	3,095,000	2,254,066
2015	3,035,000	2,160,204
2016	3,290,000	2,058,141
2017	3,405,000	1,941,466
2018	3,290,000	1,805,471
2019	3,545,000	1,670,993
2020	3,615,000	1,535,791
2021	3,970,000	1,396,314
2022	4,195,000	1,245,825
2023	4,380,000	1,058,400
2024	4,575,000	862,625
2025	4,780,000	658,075
2026	4,995,000	444,275
2027	5,225,000	209,000
Total	\$ 61,240,000	\$ 24,063,886

In 2010, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2011, \$14.35 million of outstanding bonds are considered defeased.

(7) **Pension and Retirement Benefits**

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(7) Pension and Retirement Benefits (continued)

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$2,091,872, \$1,948,656 and \$1,830,797, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

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

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

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

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

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

Annual required contribution	\$1,328,034
Interest on net OPEB obligation	38,156
Adjustment to annual required contribution	-
Annual OPEB cost	<u>1,366,190</u>
Contributions made	<u>264,493</u>
Increase in net OPEB obligation	<u>1,101,697</u>
Net OPEB obligation, beginning of year	<u>1,526,224</u>
Net OPEB obligation, end of year	<u>\$2,627,921</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(8) Other Postemployment Benefits (OPEB) (continued)

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

For the year ended June 30, 2011, the District contributed \$264,493 to the medical plan. Plan members eligible for benefits contributed \$58,965, or 18.2% of the premium costs.

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

Year Ended June 30,	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 938,894	18.3%	\$ 767,537
2010	922,305	17.7%	1,526,224
2011	1,366,190	19.4%	2,627,921

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 \$8,618,405, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,618,405. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$29,189,620, and the ratio of the UAAL to covered payroll was 29.5%. 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 reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(8) Other Postemployment Benefits (OPEB) (continued)

As of the July 1, 2010 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumption includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

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

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$1,719,630 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(11) Construction and Other Commitments

The District entered into various contracts totaling \$4,707,577 for additions to several facilities. As of June 30, 2011, costs of \$1,335,655 had been incurred on the contracts. The balance remaining at June 30, 2011 of \$3,371,992 will be paid when work on the projects progresses.

(12) Deficit Balance

The Proprietary - Student Built House had a deficit balance of \$296,198 at June 30, 2011. The District will cut back on supplies and sell the next house at a profit to accommodate for the deficit.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(13) Accounting Change/Restatement

Government 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 reclassifications is as follows:

	Capital Projects, Physical Plant and <u>Equipment Levy</u>	Special Revenue, Physical Plant and <u>Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ -	\$ 694,052
Change in fund type classification per implementation of GASB Statement No. 54	<u>694,052</u>	<u>(694,052)</u>
Balances July 1, 2010, as restated	<u>\$ 694,052</u>	<u>\$ -</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2011

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total Actual</u>
REVENUES:			
Local sources	\$ 34,436,853	\$ 3,207,608	\$ 37,644,461
State sources	19,794,883	77,160	19,872,043
Federal sources	<u>2,967,785</u>	<u>842,058</u>	<u>3,809,843</u>
Total revenues	<u>57,199,521</u>	<u>4,126,826</u>	<u>61,326,347</u>
EXPENDITURES:			
Instruction	30,283,256	-	30,283,256
Support services	13,876,407	204,733	14,081,140
Non-instructional programs	32,611	3,802,136	3,834,747
Other expenditures	<u>9,760,814</u>	<u>-</u>	<u>9,760,814</u>
Total expenditures	<u>53,953,088</u>	<u>4,006,869</u>	<u>57,959,957</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,246,433	119,957	3,366,390
OTHER FINANCING SOURCES, NET	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	3,246,433	119,957	3,366,390
BALANCES, BEGINNING OF YEAR	<u>10,223,639</u>	<u>1,450,944</u>	<u>11,674,583</u>
BALANCES, END OF YEAR	<u>\$ 13,470,072</u>	<u>\$ 1,570,901</u>	<u>\$ 15,040,973</u>

Budgeted Amounts		Final to Variance Positive/ (Negative)
Original	Final	
\$ 36,311,504	\$ 36,311,504	\$ 1,332,957
21,751,962	21,751,962	(1,879,919)
<u>1,422,650</u>	<u>1,422,650</u>	<u>2,387,193</u>
<u>59,486,116</u>	<u>59,486,116</u>	<u>1,840,231</u>
32,837,716	32,837,716	2,554,460
12,927,569	14,270,751	189,611
3,684,332	3,918,844	84,097
<u>9,287,581</u>	<u>10,567,698</u>	<u>806,884</u>
<u>58,737,198</u>	<u>61,595,009</u>	<u>3,635,052</u>
748,918	(2,108,893)	5,475,283
<u>-</u>	<u>-</u>	<u>-</u>
748,918	(2,108,893)	5,475,283
<u>9,534,429</u>	<u>9,534,429</u>	<u>2,140,154</u>
<u>\$ 10,283,347</u>	<u>\$ 7,425,536</u>	<u>\$ 7,615,437</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information- Budgetary Reporting

Year Ended June 30, 2011

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$2,857,811.

During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2009	July 1, 2008	\$ -	\$ 6,586	\$ 6,586	0.0%	\$ 25,479	25.9%
2010	July 1, 2008	-	6,586	6,586	0.0%	27,414	24.1%
2011	July 1, 2010	-	8,618	8,618	0.0%	29,190	29.5%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 566,390	\$ 980,964	\$ 1,547,354
Receivables:			
Property tax:			
Delinquent	-	11,903	11,903
Succeeding year	-	1,491,012	1,491,012
Accrued interest	119	204	323
Due from other governments	6,328	-	6,328
Prepaid expenses	<u>16,575</u>	<u>-</u>	<u>16,575</u>
Total assets	<u>\$ 589,412</u>	<u>\$ 2,484,083</u>	<u>\$ 3,073,495</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 16,464	\$ 608	\$ 17,072
Due to other governments	3,911	-	3,911
Deferred revenue-succeeding year property tax	<u>-</u>	<u>1,491,012</u>	<u>1,491,012</u>
Total liabilities	<u>20,375</u>	<u>1,491,620</u>	<u>1,511,995</u>
Fund balances:			
Nonspendable	16,575	-	16,575
Restricted for:			
Student activities	552,462	-	552,462
Physical plant and equipment	<u>-</u>	<u>992,463</u>	<u>992,463</u>
Total fund balances	<u>569,037</u>	<u>992,463</u>	<u>1,561,500</u>
Total liabilities and fund balances	<u>\$ 589,412</u>	<u>\$ 2,484,083</u>	<u>\$ 3,073,495</u>

COLLEGE COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2011

	Special Revenue	Capital Projects	
	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 1,529,889	\$ 1,529,889
Other	743,953	4,363	748,316
State sources	-	384	384
Federal sources	-	8,028	8,028
	743,953	1,542,664	2,286,617
Total revenues			
Expenditures:			
Instruction:			
Other instruction	669,481	-	669,481
Support services:			
Instructional staff services	-	263,020	263,020
Administrative services	-	5	5
Transportation services	8,584	306,224	314,808
Other expenditures:			
Facilities acquisition	-	675,004	675,004
	678,065	1,244,253	1,922,318
Total expenditures			
Excess of revenues over expenditures	65,888	298,411	364,299
Fund balances, beginning of year, as restated	503,149	694,052	1,197,201
Fund balances, end of year	\$ 569,037	\$ 992,463	\$ 1,561,500

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Individual Student Activity Accounts

Year Ended June 30, 2011

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student activity account:				
Athletic:				
General	\$ 60,094	\$ 109,245	\$ 113,181	\$ 56,158
Student clubs:				
Advisory	54,933	24,047	14,584	64,396
Co-curricular activities:				
High school	4,935	7,462	9,009	3,388
Prairie Crest	9,955	6,360	4,956	11,359
Prairie Heights	12,968	9,379	9,314	13,033
Prairie Ridge	1,148	9,736	8,571	2,313
Prairie View	4,356	3,730	7,384	702
Prairie Edge	1,480	363	12	1,831
Prairie Point	63,885	9,982	14,111	59,756
Prairie Creek	597	22,245	20,379	2,463
Student Council	14,233	14,436	11,788	16,881
Class of:				
2009	2,404	-	2,172	232
2010	402	-	402	-
2011	8,299	1,293	5,790	3,802
2012	1,041	11,527	7,501	5,067
2013	-	1,061	701	360
Baseball Club	4,085	27,098	20,744	10,439
Softball Club	2,477	11,647	11,884	2,240
Performing Arts Club	3,887	1,360	3,781	1,466
Special Olympics	40	1,505	1,505	40
10-11 Yearbook	2,560	8,631	4,367	6,824
09-10 Yearbook	2,051	965	3,001	15
SADD Organization	140	-	-	140
Spring and Fall Plays	259	1,548	1,019	788
German Club	2,258	13,090	-	15,348
Student Vending	3,093	32,047	32,830	2,310
Letterman's Club	8,357	12,290	10,209	10,438
Girls Track Club	2,851	9,006	6,910	4,947
Boys Track Club	4,253	20,000	22,501	1,752
Volleyball Club	17,875	40,926	32,332	26,469
Art Activity	1,062	160	501	721
Keimig Activity	188	106	-	294
Klein Activity	62	574	636	-
Competition Cheerleading	2,158	-	33	2,125

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule 3

Schedule of Changes in Individual Student Activity Accounts

Year Ended June 30, 2011

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student clubs (continued):				
Instrumental Music	\$ 545	\$ 6,025	\$ 6,364	\$ 206
Cheerleading	9,927	18,662	17,116	11,473
Football Club	3,274	5,885	8,060	1,099
Business Prof./America	13,880	30,224	32,877	11,227
Boys Tennis Club	322	315	512	125
Girls Tennis Club	665	1,729	1,842	552
Thompson Activity	135	62	62	135
Dalton Activity	1,065	97	720	442
Bowling Club	187	1,913	1,225	875
Moeller Activity	3	-	-	3
Boys Soccer Club	3,937	8,348	8,187	4,098
Girls Soccer Club	8,310	16,410	12,228	12,492
Wrestling Club	27,267	26,616	31,183	22,700
Music Trip	88,123	62,633	9,932	140,824
SAVE	1,829	3	-	1,832
Prairie Dance Team Club	7,640	31,269	33,942	4,967
Instrumental Activity	1,014	14,069	12,381	2,702
Hawk Talk - General	2,167	2,563	3,136	1,594
Electric Car Club	-	3,737	2,757	980
Washington Trip	3,808	41,255	42,400	2,663
Girls Basketball Club	2,178	2,352	3,535	995
Boys Basketball Club	4,366	16,370	16,489	4,247
Vocal Music	14,053	24,947	32,395	6,605
Musical	1,192	1,014	932	1,274
National Honor Society	704	240	944	-
One and Two Act Plays	660	308	426	542
Girls Golf Club	1,057	1,216	1,188	1,085
Boys Golf Club	2,197	3,453	3,537	2,113
VICA Club	2,657	1,811	4,106	362
PE Club	1,077	508	1,119	466
Student mentors	217	-	-	217
Best Buddies	-	2,176	1,671	505
Graphics Club	-	25	(52)	77
Family Career Community Leaders	-	2,929	1,735	1,194
Band Uniforms	-	105	-	105
Drama	258	2,825	3,011	72
Science National Honor Society	49	43	-	92
Total student clubs	<u>443,055</u>	<u>634,711</u>	<u>564,887</u>	<u>512,879</u>
Total	<u>\$ 503,149</u>	<u>\$ 743,956</u>	<u>\$ 678,068</u>	<u>\$ 569,037</u>

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2011

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

For the Last Nine Years

	Modified Accrual Basis				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:					
Local sources:					
Local tax	\$ 24,219,102	\$ 22,093,711	\$ 20,945,968	\$ 20,361,901	\$ 20,086,865
Tuition	4,312,674	3,663,733	3,333,102	3,549,899	3,490,482
Other	5,905,077	5,999,103	5,736,360	6,659,201	3,385,477
Intermediate sources	-	-	-	-	-
State sources	19,794,883	17,314,281	18,005,005	17,104,669	14,985,960
Federal sources	2,967,785	3,231,491	1,387,306	943,920	681,553
Total revenues	<u>\$ 57,199,521</u>	<u>\$ 52,302,319</u>	<u>\$ 49,407,741</u>	<u>\$ 48,619,590</u>	<u>\$ 42,630,337</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 18,906,433	\$ 19,208,996	\$ 16,819,529	\$ 16,265,900	\$ 14,419,478
Special instruction	7,303,228	6,752,971	6,448,388	5,829,626	5,549,502
Other instruction	4,073,595	4,051,048	3,925,508	3,186,826	3,146,535
Support services:					
Student services	1,588,468	1,417,533	1,148,780	894,530	914,795
Instructional staff services	2,604,179	2,450,988	2,393,970	1,842,438	1,798,291
Administration services	3,743,217	3,809,772	3,321,006	3,148,693	3,159,628
Operation and maintenance of plant services	3,864,337	3,667,250	3,158,914	3,169,968	2,907,370
Transportation services	2,076,206	1,994,335	1,733,199	1,561,871	1,645,811
Non-instructional programs	32,611	-	-	-	-
Other expenditures:					
Facilities acquisition	2,737,713	1,837,000	12,971,023	23,729,926	5,096,572
Long-term debt:					
Principal	2,800,000	3,110,000	3,596,000	12,638,000	2,096,000
Debt issuance costs	-	147,134	-	-	-
Interest and other charges	2,503,471	2,651,037	2,968,168	3,153,022	2,760,324
AEA Flowthrough	1,719,630	1,638,722	1,397,624	1,290,071	1,162,546
Total expenditures	<u>\$ 53,953,088</u>	<u>\$ 52,736,786</u>	<u>\$ 59,882,109</u>	<u>\$ 76,710,871</u>	<u>\$ 44,656,852</u>

Schedule 5

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 16,951,789	\$ 16,822,033	\$ 15,005,818	\$ 14,562,655
3,716,232	3,668,389	3,434,496	3,651,132
1,891,034	1,655,059	1,456,602	1,625,747
-	-	3,917	10,902
13,320,215	11,996,479	11,027,872	10,563,673
<u>841,765</u>	<u>680,771</u>	<u>536,924</u>	<u>529,434</u>
<u>\$ 36,721,035</u>	<u>\$ 34,822,731</u>	<u>\$ 31,465,629</u>	<u>\$ 30,943,543</u>
\$ 13,299,906	\$ 12,114,110	\$ 11,208,657	\$ 10,291,874
5,236,403	6,383,557	6,273,271	5,700,649
2,899,110	2,026,955	1,688,377	1,888,385
970,198	997,383	922,990	795,475
1,959,626	2,004,418	1,793,657	1,720,285
3,024,768	2,743,755	2,170,023	1,992,035
2,833,886	2,709,306	2,331,951	1,947,185
1,592,256	1,329,826	1,197,953	1,182,336
-	-	-	-
2,157,313	619,704	5,078,613	8,718,040
1,939,000	12,340,000	1,760,000	8,550,000
-	-	-	-
1,565,105	2,204,667	1,685,228	2,694,993
<u>1,039,137</u>	<u>952,080</u>	<u>908,084</u>	<u>915,906</u>
<u>\$ 38,516,708</u>	<u>\$ 46,425,761</u>	<u>\$ 37,018,804</u>	<u>\$ 46,397,163</u>

See independent auditor's report.

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture: Iowa Department of Education: Child Nutrition Cluster: School Breakfast Program		10.553	\$ 105,517
National School Lunch Program	(4)	10.555	<u>736,541</u>
Total U.S. Department of Agriculture			<u>842,058</u>
U.S. Department of Education: Carol M. White Fund for the Improvement of Education	(5)	84.215F	128,163
Iowa Department of Education: Title I - Grants to Local Educational Agencies	(2)	84.010	314,364
Title I - For Delinquent Education for Homeless Children and Youth		84.013	15,327
Advanced Placement		84.196	22,043
Improving Teacher Quality State Grants (Title II)		84.330	456
Grants for State Assessments and Related Activities (Title IV-A)		84.367	79,897
ARRA - Education of Homeless Children and Youth, Recovery Act		84.369	29,042
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	(2)	84.387	16,495
ARRA - Special Education Grants to States, Recovery Act	(1)	84.389	103,509
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	(3)	84.391	290,303
Iowa Department of Transportation ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	(3)	84.394	432,393
Iowa Department of Education: Education Jobs Fund		84.397	196,239
Passed through Grant Wood Area Education Agency: Special Education - Grants to States Idea Part B Flowthrough	(1)	84.410	835,982
Vocational Education-Basic Grants to States		84.027	110,225
Title III - English Language Learning		84.048A	21,051
		84.365	<u>5,953</u>
Total U.S. Department of Education			<u>2,601,442</u>

COLLEGE COMMUNITY SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Defense: Passed through Johnson County: Payments to States in Lieu of Real Estate Taxes (Flood Control Payments)	12.112		<u>8,028</u>
Total			<u><u>\$3,451,528</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COLLEGE COMMUNITY SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Note 1 - Basis of Presentation

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

Note 2 - Cluster Totals and Noncash Awards

- (1) Total for Special Education Cluster (IDEA) is \$400,528.
- (2) Total for Title I Cluster is \$417,873.
- (3) Total for ARRA - State Fiscal Stabilization Fund (SFSF), Education State Grants, Recovery Act is \$628,632.
- (4) Includes \$131,809 of non-cash awards.
- (5) Award is direct.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Community School District, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

College Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. While we have expressed our conclusions on College Community School District's responses, we did not audit College Community School District's responses and, accordingly, we express no opinion on them.

We noted certain other matters that we reported to management of the District in a separate letter date December 13, 2011.

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

Clifton Gunderson LLP

Cedar Rapids, Iowa
December 13, 2011

**Independent Auditor's Report on Compliance with Requirements that
Could Have a Direct and Material Effect on Each Major Program and on Internal
Control over Compliance in Accordance with OMB Circular A-133**

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

Compliance

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

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

In our opinion, College Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and are described as items 1-B-11, 2-B-11, and 4-B-11 in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over compliance we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 1-B-11, 2-B-11, 3-B-11, and 4-B-11. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

College Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit College Community School District's responses and, accordingly, we express no opinion on them.

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

Clifton Henderson LLP

Cedar Rapids, Iowa
December 13, 2011

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

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

Internal control over major programs:

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>State Fiscal Stabilization Cluster</u>
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Grants to States, Recovery Act
84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act
	<u>Child Nutrition Cluster</u>
10.555	National School Lunch Program (NSLP)
10.553	School Breakfast Program (SBP)

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

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

Federal Awards (continued)

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>Title I, Part A Cluster</u>
84.010	Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)
84.389	Title I Grants to Local Educational Agencies, Recovery Act
	<u>Special Education Cluster (IDEA)</u>
84.027	Special Education - Grants to States (IDEA, Part B)
84.391	Special Education - Grants to States (IDEA, Part B), Recovery Act
84.410	<u>Education Jobs Fund</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes No

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part II: Findings Related to the General Purpose Financial Statements

No matters were reported.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards:

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: national School Lunch Program
Federal Award Year: 2011
U.S. Department of Agriculture
Passed through the Iowa Department of Education

1-B-11: Internal Control and Compliance Over Verification Activity

Criteria:

College Community School District has the responsibility to establish controls to ensure compliance that verification activity will be done using the number of approved applications as of October 1st and be completed by November 15th.

Condition:

There was a lack of controls ensuring that verification activity will be completed by the deadline and include proper information.

Context:

During our audit over compliance we found that College Community School District did not complete verification activity by the deadline of November 15th and the number of approved applications was taken as of October 31st rather than October 1st.

Effect:

The wrong number of approved applications were reported and the deadline was not met.

Cause:

Mistakes were due to confusion about the deadline and criteria pull date.

Recommendation:

Establish controls to ensure that the program will be in compliance, such as setting reminders for when verification activity is due and assigning a reviewer to verify information.

Management Response:

Controls will be established. The School District also intends to hire another staff member to assist the director of nutrition in completing verifications and meeting deadlines.

Conclusion:

Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards: (continued)

CFDA Number 10.553: School Breakfast Program and

CFDA Number 10.555: national School Lunch Program

Federal Award Year: 2011

U.S. Department of Agriculture

Passed through the Iowa Department of Education

2-B-11: Internal Control and Compliance Over Excess Cash

Criteria:

College Community School District has the responsibility to establish controls to help ensure that the program is in compliance with cash limits of having no more than three months of average monthly expenditures.

Condition:

There was lack of controls ensuring that the nutrition fund was in compliance with cash limits.

Context:

During our audit over compliance we found that College Community School District's nutrition fund cash balance exceeded three months of average monthly expenditures.

Effect:

As a result of this condition, controls in place did not detect that cash was in excess of limits.

Cause:

Steps towards implementing controls and response procedures were not made.

Recommendation:

Establish controls to ensure the program is in compliance. On a monthly basis calculate the average amount of operating expenses for three months and determine if the program is in compliance. Take steps to ensure cash balances are within compliance.

Management Response:

Controls will be established. The School District intends to decrease the excess balance by purchasing new equipment and hiring an office staff member to assist the director of nutrition.

Conclusion:

Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards: (continued)

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2011
U.S. Department of Agriculture
Passed through the Iowa Department of Education

3-B-11: Internal Control Over Debarment

Criteria:

College Community School District has the responsibility to establish controls to ensure that vendors are not included on the Federal Debarment listing.

Condition:

Vendor testing of debarment was not performed.

Context:

During our review over internal controls we found that College Community School District did not test debarment status of vendors.

Effect:

There is a higher risk that vendors on the debarment listing could have been selected in the procurement process.

Cause:

The funding agency for federal awards provided limited guidance over compliance and control procedures over debarment, therefore resulting in an unawareness of compliance procedures by the District.

Recommendation:

Establish documentation and control procedures to ensure that vendors debarment status is being checked and documented by the Director of Nutrition.

Management Response:

Controls will be established. Debarment status of vendors will be inspected on debarment website and vendor status report will be printed and retained on file.

Conclusion:

Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards: (continued)

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: national School Lunch Program
Federal Award Year: 2011
U.S. Department of Agriculture
Passed through the Iowa Department of Education

4-B-11: Internal Control and Compliance Over Contracts

Criteria:

College Community School District has the responsibility to establish internal controls to ensure that procurement procedures are in compliance with state procurement guidelines.

Condition:

Formal contracts were not created for vendors with over \$100,000 of expenditures.

Context:

During our audit over compliance we found that College Community School District did not create a formal contract with a vendor having transactions in excess of \$100,000.

Effect:

A formal contract was not created.

Cause:

The funding agency for federal awards provided limited guidance over compliance and control procedures over contracts, therefore resulting in an unawareness of compliance procedures by the District.

Recommendation:

Establish controls to determine when vendors are required to have a formal contract and establish controls over procurement procedures.

Management Response:

Controls will be established.

Conclusion:

Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-10 Certified Budget - Expenditures for the year ended June 30, 2011 did not exceed the amended certified budget amounts in accordance with chapter 384.20 of the Code of Iowa.
- IV-B-10 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-10 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-10 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-10 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-10 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- IV-G-10 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Department of Education were noted.
- IV-H-10 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-10 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-J-10 Deficit Balance - The District had a deficit balance in the Proprietary - Student Built House Fund.

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

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

Conclusion - Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

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

- IV-K-10 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-L-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

COLLEGE COMMUNITY SCHOOL DISTRICT
Corrective Action Plan for Federal Audit Findings
Year Ended June 30, 2011

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title Phone Number</u>	<u>Anticipated Date of Completion</u>
1-B-11	Internal Control and Compliance Over Verification Activity	Establish controls to ensure that the program will be in compliance, such as setting reminders for when verification activity is due and assigning a reviewer to verify information.	Julie Hauser, Director of Nutrition (319) 848-5200	11/30/2011
2-B-11	Internal Control and Compliance Over Excess Cash	Establish controls to ensure the program is in compliance. On a monthly basis, calculate the average amount of operating expenses for three months and determine if the program is in compliance. Take steps to ensure cash balances are within compliance.	Julie Hauser, Director of Nutrition (319) 848-5200	11/30/2011
3-B-11	Internal Control Over Debarment	Establish documentation and control procedures to ensure that vendors debarment status is being checked and documented.	Julie Hauser, Director of Nutrition (319) 848-5200	11/30/2011
4-B-11	Internal Control and Compliance Over Contracts	Establish controls to determine when vendors are required to have a formal contract and establish controls over procurement procedures.	Julie Hauser, Director of Nutrition (319) 848-5200	7/31/2011

COLLEGE COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Federal Audit Findings
Year Ended June 30, 2011

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not corrected, provide planned corrective action or other explanation.</u>
--------------------------	----------------------	---------------	--

No matters were reported.



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

Management
College Community School District
Cedar Rapids, Iowa 52404

Dear management:

We have completed our audit of the College Community School District financial statements as of and for the year ended June 30, 2011, and have issued our report dated . In connection with our audit engagement, we noted the following matter which we would like to bring to your attention.

Through our audit procedures and discussions with management, it came to our attention that there are missing funds from a book sale fundraising event. Due to these missing funds, we recommend the District look at alternatives for running fundraisers. One possible suggestion is to have the sponsor run the fundraiser and maintain control of the funds received. Then after the event has concluded, transmit the monies to the District in accordance with their agreement. Another suggestion is to keep the process status quo as amended from the situation, but add another control to the process. The principal of the school building should reconcile the sales of that day to the monies received and maintain documentation for a year afterwards. This reconciliation should be reviewed by the Director of Business Services after the event has concluded.

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

CliftonLarsonAllen LLP

Cedar Rapids, Iowa