

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

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

JUNE 30, 2012

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Central Community Schools of Clinton County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2011 Election)</b>		
Dennis Campbell	President	2011
Christy Kunz	Vice President	2011
Kurt Rickard	Board Member	2013
Bill Turnis	Board Member (Resigned August 2011)	2013
Pam Hill	Board Member (Appointed August 2011)	2013
James Irwin, Jr.	Board Member	2011
<b>(After September 2011 Election)</b>		
Christy Kunz	President	2015
James Irwin, Jr.	Vice President	2015
Kurt Rickard	Board Member	2013
Steve Fuglsang	Board Member	2013
Jennifer Naeve	Board Member	2015
<b>School Officials</b>		
Daniel Peterson	Superintendent	2012
Cindy McAleer	District Secretary/Treasurer and Business Manager	2012
Brett Nitzchke	Attorney	2012

**Central Community Schools of Clinton County**

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
**(a professional corporation)**  
**117 West 3rd Street North, Newton, Iowa 50208-3040**  
**Telephone (641) 792-1910**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County, DeWitt, Iowa as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2013 on our consideration of the Central Community Schools of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

**Members American Institute & Iowa Society of Certified Public Accountants**

U.S generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central Community Schools of Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for eight years ended June 30, 2011 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplementary information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

February 14, 2013

## **Management Discussion and Analysis**

Central Community Schools of Clinton County District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **Financial Highlights**

- General Fund revenues increased from \$14,225,376 in fiscal 2011 to \$15,141,529 in fiscal 2012, while General Fund expenditures increased from \$14,060,422 in fiscal 2011 to \$14,413,260 in fiscal 2012. This resulted in an increase in the District's General Fund balance from a deficit \$27,793 in fiscal 2011 to a positive balance of \$700,476 in fiscal 2012.
- The increase in General Fund revenues was attributable to the increase in state funding and property taxes levied. The increase in expenditures was due primarily to increases in negotiated salaries and benefits.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting a Schedule of Funding Progress for the Retiree Health Plan.

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

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

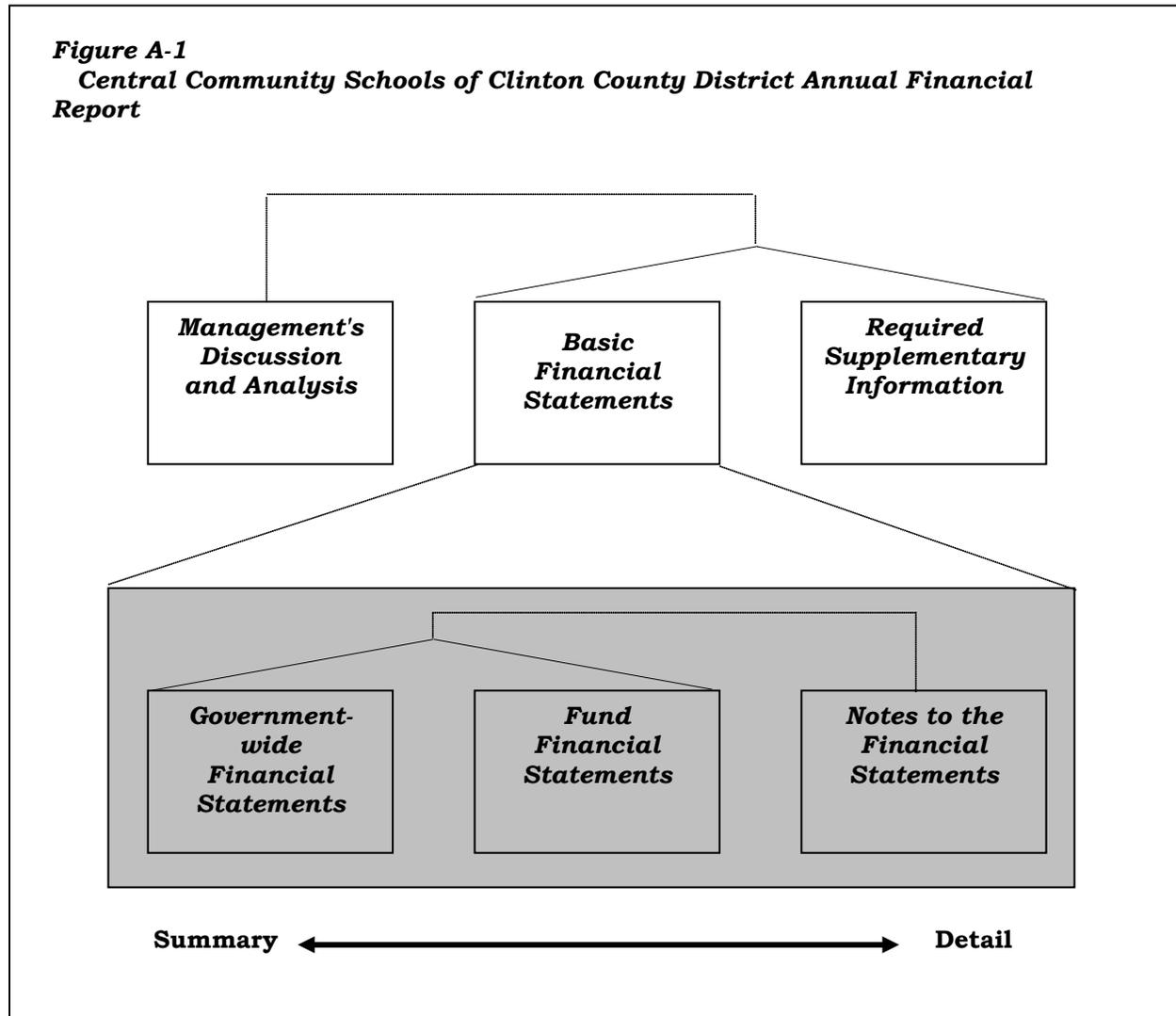


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

**REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES**

**Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3  
Condensed Statement of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30, 2012	2011	June 30, 2012	2011	June 30, 2012	2011	2011-12
Current and other assets	\$ 12,977,221	19,136,435	84,497	142,071	13,061,718	19,278,506	-32.25%
Capital assets	37,376,409	33,520,385	264,099	272,933	37,640,508	33,793,318	11.38%
Total assets	50,353,630	52,656,820	348,596	415,004	50,702,226	53,071,824	-4.46%
Long-term obligations	25,808,139	25,747,341	827	659	25,808,966	25,748,000	0.24%
Other liabilities	8,108,814	9,962,836	15,615	22,074	8,124,429	9,984,910	-18.63%
Total liabilities	33,916,953	35,710,177	16,442	22,733	33,933,395	35,732,910	-5.04%
Net assets:							
Invested in capital assets, net of related debt	12,794,759	13,988,070	264,099	272,933	13,058,858	14,261,003	-8.43%
Restricted	3,083,950	2,989,684	-	-	3,083,950	2,989,684	3.15%
Unrestricted	557,968	(31,111)	68,055	119,338	626,023	88,227	609.56%
Total net assets	\$ 16,436,677	16,946,643	332,154	392,271	16,768,831	17,338,914	-3.29%

The District's combined net assets decreased \$570,083 or 3.29% over the prior year. The largest portion of the District's net assets is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets increased by \$94,266 or 3.15% over the prior year. The increase in restricted net assets can be attributed to the increases in fund balance for the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement – increased \$537,796 or 609.56%. This increase in unrestricted net assets was a result of the increase in the District's General Fund balance.

**Changes in net assets** - Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4 Changes in Net Assets							
	Governmental Activities		Business type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Revenues:							
Program revenues:							
Charges for services	\$ 826,884	807,756	564,203	549,117	1,391,087	1,356,873	2.52%
Operating grants, contributions, and restricted interest	1,269,269	1,579,843	354,138	298,423	1,623,407	1,878,266	-13.57%
Capital grants, contributions, and restricted interest	433,507	2,948,521	26,040	-	459,547	2,948,521	-84.41%
General revenues:							
Property tax	6,083,076	5,713,232	-	-	6,083,076	5,713,232	6.47%
Income surtax	650,863	679,976	-	-	650,863	679,976	-4.28%
Statewide sales, services and use tax	1,287,167	1,210,095	-	-	1,287,167	1,210,095	6.37%
Unrestricted state grants	7,820,678	7,122,761	-	-	7,820,678	7,122,761	9.80%
Nonspecific program federal grants	274,017	189,065	-	-	274,017	189,065	44.93%
Unrestricted investment earnings	47,943	66,021	207	249	48,150	66,270	-27.34%
Other	465,541	331,986	-	8,525	465,541	340,511	36.72%
Gain on sale of assets	-	-	2,856	-	2,856	-	100.00%
Total revenues	19,158,945	20,649,256	947,444	856,314	20,106,389	21,505,570	-6.51%
Program expenses:							
Governmental activities:							
Instruction	11,650,300	9,925,618	-	-	11,650,300	9,925,618	17.38%
Support services	5,338,190	5,388,575	9,766	275	5,347,956	5,388,850	-0.76%
Non-instructional programs	4,800	-	997,795	869,348	1,002,595	869,348	15.33%
Other expenses	2,675,621	2,082,831	-	-	2,675,621	2,082,831	28.46%
Total expenses	19,668,911	17,397,024	1,007,561	869,623	20,676,472	18,266,647	13.19%
Changes in net assets	(509,966)	3,252,232	(60,117)	(13,309)	(570,083)	3,238,923	-117.60%
Net assets beginning of year	16,946,643	13,694,411	392,271	405,580	17,338,914	14,099,991	22.97%
Net assets end of year	\$ 16,436,677	16,946,643	332,154	392,271	16,768,831	17,338,914	-3.29%

In fiscal year 2012, property tax and unrestricted state grants accounted for 72.57% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 96.93% of business type activities revenue.

The District's total revenues were approximately \$20.11 million, of which approximately \$19.16 million was for governmental activities and approximately \$0.95 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 6.51% decrease in revenues and a 13.19% increase in expenses. Property tax increased \$369,844 and unrestricted state grants increased \$697,917 to fund the increase in expenses. The increase in expenses is mainly due to increases in salaries and benefits received by employees of the District.

### Governmental Activities

Revenues for governmental activities were \$19,158,945 and expenses were \$19,668,911.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2012 compared to the year ended June 30, 2011.

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 11,650,300	9,925,618	17.38%	10,225,381	8,361,914	22.29%
Support services	5,338,190	5,388,575	-0.94%	4,811,924	2,346,572	105.06%
Non-instructional programs	4,800	-	100.00%	4,800	-	100.00%
Other expenses	2,675,621	2,082,831	28.46%	2,097,146	1,450,061	44.62%
Totals	<u>\$ 19,668,911</u>	<u>17,397,024</u>	<u>13.06%</u>	<u>17,139,251</u>	<u>12,158,547</u>	<u>40.96%</u>

- The cost financed by users of the Districts programs was \$826,884.
- Federal and state governments along with donations from citizens of the District for construction projects subsidized certain programs with grants and contributions totaling \$1,702,776.
- The net cost of governmental activities was financed with \$6,083,076 in property tax, \$650,863 in income surtax, \$1,287,167 in statewide sales, services and use tax, \$7,820,678 in unrestricted state grants, \$274,017 in nonspecific program federal grants, \$47,943 in interest income and \$465,541 in other general revenues.

### Business type Activities

Revenues of the District's business type activities were \$947,444 and expenses were \$1,007,561. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,566,961, below last year's ending fund balance of \$8,871,576. The primary reason for the decrease in combined fund balances is due to construction proceeds from the District's \$13.95 million general obligation bond issuance and the \$12.045 million revenue bond issuance being spent as work was completed on the athletic complex and middle school addition.

### **Governmental Fund Highlights**

- The District's General Fund balance increased by \$728,269, from a deficit fund balance of \$27,793 at the end of fiscal 2011, to a positive balance of \$700,476 in fiscal 2012. Overall total revenues increased by \$854,338 or 6.44%. The most significant increase was in state sources which had an increase of \$518,532 or 6.30%.
- The Capital Projects Fund balance decreased from a balance of \$6,889,223 at the beginning of the fiscal year 2012 to \$1,933,112. The decrease in fund balance was the result of work being completed on the athletic complex and middle school addition.
- The Debt Service fund balance increased from \$1,662,754 in fiscal 2011 to \$1,670,775 in fiscal 2012. The increase in Debt Service fund balance is due to transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund in excess of debt repayments.

### **PROPRIETARY FUND HIGHLIGHTS**

The Proprietary Fund net assets decreased from \$392,271 at June 30, 2011 to \$332,154 at June 30, 2012, representing a decrease of 15.33%.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the District amended its budget one time to reflect additional expenditures related to construction projects in progress at year end. The District increased expenditures by \$2,341,741.

The District's revenues were \$1,052,795 more than budgeted revenues, a variance of 5.54%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

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

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

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2012, the District had invested \$37,640,508, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 11.38% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$1,380,141.

The original cost of the District's capital assets was \$48,125,304. Governmental funds account for \$47,599,261 with the remainder of \$526,048 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$20,435,289 at June 30, 2011, compared to \$0 at June 30, 2012. The decrease in construction in progress is due to the completion of construction projects at the middle school and athletic complex.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 1,251,215	1,251,215	-	-	1,251,215	1,251,215	0.00%
Construction in progress	-	20,435,289	-	-	-	20,435,289	-100.00%
Buildings	34,383,462	10,265,112	-	-	34,383,462	10,265,112	234.95%
Land improvements	676,803	595,136	-	-	676,803	595,136	13.72%
Machinery and equipment	987,682	886,730	264,099	272,933	1,251,781	1,159,663	7.94%
Intangible assets	77,247	86,903	-	-	77,247	86,903	-11.11%
Total	\$ 37,376,409	33,520,385	264,099	272,933	37,640,508	33,793,318	11.38%

### Long-Term Debt

At June 30, 2012, the District had \$25,808,966 in long-term debt outstanding. This represents an increase of 0.24% over last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had \$13,085,000 in general obligation bonds and \$11,620,000 in revenue bonds outstanding at year ended June 30, 2012.

The District had \$745,797 in a computer lease outstanding at year ended June 30, 2012, which will be paid from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District had total outstanding early retirement payable from the Special Revenue, Management Levy Fund of \$208,311 at June 30, 2012.

The District's net OPEB liability at June 30, 2012 was \$149,858.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental		Business type		Total		Total Change June 30, 2011-12
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2012	2011	2012	2011	2012	2011	
General obligation bonds	\$ 13,085,000	13,530,000	-	-	13,085,000	13,530,000	-3.29%
Revenue bonds	11,620,000	12,045,000	-	-	11,620,000	12,045,000	-3.53%
Computer lease	745,797	-	-	-	745,797	-	100.00%
Early retirement	208,311	45,000	-	-	208,311	45,000	362.91%
Net OPEB liability	149,031	127,341	827	659	149,858	128,000	14.59%
Total	\$ 25,808,139	25,747,341	827	659	25,808,966	25,748,000	0.24%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- Construction of the addition and remodel to the Central Middle and High School has been completed along with the auditorium and gymnasium project. In addition, the outdoor athletic complex was also completed.
- The district continues to have concerns over decreasing enrollment. Enrollment decreased by 29 students from the prior fiscal year.
- The district's solvency ratio increased from a -1.28% to 3.57% due to an increase in the cash reserve levy.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Governmental Activities	Business type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 5,549,536	44,926	5,594,462
Receivables:			
Property tax:			
Delinquent	50,590	-	50,590
Succeeding year	6,263,156	-	6,263,156
Income surtax	630,046	-	630,046
Accounts	53,378	-	53,378
Due from other funds	1,460	-	1,460
Due from other governments	429,055	-	429,055
Inventories	-	39,571	39,571
Capital assets, net of accumulated depreciation	37,376,409	264,099	37,640,508
<b>TOTAL ASSETS</b>	<b>50,353,630</b>	<b>348,596</b>	<b>50,702,226</b>
<b>LIABILITIES</b>			
Accounts payable	118,623	-	118,623
Retainage payable	100,000	-	100,000
Salaries and benefits payable	1,294,397	3,969	1,298,366
Interest payable	326,394	-	326,394
Deferred revenue:			
Succeeding year property tax	6,263,156	-	6,263,156
Other	6,244	-	6,244
Unearned revenue	-	11,646	11,646
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	465,000	-	465,000
Revenue bonds	440,000	-	440,000
Computer lease	241,842	-	241,842
Early retirement	69,437	-	69,437
Portion due after one year:			
General obligation bonds	12,620,000	-	12,620,000
Revenue bonds	11,180,000	-	11,180,000
Computer lease	503,955	-	503,955
Early retirement	138,874	-	138,874
Net OPEB liability	149,031	827	149,858
<b>TOTAL LIABILITIES</b>	<b>33,916,953</b>	<b>16,442</b>	<b>33,933,395</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	12,794,759	264,099	13,058,858
Restricted for:			
Categorical funding	162,568	-	162,568
School infrastructure	945,749	-	945,749
Physical plant and equipment	118,216	-	118,216
Debt service	1,670,775	-	1,670,775
Student activities	99,308	-	99,308
Support trust purposes	87,334	-	87,334
Unrestricted	557,968	68,055	626,023
<b>TOTAL NET ASSETS</b>	<b>\$ 16,436,677</b>	<b>332,154</b>	<b>16,768,831</b>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
<b>Governmental activities:</b>							
Instruction:							
Regular	\$ 7,777,163	399,878	59,830	-	(7,317,455)	-	(7,317,455)
Special	1,938,823	30,497	97,473	-	(1,810,853)	-	(1,810,853)
Other	1,934,314	382,661	454,580	-	(1,097,073)	-	(1,097,073)
	<u>11,650,300</u>	<u>813,036</u>	<u>611,883</u>	<u>-</u>	<u>(10,225,381)</u>	<u>-</u>	<u>(10,225,381)</u>
Support services:							
Student	552,636	-	-	-	(552,636)	-	(552,636)
Instructional staff	623,780	-	25,481	-	(598,299)	-	(598,299)
Administration	1,624,746	-	2,075	-	(1,622,671)	-	(1,622,671)
Operation and maintenance of plant	1,483,577	-	-	433,507	(1,050,070)	-	(1,050,070)
Transportation	1,053,451	13,848	51,355	-	(988,248)	-	(988,248)
	<u>5,338,190</u>	<u>13,848</u>	<u>78,911</u>	<u>433,507</u>	<u>(4,811,924)</u>	<u>-</u>	<u>(4,811,924)</u>
Non-instructional programs:							
Food service operations	4,800	-	-	-	(4,800)	-	(4,800)
Long-term debt interest	1,010,940	-	-	-	(1,010,940)	-	(1,010,940)
Other expenditures:							
AEA flowthrough	578,475	-	578,475	-	-	-	-
Depreciation (unallocated)*	1,086,206	-	-	-	(1,086,206)	-	(1,086,206)
	<u>1,664,681</u>	<u>-</u>	<u>578,475</u>	<u>-</u>	<u>(1,086,206)</u>	<u>-</u>	<u>(1,086,206)</u>
Total governmental activities	19,668,911	826,884	1,269,269	433,507	(17,139,251)	-	(17,139,251)
Business Type activities:							
Support services:							
Administration	235	-	-	-	-	(235)	(235)
Operation and maintenance of plant	9,531	-	-	-	-	(9,531)	(9,531)
	<u>9,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,766)</u>	<u>(9,766)</u>
Non-instructional programs:							
Nutrition services	997,795	564,203	354,138	26,040	-	(53,414)	(53,414)
Total business type activities	1,007,561	564,203	354,138	26,040	-	(63,180)	(63,180)
Total	\$ 20,676,472	1,391,087	1,623,407	459,547	(17,139,251)	(63,180)	(17,202,431)
<b>General Revenues:</b>							
Property tax levied for:							
General purposes				\$ 4,702,757	-		4,702,757
Capital outlay				425,940	-		425,940
Debt service				954,379	-		954,379
Income surtax				650,863	-		650,863
Statewide sales, services and use tax				1,287,167	-		1,287,167
Unrestricted state grants				7,820,678	-		7,820,678
Nonspecific program federal revenues				274,017	-		274,017
Unrestricted investment earnings				47,943	207		48,150
Other general revenues				465,541	-		465,541
Gain on sale of capital assets				-	2,856		2,856
Total general revenues				<u>16,629,285</u>	<u>3,063</u>		<u>16,632,348</u>
Changes in net assets				(509,966)	(60,117)		(570,083)
Net assets beginning of year, as restated				16,946,643	392,271		17,338,914
Net assets end of year				<u>\$ 16,436,677</u>	<u>332,154</u>		<u>16,768,831</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 1,855,757	1,767,606	1,663,189	265,190	5,551,742
Receivables:					
Property tax:					
Delinquent	38,096	3,386	7,586	1,522	50,590
Succeeding year	4,589,766	442,275	966,114	265,001	6,263,156
Income surtax	630,046	0	0	0	630,046
Accounts	33,378	20,000	0	0	53,378
Due from other funds	1,460	0	0	0	1,460
Due from other governments	183,449	244,106	0	1,500	429,055
<b>TOTAL ASSETS</b>	<b>\$ 7,331,952</b>	<b>2,477,373</b>	<b>2,636,889</b>	<b>533,213</b>	<b>12,979,427</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 111,195	1,986	0	5,442	118,623
Retainage payable	0	100,000	0	0	100,000
Salaries and benefits payable	1,294,225	0	0	172	1,294,397
Deferred revenue:					
Succeeding year property tax	4,589,766	442,275	966,114	265,001	6,263,156
Income surtax	630,046	0	0	0	630,046
Other	6,244	0	0	0	6,244
Total liabilities	<b>6,631,476</b>	<b>544,261</b>	<b>966,114</b>	<b>270,615</b>	<b>8,412,466</b>
Fund balances:					
Restricted for:					
Categorical funding	162,568	0	0	0	162,568
Construction	0	869,147	0	0	869,147
School infrastructure	0	945,749	0	0	945,749
Physical plant and equipment	0	118,216	0	0	118,216
Debt service	0	0	1,670,775	0	1,670,775
Management levy purposes	0	0	0	124,988	124,988
Student activities	0	0	0	99,308	99,308
Support trust purposes	0	0	0	87,334	87,334
Unassigned for:					
General fund	537,908	0	0	0	537,908
Student activities	0	0	0	(49,032)	(49,032)
Total fund balances	<b>700,476</b>	<b>1,933,112</b>	<b>1,670,775</b>	<b>262,598</b>	<b>4,566,961</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,331,952</b>	<b>2,477,373</b>	<b>2,636,889</b>	<b>533,213</b>	<b>12,979,427</b>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2012

**Total fund balances of governmental funds (page 20)** \$ 4,566,961

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 37,376,409

Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period. 630,046

Blending of the Internal Service Funds to be reflected on an entity-wide basis. (2,206)

Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (326,394)

Long-term liabilities, including bonds payable, early retirement payable and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (25,808,139)

**Net assets of governmental activities (page 18)** \$ 16,436,677

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
<b>REVENUES:</b>					
Local sources:					
Local tax	\$ 5,151,307	1,713,107	954,379	180,547	7,999,340
Tuition	352,132	-	-	-	352,132
Other	271,963	689,853	1,769	480,136	1,443,721
Intermediate sources	2,600	-	-	-	2,600
State sources	8,750,038	33,725	488	94	8,784,345
Federal sources	555,041	-	-	-	555,041
Total revenues	15,083,081	2,436,685	956,636	660,777	19,137,179
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	6,243,242	1,031,574	-	153,435	7,428,251
Special	1,802,999	-	-	-	1,802,999
Other	1,411,664	-	-	424,362	1,836,026
	9,457,905	1,031,574	-	577,797	11,067,276
Support services:					
Student	419,276	-	-	-	419,276
Instructional staff	491,150	-	-	927	492,077
Administration	1,474,048	2,742	-	5,427	1,482,217
Operation and maintenance of plant	1,210,635	60,364	-	81,919	1,352,918
Transportation	781,771	199,997	-	23,763	1,005,531
	4,376,880	263,103	-	112,036	4,752,019
Non-instructional programs:					
Food service operations	-	-	-	4,800	4,800
Capital outlay	-	5,905,441	-	-	5,905,441
Long-term debt:					
Principal	-	-	1,113,697	-	1,113,697
Interest and fiscal charges	-	-	1,017,090	-	1,017,090
	-	-	2,130,787	-	2,130,787
Other expenditures:					
AEA flowthrough	578,475	-	-	-	578,475
Total expenditures	14,413,260	7,200,118	2,130,787	694,633	24,438,798
Excess(Deficiency) of revenues over(under) expenditures	669,821	(4,763,433)	(1,174,151)	(33,856)	(5,301,619)
Other financing sources(uses):					
Computer lease proceeds	-	989,494	-	-	989,494
Sale of assets	7,510	-	-	-	7,510
Transfer in	50,938	-	1,182,172	-	1,233,110
Transfer out	-	(1,182,172)	-	(50,938)	(1,233,110)
Total other financing sources(uses)	58,448	(192,678)	1,182,172	(50,938)	997,004
Net change in fund balances	728,269	(4,956,111)	8,021	(84,794)	(4,304,615)
Fund balance beginning of year, as restated	(27,793)	6,889,223	1,662,754	347,392	8,871,576
Fund balance end of year	\$ 700,476	1,933,112	1,670,775	262,598	4,566,961

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2012

**Net change in fund balances - total governmental funds (page 22)** \$ (4,304,615)

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

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

Capital expenditures	\$ 5,201,291	
Depreciation expense	(1,345,267)	3,856,024

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets. Current year payments exceeded issues, as follows:

Issued	(989,494)	
Repaid	1,113,697	124,203

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

6,150

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

21,766

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

(28,493)

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

Early retirement	(163,311)	
Other postemployment benefits	(21,690)	(185,001)

**Changes in net assets of governmental activities (page 19)** \$ (509,966)

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012

	Business Type	
	Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
<b>ASSETS</b>		
Current assets:		
Cash and pooled investments	\$ 44,926	-
Inventories	39,571	-
Total current assets	84,497	-
Non-current assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation	264,099	-
Total non-current assets	264,099	-
<b>TOTAL ASSETS</b>	<b>348,596</b>	<b>-</b>
<b>LIABILITIES</b>		
Current liabilities:		
Excess of warrants issued over bank balance	-	2,206
Salaries and benefits payable	3,969	-
Unearned revenue	11,646	-
Total current liabilities	15,615	2,206
Long-term liabilities:		
Net OPEB liability	827	-
Total long-term liabilities	827	-
<b>TOTAL LIABILITIES</b>	<b>16,442</b>	<b>2,206</b>
<b>NET ASSETS</b>		
Invested in capital assets	264,099	-
Unrestricted	68,055	(2,206)
<b>TOTAL NET ASSETS</b>	<b>\$ 332,154</b>	<b>(2,206)</b>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2012

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 564,203	0
Miscellaneous	0	1,850,987
TOTAL OPERATING REVENUES	<u>564,203</u>	<u>1,850,987</u>
OPERATING EXPENSES:		
Support services:		
Administration:		
Services	235	1,879,548
Operation and maintenance of plant:		
Services	9,531	-
Total support services	<u>9,766</u>	<u>1,879,548</u>
Non-instructional programs:		
Food service operations:		
Salaries	388,949	-
Benefits	74,765	-
Services	6,902	-
Supplies	492,205	-
Depreciation	34,874	-
Other	100	-
Total non-instructional programs	<u>997,795</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>1,007,561</u>	<u>-</u>
OPERATING LOSS	<u>(443,358)</u>	<u>(28,561)</u>
NON-OPERATING REVENUES:		
State sources	7,627	-
Federal sources	346,511	-
Interest income	207	68
Sale of capital assets	2,856	-
TOTAL NON-OPERATING REVENUES	<u>357,201</u>	<u>68</u>
Loss before contributions	(86,157)	(28,493)
Capital contributions	<u>26,040</u>	<u>-</u>
Changes in net assets	(60,117)	(28,493)
Net assets beginning of year	<u>392,271</u>	<u>26,287</u>
Net assets end of year	<u>\$ 332,154</u>	<u>(2,206)</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2012

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 561,473	-
Cash received from miscellaneous operating activities	-	1,850,987
Cash payments to employees for services	(467,275)	-
Cash payments to suppliers for goods or services	(369,885)	(1,879,548)
Net cash used in operating activities	<u>(275,687)</u>	<u>(28,561)</u>
Cash flows from non-capital financing activities:		
State grants received	7,627	-
Federal grants received	259,734	-
Net cash provided by non-capital financing activities	<u>267,361</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Sale of equipment	2,856	-
Cash flows from investing activities:		
Interest on investments	207	68
Net decrease in cash and cash equivalents	(5,263)	(28,493)
Cash and cash equivalents at beginning of year	50,189	26,287
Cash and cash equivalents at end of year	<u>\$ 44,926</u>	<u>(2,206)</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (443,358)	(28,561)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	86,777	-
Depreciation	34,874	-
Decrease in inventories	52,311	-
Decrease in salaries and benefits payable	(3,729)	-
Decrease in unearned revenue	(2,730)	-
Increase in other postemployment benefits	168	-
Net cash used in operating activities	<u>\$ (275,687)</u>	<u>(28,561)</u>

## NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2012, the District received Federal commodities valued at \$86,777.

During the year ended June 30, 2012, the Nutrition Fund received capital contribution of \$26,040 from the Capital Projects: High School & Middle School Projects Fund.

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2012

	Private Purpose Trust	
	Scholarship	Agency
<b>ASSETS</b>		
Cash and pooled investments	\$ 297,875	54,861
<b>TOTAL ASSETS</b>	<u>297,875</u>	<u>54,861</u>
<b>LIABILITIES</b>		
Due to other funds	1,460	-
Due to other groups	-	54,861
<b>TOTAL LIABILITIES</b>	<u>1,460</u>	<u>54,861</u>
<b>NET ASSETS</b>		
Restricted for scholarships	297,875	-
Unrestricted	(1,460)	-
<b>TOTAL NET ASSETS</b>	<u>\$ 296,415</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 YEAR ENDED JUNE 30, 2012

		Private Purpose Trust
		Scholarship
Additions:		
Local sources:		
Contributions	\$	500
Deductions:		
Support services:		
Administration:		
Scholarships awarded		4,050
Change in net assets		(3,550)
Net assets beginning of year		299,965
Net assets end of year	\$	296,415

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

#### D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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

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

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

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

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

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

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures in the non-instructional functional area exceeded budgeted amount.

**(2) Cash and Pooled Investments**

The District's deposits at June 30, 2012 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2012, the District had no investments.

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

At June 30, 2012 the interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Private Purpose Trust	<u>\$ 1,460</u>

The Private Purpose Trust Fund is repaying the General Fund for money borrowed for scholarships paid.

**(4) Transfers**

The detail of transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Sinking	Capital Projects: Statewide Sales, Services and Use Tax	\$ 921,772
Debt Service	Capital Projects: Physical Plant and Equipment Levy	260,400
General	Student Activity	36,967
General Total	Special Revenue: CPAC Support Trust	13,971
		<u>\$ 1,233,110</u>

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

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

The Student Activity Fund transfer to the General Fund was for the allocation of transportation expenses.

The Special Revenue: CPAC Support Trust transfer to the General Fund was to cover the deficit for operation and maintenance of the Center for Performing Arts Committee per the agreement with the City of DeWitt(See Note 14).

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2012 is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
Business type activities:				
Machinery and equipment	\$ 508,264	26,040	8,256	526,048
Less accumulated depreciation	235,331	34,874	8,256	261,949
Business type activities capital assets, net	<u>\$ 272,933</u>	<u>(8,834)</u>	<u>-</u>	<u>264,099</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,251,215	-	-	1,251,215
Construction in progress	20,435,289	4,702,465	25,137,754	-
Total capital assets not being depreciated	<u>21,686,504</u>	<u>4,702,465</u>	<u>25,137,754</u>	<u>1,251,215</u>
Capital assets being depreciated:				
Buildings	16,966,583	25,137,754	-	42,104,337
Land improvements	1,022,209	148,469	-	1,170,678
Machinery and equipment	2,655,619	350,357	29,509	2,976,467
Intangible assets	96,559	-	-	96,559
Total capital assets being depreciated	<u>20,740,970</u>	<u>25,636,580</u>	<u>29,509</u>	<u>46,348,041</u>
Less accumulated depreciation for:				
Buildings	6,701,471	1,019,404	-	7,720,875
Land improvements	427,073	66,802	-	493,875
Machinery and equipment	1,768,889	249,405	29,509	1,988,785
Intangible assets	9,656	9,656	-	19,312
Total accumulated depreciation	<u>8,907,089</u>	<u>1,345,267</u>	<u>29,509</u>	<u>10,222,847</u>
Total capital assets being depreciated, net	<u>11,833,881</u>	<u>24,291,313</u>	<u>-</u>	<u>36,125,194</u>
Governmental activities capital assets, net	<u>\$ 33,520,385</u>	<u>28,993,778</u>	<u>25,137,754</u>	<u>37,376,409</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 68,833
Other	50,974
Support services:	
Administration	16,461
Operation and maintenance of plant	9,613
Transportation	113,180
	<u>259,061</u>
Unallocated depreciation	1,086,206
Total governmental activities depreciation expense	<u>\$ 1,345,267</u>
Business type activities:	
Food service	\$ 34,874

**(6) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 13,530,000	-	445,000	13,085,000	465,000
Revenue bonds	12,045,000	-	425,000	11,620,000	440,000
Computer lease	-	989,494	243,697	745,797	241,842
Early retirement	45,000	208,311	45,000	208,311	69,437
Net OPEB liability	127,341	21,690	-	149,031	-
Total governmental activities	\$ 25,747,341	1,219,495	1,158,697	25,808,139	1,216,279
Business type activities:					
Net OPEB liability	\$ 659	168	-	827	-

#### General Obligation Bonds Payable

Details of the District's June 30, 2012 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of May 1, 2010			
	Interest Rate	Principal	Interest	Total
2013	2.00	% \$ 465,000	500,613	965,613
2014	3.00	490,000	491,313	981,313
2015	3.00	515,000	476,613	991,613
2016	3.00	540,000	461,163	1,001,163
2017	3.00	565,000	444,963	1,009,963
2018-2022	4.00	3,280,000	1,890,063	5,170,063
2023-2027	4.00	4,185,000	1,165,262	5,350,262
2028-2030	4.25	3,045,000	263,075	3,308,075
Total		\$ 13,085,000	5,693,065	18,778,065

#### Revenue Bonds Payable

Details of the District's June 30, 2012 revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of February 1, 2010			
	Interest Rate	Principal	Interest	Total
2013	3.00	% \$ 440,000	475,900	915,900
2014	3.00	475,000	462,175	937,175
2015	3.00	495,000	447,625	942,625
2016	3.00	510,000	432,550	942,550
2017	3.10	530,000	416,685	946,685
2018-2022	3.50-4.20	2,945,000	1,771,517	4,716,517
2023-2027	4.30-4.60	3,625,000	1,076,253	4,701,253
2028-2030	5.00	2,600,000	199,250	2,799,250
Total		\$ 11,620,000	5,281,955	16,901,955

The District has pledged future statewide sales, services and use tax revenues to repay the \$12,045,000 bonds issued in February 2010 for the purposes of an addition to the middle school and high school buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 71 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining on the bonds are \$16,901,955. For the current year principal of \$425,000 and interest of \$488,875 was paid on the bonds. Total statewide sales, services and use tax revenues for the year were \$1,287,167.

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

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

Computer Lease

During the year ended June 30, 2012, the District entered into a lease agreement with Apple Computer, Inc. for computers for the District's 1 on 1 initiative. Annual principal and interest payments will be made from the Capital Projects: Physical Plant and Equipment Levy Fund.

Details of the District's June 30, 2012 computer lease indebtedness is as follows:

Year Ending June 30,	Laptop Lease of September 23, 2011				
	Interest Rate		Principal	Interest	Total
2013	2.75	% \$	241,842	18,558	260,400
2014	2.75		248,537	11,863	260,400
2015	2.75		255,418	4,982	260,400
Total			\$ 745,797	35,403	781,200

## Early Retirement

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

At June 30, 2012, the District has obligations to 9 participants with a liability of \$208,311. Early retirement expenditures for the year ended June 30, 2012, totaled \$45,000. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

### **(7) Pension and Retirement Benefits**

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$711,365, \$577,793 and \$571,825 respectively, equal to the required contributions for each year.

### **(8) Risk Management**

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

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That balance was a deficit \$2,206 at June 30, 2012.

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

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$578,475 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Other Postemployment Benefits**

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

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 109,000
Interest on net OPEB obligation	5,760
Adjustment of annual required contribution	(4,902)
Annual OPEB cost	<u>109,858</u>
Contributions made	<u>(88,000)</u>
Increase in net OPEB obligation	21,858
Net OPEB obligation beginning of year	<u>128,000</u>
Net OPEB obligation end of year	<u><u>\$ 149,858</u></u>

For the calculation of the net OPEB obligation, the actuary has set the transition as July 1, 2010. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$88,000 to the medical plan. Plan members eligible for benefits contributed \$185,000 or 67.77% of the premium cost.

The District's annual OPEB cost, the percentage of the OPEB cost contributed to the plan and the net OPEB obligation as June 30, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 99,215	68.54 %	\$ 83,215
2011	109,785	59.21	128,000
2012	109,858	80.10	149,858

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$914,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability(UAAL)of \$914,000. The annual covered payroll (annual payroll of the active employees covered by the plan) was approximately \$8.815 million the ratio of the UAAL to covered payroll was 10.37%. As of June 30, 2012, there were no trust fund assets.

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

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

As of July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption include a 4.5% discount rate and is based on the long-term investment yield on the investments used to finance the payments of the benefits. The annual medical trend rate is 11%. The medical trend rate is reduced by 0.5% each year until reaching 5% in 2023.

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

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

**(11) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2012, expenditures in the non-instructional programs function exceeded the amount budgeted.

**(12) Deficit Fund Balance/Net Assets**

At June 30, 2012, the Student Activity Fund had a deficit unassigned fund balance of \$49,032. The Internal Service Fund had a deficit unrestricted net assets of \$2,206.

**(13) Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

Program	Amount
Talented and gifted	\$ 24,086
Dropout and dropout prevention	49,499
Professional development	40,443
Teacher salary supplement	1,833
Beginning teacher mentoring	1,000
Model core curriculum	40,770
Market factor incentives	4,937
Total	<u>\$ 162,568</u>

**(14) Facility Shared Use Agreement**

The District participates in a shared use agreement with the City of DeWitt for the Center for Performing Arts Committee (CPAC) facility that is located on the District's grounds. The agreement is to remain in effect until December 6, 2020.

The following are the terms agreed upon by the District and the City of DeWitt concerning the CPAC facility:

The City of DeWitt agrees to contribute \$100,000 to a reserve fund that will be held by the District and used as the repository of fundraising and donations to the CPAC facility. The City of DeWitt will pay the District rental fees from the reserve fund for use of the facility to cover utility, custodial and other maintenance costs as agreed upon by the District and the City of DeWitt. Capital improvements to the facility can also be made from the reserve fund upon approval of the District and the City of DeWitt.

The District owns the CPAC facility and is responsible for all utilities, custodial services, and other maintenance expenses for the facility. The District is also responsible for the accounting of activities for the facility. The District is required to provide the City of DeWitt with accounting records for the facility reserve fund contributed by the City by July 1<sup>st</sup> of each year.

In the event the District terminates the agreement before December 6, 2020, the District will be required to repay the City of DeWitt the initial reserve fund amount of \$100,000. Upon expiration of the agreement, the District and the City of DeWitt can choose whether to renew the agreement.

**(15) Restatements**

During the year ended June 30, 2012, the District began reporting the activities of the Center for Performing Arts Committee (CPAC) as a Special Revenue: Support Trust Fund rather than an Agency Fund. The effect of these restatements to the fund balances of the Agency Fund and the Special Revenue: CPAC Support Trust Fund is as follows:

	Agency Fund
Due to other groups as of June 30, 2011, as previously reported	\$ 153,334
Reclassification of CPAC	(98,058)
Balance July 1, 2011, as restated	<u>\$ 55,276</u>
	Special Revenue: CPAC Support Trust
Balance June 30, 2011, as previously reported	\$ -
Reclassification of CPAC	98,058
Balance July 1, 2011, as restated	<u>\$ 98,058</u>

The restatement of the beginning fund balance of the Special Revenue: CPAC Support Trust Fund also has the effect to the total net assets of the governmental activities reported at July 1, 2011, which is summarized as follows:

	Governmental Activities
Balance June 30, 2011, as previously reported	\$ 16,848,585
Net asset restatement for CPAC	98,058
Balance July 1, 2011, as restated	<u>\$ 16,946,643</u>

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND  
 CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local	\$ 9,795,193	567,266	10,362,459	9,662,313	9,662,313	700,146
Intermediate	2,600	-	2,600	2,700	2,700	(100)
State	8,784,345	7,627	8,791,972	8,871,175	8,871,175	(79,203)
Federal	555,041	346,511	901,552	469,600	469,600	431,952
Total revenues	19,137,179	921,404	20,058,583	19,005,788	19,005,788	1,052,795
Expenditures/expenses:						
Instruction	11,067,276	-	11,067,276	10,399,383	11,200,000	132,724
Support services	4,752,019	9,766	4,761,785	4,245,128	4,800,000	38,215
Non-instructional programs	4,800	997,795	1,002,595	850,000	900,000	(102,595)
Other expenditures	8,614,703	-	8,614,703	7,863,748	8,800,000	185,297
Total expenditures/expenses	24,438,798	1,007,561	25,446,359	23,358,259	25,700,000	253,641
Deficiency of revenues under expenditures/expenses	(5,301,619)	(86,157)	(5,387,776)	(4,352,471)	(6,694,212)	1,306,436
Other financing sources, net	997,004	26,040	1,023,044	1,000	1,000	1,022,044
Deficiency of revenues and other financing sources under expenditures/expenses	(4,304,615)	(60,117)	(4,364,732)	(4,351,471)	(6,693,212)	2,328,480
Balance beginning of year, as restated	8,871,576	392,271	9,263,847	9,403,436	9,403,436	(139,589)
Balance end of year	\$ 4,566,961	332,154	4,899,115	5,051,965	2,710,224	2,188,891

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2012

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budget expenditures by \$2,341,741.

During the year ended June 30, 2012, expenditures in the non-instructional programs function exceeded the budgeted amount.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UUAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UUAL as a Percentage of Covered Payroll [[b-a]/c]
2010	July 1, 2008	\$ -	\$ 930	\$ 930	0.00	% \$ 7,009	13.27 %
2011	July 1, 2010	-	914	914	0.00	7,033	13.00
2012	July 1, 2010	-	914	914	0.00	8,815	10.37

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	Special Revenue			
	Manage- ment Levy	Student Activity	CPAC Support Trust	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 123,466	54,390	87,334	265,190
Receivables:				
Property tax:				
Delinquent	1,522	-	-	1,522
Succeeding year	265,001	-	-	265,001
Due from other governments	-	1,500	-	1,500
<b>TOTAL ASSETS</b>	<b>\$ 389,989</b>	<b>55,890</b>	<b>87,334</b>	<b>533,213</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	-	5,442	-	5,442
Salary and benefits payable	-	172	-	172
Deferred revenue:				
Succeeding year property tax	265,001	-	-	265,001
Total liabilities	265,001	5,614	-	270,615
Fund balances:				
Restricted for:				
Management levy purposes	124,988	-	-	124,988
Student activities	-	99,308	-	99,308
Support trust purposes	-	-	87,334	87,334
Unassigned	-	(49,032)	-	(49,032)
Total fund balances	124,988	50,276	87,334	262,598
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 389,989</b>	<b>55,890</b>	<b>87,334</b>	<b>533,213</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2012

	Special Revenue			
	Manage- ment Levy	Student Activity	CPAC Support Trust	Total
REVENUES:				
Local:				
Local tax	\$ 180,547	-	-	180,547
Other	23,587	453,302	3,247	480,136
State sources	94	-	-	94
TOTAL REVENUES	<u>204,228</u>	<u>453,302</u>	<u>3,247</u>	<u>660,777</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	153,435	-	-	153,435
Other	-	424,362	-	424,362
Support services:				
Instructional staff	-	927	-	927
Administration	5,427	-	-	5,427
Operation and maintenance of plant	81,919	-	-	81,919
Transportation	23,763	-	-	23,763
Non-instructional programs:				
Food service operations	4,800	-	-	4,800
TOTAL EXPENDITURES	<u>269,344</u>	<u>425,289</u>	<u>-</u>	<u>694,633</u>
Excess(Deficiency) of revenues over(under) expenditures	(65,116)	28,013	3,247	(33,856)
Other financing uses:				
Transfer out	-	(36,967)	(13,971)	(50,938)
Net change in fund balances	(65,116)	(8,954)	(10,724)	(84,794)
Fund balances beginning of year, as restated	190,104	59,230	98,058	347,392
Fund balances end of year	<u>\$ 124,988</u>	<u>50,276</u>	<u>87,334</u>	<u>262,598</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS ACCOUNTS  
 JUNE 30, 2012

	Capital Projects			
	High School & Middle School Projects	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 910,411	742,365	114,830	1,767,606
Receivables:				
Property tax:				
Delinquent	-	-	3,386	3,386
Succeeding year	-	-	442,275	442,275
Accounts	20,000	-	-	20,000
Due from other governments	40,722	203,384	-	244,106
<b>TOTAL ASSETS</b>	<b>\$ 971,133</b>	<b>945,749</b>	<b>560,491</b>	<b>2,477,373</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	1,986	-	-	1,986
Contracts payable	100,000	-	-	100,000
Deferred revenue:				
Succeeding year property tax	-	-	442,275	442,275
Total liabilities	101,986	-	442,275	544,261
Fund balances:				
Restricted for:				
Construction	869,147	-	-	869,147
School infrastructure	-	945,749	-	945,749
Physical plant and equipment	-	-	118,216	118,216
Total fund balances	869,147	945,749	118,216	1,933,112
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 971,133</b>	<b>945,749</b>	<b>560,491</b>	<b>2,477,373</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 YEAR ENDED JUNE 30, 2012

	Capital Projects			Total
	High School & Middle School Projects	Statewide Sales and Services Tax	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ -	1,287,167	425,940	1,713,107
Other	668,851	19,631	1,371	689,853
State sources	33,507	-	218	33,725
Total revenues	<u>702,358</u>	<u>1,306,798</u>	<u>427,529</u>	<u>2,436,685</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	-	-	1,031,574	1,031,574
Support services:				
Adminstration	2,742	-	-	2,742
Operation and maintenance of plant	-	-	60,364	60,364
Transportation	-	199,997	-	199,997
Capital outlay	5,873,154	-	32,287	5,905,441
Total expenditures	<u>5,875,896</u>	<u>199,997</u>	<u>1,124,225</u>	<u>7,200,118</u>
Excess(Deficiency) of revenues over(under) expenditures	(5,173,538)	1,106,801	(696,696)	(4,763,433)
Other financing sources(uses):				
Computer lease proceeds	-	-	989,494	989,494
Transfer out	-	(921,772)	(260,400)	(1,182,172)
Total other financing sources(uses)	<u>-</u>	<u>(921,772)</u>	<u>729,094</u>	<u>(192,678)</u>
Net change in fund balances	(5,173,538)	185,029	32,398	(4,956,111)
Fund balances beginning of year	<u>6,042,685</u>	<u>760,720</u>	<u>85,818</u>	<u>6,889,223</u>
Fund balances end of year	<u>\$ 869,147</u>	<u>945,749</u>	<u>118,216</u>	<u>1,933,112</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUND  
 JUNE 30, 2012

	Debt Service	Debt Sinking	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 22,850	1,640,339	1,663,189
Receivables:			
Property tax:			
Delinquent	7,586	-	7,586
Succeeding year	966,114	-	966,114
<b>TOTAL ASSETS</b>	<b>\$ 996,550</b>	<b>1,640,339</b>	<b>2,636,889</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	966,114	-	966,114
Total liabilities	966,114	-	966,114
Fund balances:			
Restricted:			
Debt service	30,436	1,640,339	1,670,775
Total fund balances	30,436	1,640,339	1,670,775
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 996,550</b>	<b>1,640,339</b>	<b>2,636,889</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 DEBT SERVICE FUND  
 YEAR ENDED JUNE 30, 2012

	Debt Service	Debt Sinking	Total
REVENUES:			
Local sources:			
Local tax	\$ 954,379	-	954,379
Other	1,509	260	1,769
State sources	488	-	488
TOTAL REVENUES	<u>956,376</u>	<u>260</u>	<u>956,636</u>
EXPENDITURES:			
Long-term debt:			
Principal	688,697	425,000	1,113,697
Interest and fiscal charges	528,215	488,875	1,017,090
TOTAL EXPENDITURES	<u>1,216,912</u>	<u>913,875</u>	<u>2,130,787</u>
Deficiency of revenues under expenditures	(260,536)	(913,615)	(1,174,151)
Other financing sources:			
Transfer in	260,400	921,772	1,182,172
Net change in fund balances	(136)	8,157	8,021
Fund balance beginning of year	30,572	1,632,182	1,662,754
Fund balance end of year	<u>\$ 30,436</u>	<u>1,640,339</u>	<u>1,670,775</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund Transfers	Balance End of Year
Activity tickets	\$ -	3,147	3,147	-	-
Interest	-	997	997	-	-
Co-ed bowling	929	7,898	6,110	-	2,717
MS drama	315	880	442	-	753
MS vocal music	6,753	1,152	2,506	-	5,399
MS instrumental music	1,250	2,656	3,906	-	-
MS general athletics	615	-	615	-	-
MS boys basketball	135	696	831	-	-
MS boys football	41	70	111	-	-
MS boys track	41	-	41	-	-
MS cross country	2	-	2	-	-
MS boys wrestling	53	482	535	-	-
MS girls basketball	9	3,243	3,252	-	-
MS girls volleyball	26	551	577	-	-
MS girls track	51	526	577	-	-
MS yearbook	1,711	2,352	2,457	-	1,606
MS student consumer science	449	7,037	5,510	-	1,976
MS concessions	7,932	5,408	4,461	-	8,879
MS resale	(79)	79	-	-	-
Odyssey of the Minds	2,333	7,606	8,911	-	1,028
MS student council	2,035	1,577	1,477	-	2,135
MS art show	-	152	-	-	152
HS drama	7,562	1,466	2,744	-	6,284
HS speech	(688)	2,568	1,877	-	3
HS vocal music	8,891	9,171	7,173	-	10,889
HS instrumental music	2,851	61,346	56,236	-	7,961
HS musicals	9,455	5,065	3,684	-	10,836
HS general athletics	84	58,914	55,499	(22,138)	(18,639)
HS boys basketball	77	22,260	7,508	(14,829)	-
HS boys football	32	15,102	15,134	-	-
HS boys soccer	1	3,391	3,392	-	-
HS boys baseball	(13,172)	11,448	16,434	-	(18,158)
HS boys track	33	25,347	25,380	-	-
HS cross country	4	6,372	6,376	-	-
HS boys golf	6	245	251	-	-
HS boys wrestling	37	12,375	14,926	-	(2,514)
HS girls basketball	22	9,041	9,063	-	-
HS girls volleyball	318	11,852	11,885	-	285
HS girls soccer	(1,561)	5,192	3,631	-	-
HS girls softball	3,860	9,156	9,817	-	3,199
HS girls track	88	4,870	4,958	-	-
HS girls golf	1	265	266	-	-
HS yearbook	(7,754)	17,350	19,317	-	(9,721)
HS newspaper	345	-	-	-	345
Cheer fundraising	871	15,611	11,448	-	5,034
HS central sensations dance	1,180	-	1,180	-	-
HS FFA	9,322	54,845	53,037	-	11,130
HS food production	(832)	1,158	286	-	40
FCCLA	1,931	3,363	2,130	-	3,164
HS national honor society	2,856	1,544	2,090	-	2,310
HS student council	1,597	11,564	6,995	-	6,166
HS SADD	767	-	767	-	-
FBLA	-	2,926	2,619	-	307
HS class of 2011	686	-	-	-	686
HS class of 2012	1,981	952	1,108	-	1,825
HS class of 2013	434	16,760	16,793	-	401
HS class of 2014	128	405	47	-	486
HS class of 2015	-	114	19	-	95
PSP camp	550	4,750	4,750	-	550
Ekstrand student council	2,662	5	-	-	2,667
Ekstrand resale	4	-	4	-	-
Total	\$ 59,230	453,302	425,289	(36,967)	50,276

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND  
 JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund			
	Paarmann Scholarship	Hilbert Scholarship	Athletic Scholarship	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 97,875	199,250	750	297,875
<b>LIABILITIES</b>				
Due to other funds	155	1,305	-	1,460
<b>NET ASSETS</b>				
Restricted for scholarships	97,875	200,000	-	297,875
Unrestricted	(155)	(2,055)	750	(1,460)
<b>TOTAL NET ASSETS</b>	<b>\$ 97,720</b>	<b>197,945</b>	<b>750</b>	<b>296,415</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND  
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund			
	Paarmann Scholarship	Hilbert Scholarship	Athletic Scholarship	Total
Additions:				
Local sources:				
Contributions	\$ -	-	500	500
Deductions:				
Support services:				
Administration:				
Scholarships awarded	1,800	2,250	-	4,050
Changes in net assets	(1,800)	(2,250)	500	(3,550)
Net assets beginning of year	99,520	200,195	250	299,965
Net assets end of year	\$ 97,720	197,945	750	296,415

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2012

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>ASSETS</b>				
Cash and pooled investments	\$ 55,827	109,700	110,666	54,861
<b>TOTAL ASSETS</b>	<b>\$ 55,827</b>	<b>109,700</b>	<b>110,666</b>	<b>54,861</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 551	-	551	-
Due to other groups	55,276	109,700	110,115	54,861
<b>TOTAL LIABILITIES</b>	<b>\$ 55,827</b>	<b>109,700</b>	<b>110,666</b>	<b>54,861</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Modified Accrual Basis								
	Years Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 7,999,340	7,474,544	6,508,706	6,540,849	6,375,125	6,219,477	5,481,937	5,446,878	5,482,019
Tuition	352,132	365,135	332,428	338,835	406,013	360,671	371,388	370,479	423,082
Other	1,443,721	2,886,675	1,016,032	707,408	777,642	839,859	756,758	628,988	742,359
Intermediate sources	2,600	3,300	2,700	5,270	2,829	8,321	3,332	6,847	923
State sources	8,784,345	9,194,232	6,985,164	7,936,143	7,620,385	7,336,027	7,203,485	7,095,910	6,855,614
Federal sources	555,041	495,946	1,257,654	460,441	315,295	270,098	279,964	328,961	381,623
<b>Total</b>	<b>\$ 19,137,179</b>	<b>20,419,832</b>	<b>16,102,684</b>	<b>15,988,946</b>	<b>15,497,289</b>	<b>15,034,453</b>	<b>14,096,864</b>	<b>13,878,063</b>	<b>13,885,620</b>
Expenditures:									
Instruction:									
Regular	\$ 7,428,251	6,429,084	6,396,626	7,963,842	7,338,551	5,084,403	4,758,348	4,844,291	4,895,670
Special	1,802,999	2,007,395	2,116,235	410,219	396,363	1,942,885	1,884,306	2,194,872	2,258,272
Other	1,836,026	1,858,327	1,701,231	1,181,889	1,222,816	1,480,076	1,510,257	1,086,120	1,121,948
Support services:									
Student	419,276	437,133	491,350	551,367	570,702	586,018	508,169	523,889	511,424
Instructional staff	492,077	400,353	291,161	366,611	407,089	449,007	422,505	397,983	398,076
Administration	1,482,217	1,267,045	1,459,565	1,438,273	1,407,794	1,296,742	1,285,114	1,409,492	1,328,615
Operation and maintenance of plant	1,352,918	1,185,957	1,113,620	1,241,495	1,131,053	1,031,531	1,014,598	969,635	879,635
Transportation	1,005,531	955,715	751,788	718,676	842,314	643,292	867,954	651,042	621,878
Other support	-	-	-	-	-	-	-	-	85,835
Non-instructional programs	4,800	-	-	35,589	64,977	-	8,341	1,136	6,516
Capital outlay	5,905,441	19,686,103	2,779,772	1,555,222	1,589,624	3,103,586	569,556	361,492	179,475
Long-term debt:									
Principal	1,113,697	1,350,000	2,250,000	995,000	650,000	630,000	600,000	575,000	550,000
Interest and fiscal charges	1,017,090	992,713	103,289	135,187	108,327	134,389	159,723	182,884	205,115
Other expenditures:									
AEA flow-through	578,475	632,770	607,553	562,122	531,547	510,131	481,919	473,224	472,520
<b>Total</b>	<b>\$ 24,438,798</b>	<b>37,202,595</b>	<b>20,062,190</b>	<b>17,155,492</b>	<b>16,261,157</b>	<b>16,892,060</b>	<b>14,070,790</b>	<b>13,671,060</b>	<b>13,514,979</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2012

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 12	\$ 37,146
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 12	309,365 *
			<u>346,511</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1082-G	107,749
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 12	40,880
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 12	9,887
EDUCATION JOBS FUNDS	84.410	FY 11	269,486
EDUCATION JOBS FUNDS	84.410	FY 12	4,531
			<u>274,017</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 12	84,322
SPECIAL EDUCATION - GRANTS TO STATES(IOWA'S RAPIDLY IMPROVING SCHOOLS)	84.027	FY 12	14,845
			<u>99,167</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 12	10,191
TOTAL			<u>\$ 888,402</u>

\* - Includes \$86,777 in non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
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117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community Schools of Clinton County as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 14, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected on a timely basis. We noted no deficiencies in internal controls that we consider to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Finding and Questioned Costs as items II-A-12 and II-B-12 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 14, 2013

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

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

Compliance

We have audited the compliance of Central Community Schools of Clinton County with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Central Community Schools of Clinton County's major federal programs for the year ended June 30, 2012. Central Community Schools of Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Central Community Schools of Clinton County's management. Our responsibility is to express an opinion on Central Community Schools of Clinton County's compliance based on our audit.

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

In our opinion, Central Community Schools of Clinton County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink, appearing to read "Nolte, Cornman & Johnson P.C.", written in a cursive style.

NOLTE, CORNMAN & JOHNSON, P.C.

February 14, 2013

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
  - Clustered Programs:
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
  - Individual Program:
    - CFDA Number 84.410 - Education Jobs Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Central Community Schools of Clinton County did not qualify as a low-risk auditee.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-12 Nutrition Fund Student Accounts - We noted that the District recognizes revenue immediately in the District's general ledger when collecting payments from individuals for student lunch accounts. We also noted that the subsidiary ledger on the Infinite Campus software used for accounting of collections of payments from students for meals and the Software Unlimited Uniform Financial Accounting software used by the District are not integrated and no reconciliations are being completed between collections recorded on the Infinite Campus software and receipts posted on the Software Unlimited software.

Recommendation - Better internal controls are achieved if the District recognizes the payments from students when collected as unearned revenue which is a liability on the balance sheet of Software Unlimited. The unearned revenue serves as a control for the subsidiary ledger of individual student account balances recorded in the Infinite Campus software. As meals are consumed by students, the District earns the revenue and then would recognize the revenue as sales of meals on the Software Unlimited software. The District should reconcile the balances in the individual student account balances on the Infinite Campus software to the general ledger balance that would be the unearned liability on Software Unlimited.

Response - The district will attempt this form of reconciliation recognizing that the lunch program is also run with St. Joseph's Catholic School located in DeWitt, Iowa. They deposit into our nutrition bank account but run off of a JMC lunch program. Revenues are also received from the local Referral Center to offset kindergarten milk drinks for our free/reduced families.

Conclusion - Response accepted.

II-B-12 Checks Written as Bearer Paper - We noted during our audit that the District writes various checks throughout the year for start-up cash boxes at District events. The checks are currently being written to the bank only.

Recommendation - Checks written to the bank only can be cashed by anyone in the event the check is lost or stolen. A better procedure would be to write the check to the sponsor of the event or the custodian of the change box.

Response - We had modified our procedure mid-year issuing the checks to the individual who would be receiving the cash.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-12 Certified Budget - District expenditures for the year ended June 30, 2012 exceeded budgeted amounts in the non-instructional programs function.

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

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

Conclusion - Response accepted.

IV-B-12 Questionable Disbursements - During our audit we noted the following items as questionable disbursements. More specific examples of these instances of questioned items and recommendations are as follows:

**Gift Cards:** We noted during our audit that gift cards were given to students as prizes during a District sponsored event. Gift cards given to students for this purpose do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place and make necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The District will no longer issue gift cards to students.

Conclusion - Response accepted.

**Supporting Documentation for Credit Card Purchases:** The District's Board Policy 401.10 allows District employees use of the District's credit card for actual and necessary expenses incurred in the performance of work related duties. Employees using the District credit card must submit a detailed receipt in addition to a credit card receipt indicating the date, purpose and nature of the expense for each item purchased. Failure to provide a proper documentation shall make the employee responsible for expenses incurred.

However, we noted during our audit several instance of employees not turning in the required documentation for credit card purchases to the District's Central Office.

Recommendation - The District should review Board Policy 401.10 with employees to ensure compliance. All required documentation of credit card purchases shall be turned into the Central Office or the expense should be made that of the employees

Response - The District has notified staff that detailed receipts are required for all credit card purchases. If the detailed receipts are not received, the employee shall be responsible for the purchase.

Conclusion - Response accepted.

IV-C-12 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.

However, we noted during the audit that according to District board policy 401.7 employees will be reimburse for the actual cost of meals while attending overnight events and/or conferences outside the District boundaries with the following limits: breakfast - \$9.00; lunch - \$12.00; dinner - \$25.00. However, we noted during our audit an instance where the District reimbursed employees for a dinner that was in excess of the \$25.00 per employee limit.

Recommendation - The District should review procedures in place when reimbursing employees for meals. Employees should be reimbursed to the maximum amount allowed according to Board Policy 401.7.

Response - The District has reminded staff of the meal policy limits for overnight events. If the employee exceeds the limits, the employee shall bear the cost of the additional expense. Reimbursement of the instance noted has been received.

Conclusion - Response accepted.

IV-D-12 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rodney Wold, Bus driver Owner of Wold's Petro Shop	Tire repairs	\$816
James Irwin Jr., Board Vice President	Roof repairs per bid	\$18,750

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

In accordance with the Chapter 279.7A of the Code of Iowa, the above transaction with the Board Vice President does not appear to represent a conflict of interest.

IV-E-12 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-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-12 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students was overstated by 10.3.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter. The District has corrected its aid and levy to show the adjustment.

Conclusion - Response accepted.

IV-H-12 Supplementary Weighting - We noted a variance in the supplementary weighting certified to the Iowa Department of Education. The number of students was understated by a net of 2.605.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter. The District has corrected its aid and levy to show the adjustment.

Conclusion - Response accepted.

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

IV-J-12 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-12 Statewide Sales, Services and Use Tax - During our audit, there was no instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	760,720
Revenues/transfers in:			
Sales tax revenues	\$	1,287,167	
Other local revenues		19,631	
		<u>          </u>	<u>1,306,798</u>
			2,067,518
Expenditures/transfers out:			
Equipment		199,997	
Debt service for school infrastructure:			
Revenue debt		921,772	
		<u>          </u>	<u>1,121,769</u>
Ending Balance		\$	<u>945,749</u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-12 Financial Condition - We noted during our audit that the Student Activity Fund had a deficit unassigned fund balance of \$49,032. We also noted that the Internal Service Fund had deficit unrestricted net assets of \$2,206.

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

Response - The District will continue to monitor all fund balances and work to eliminate all negative balances.

Conclusion - Response accepted.

IV-N-12 Payroll Authorization - We noted during our audit, the District does not have written authorization to mail employee's payroll checks. Chapter 91A.3 of the Code of Iowa requires that an employer have a written request from an employee before wages can be sent to an employee by mail.

Recommendation - The District should obtain written authorization from each employee who desires to receive a payroll check by mail.

Response - The District has obtained written authorization from all of its employees who desire to receive a payroll check by mail.

Conclusion - Response accepted.