

COLLEGE COMMUNITY SCHOOL DISTRICT
Cedar Rapids, Iowa

**INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012**

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COLLEGE COMMUNITY SCHOOL DISTRICT

OFFICIALS

June 30, 2012

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Randy Bauer	President	2015
Greg Kelsey	Board Member	2015
Jed Peterson	Board Member	2013
Dorothy Pospischil	Board Member	2015
Kristie Fisher	Board Member	2013
Angela Ehle	Board Member	2015
John Titler	Board Member	2013
<u>School Officials</u>		
Richard Whitehead	Superintendent	2012
John Speer	Superintendent	2015
James A. Rotter, Jr.	District Secretary - Treasurer and Director of Business Services	Indefinite



CliftonLarsonAllen

Independent Auditors' Report

To the Board of Education of the
College Community School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Community School District, Cedar Rapids, Iowa, as of and for the year ended June 30, 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 College Community School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012 on our consideration of College Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress as listed in the table of contents, 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, who considers it to be an essential part of 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 auditing standards generally accepted in the United States of America, 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. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College Community School District's basic financial statements. The combining fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 30, 2012

Management Discussion and Analysis

This section of the College Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ended June 30, 2012. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

2012 Financial Highlights

- The State of Iowa allowed a 0% growth (freeze) for the 2011-12 school year. This first time ever freeze, along with the addition of 125.6 resident students formulated an increase of revenue of \$783,905 in the General Fund. These increased dollars were made up of a combination of state aid and local taxes. The 125.6 student increase represents a 2.96% increase in the District's resident enrollment.
- The District spent a little over \$3.4 million on construction projects. This is about double last year's expenditures with the continuation and completion of large projects at the stadium and youth ball fields. New funds were borrowed during the year for the purchase of technology equipment in the form of school infrastructure sales, services and use revenue bonds in the amount of \$1.8 million and land purchase in the form of a PPEL capital loan note in the amount of \$1.5 million. Total general obligation bond principal totaled \$59.87 million as of June 30, 2012.
- The General Fund balance increased from \$7.31 million in fiscal year 2011 to \$10.16 million in fiscal year 2012. This equates to a 21.19% solvency ratio, an increase of 14.56% from prior year. Solvency ratios between 5-15% are considered "good" or "excellent" according to the Iowa School Board Association. The increase is the result of a carryover from the one-time Education Jobs Fund & SFSF Government Fund and the District levied the maximum cash reserve.
- Interest rates remained at record lows during the course of the year with a public fund investment rate of 0.25% at the end of fiscal year 2011 to 0.20% at the end of fiscal year 2012. These rates yielded only \$15,232 in revenue compared to \$11,305 in fiscal year 2011, \$17,789 in fiscal year 2010 and \$52,059 in fiscal year 2009.
- The District levied the maximum cash reserve dollars to position itself for the opening of the new elementary building in 2014. These dollars added cash but no additional spending authority. This was also done to bring cash in line with the spending authority as cash reserves were \$1.5 million short of spending authority at the end of the fiscal year 2011. The District, through Board action, brought the spending authority to \$9.26 million and unassigned cash to \$9.64 million.

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 College Community School District 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 College Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which College Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to 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 the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and proprietary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal 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-1
College Community School District Annual Financial Report

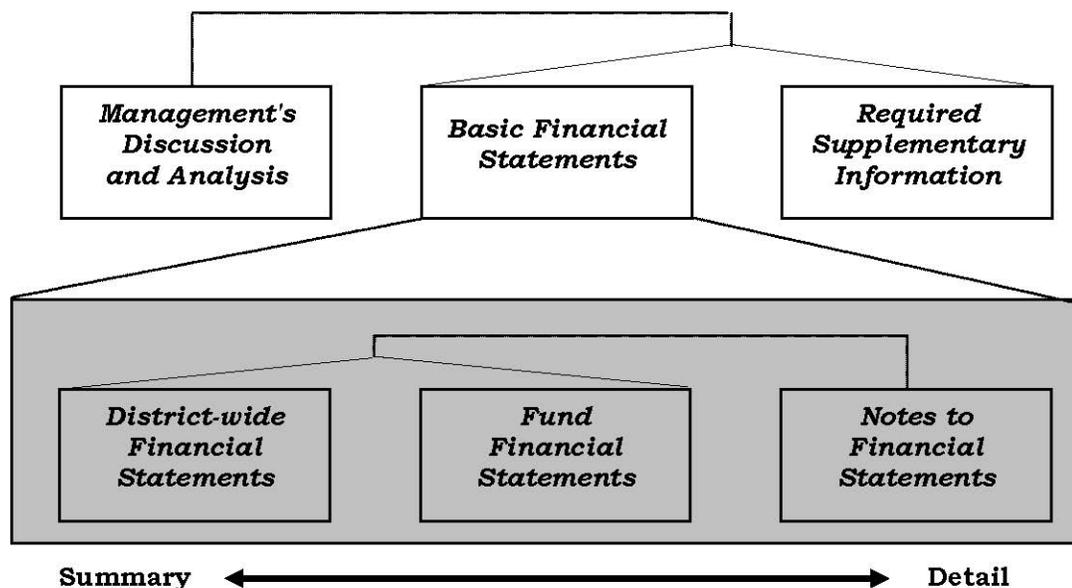


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

District-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues, (such as federal grants).

The District has three kinds of funds:

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

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

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

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

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

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

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

Financial Analysis of the District as a Whole

The District's net assets are evidenced below in Figure A-3. Combined total net assets have increased by 6.1% percent. These changes are attributed to a slight increase in total assets and virtually no change in liabilities. Fiscal year 2012 is the 10th year of District implementation of the GASB-34 financial reporting model.

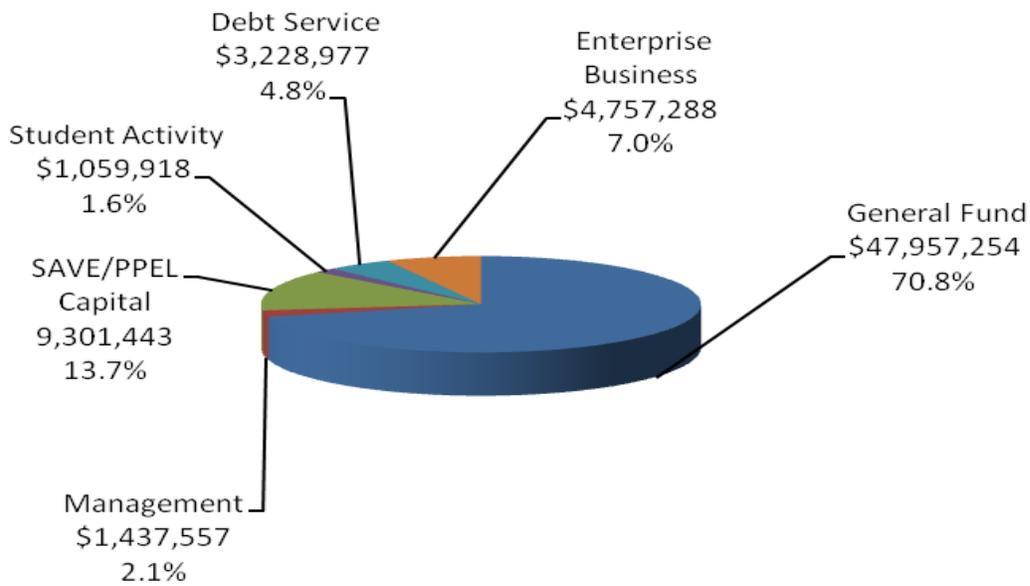
	CONDENSED STATEMENT OF NET ASSETS (EXPRESSED IN THOUSANDS)						
	Governmental Activities		Business-Type Activities		Total School District		Total Change 2011-2012
	2012	2011	2012	2011	2012	2011	
Current and other assets	\$ 40,287	\$ 39,978	\$ 1,634	\$ 1,141	\$ 41,921	\$ 41,119	2.0%
Capital assets	85,987	83,823	596	577	86,581	84,400	2.6%
Total assets	\$ 126,274	\$ 123,801	\$ 2,230	\$ 1,718	\$ 128,502	\$ 125,519	2.4%
Long-term obligations	\$ 65,759	\$ 64,011	\$ -	\$ -	\$ 65,759	\$ 64,011	2.7%
Other liabilities	25,505	26,446	177	147	25,682	26,593	-3.4%
Total liabilities	\$ 91,264	\$ 90,457	\$ 177	\$ 147	\$ 91,441	\$ 90,604	.09%
Net assets:							
Invested in capital assets, net of related debt	\$ 25,916	\$ 25,944	\$ 596	\$ 577	\$ 26,510	\$ 26,521	0%
Non-spendable	17	27	-	-	17	27	-37.0%
Restricted	3,885	2,008	-	-	3,885	2,008	93.5%
Unrestricted	5,192	5,365	1,457	994	6,649	6,359	4.6%
Total net assets	\$ 35,010	\$ 33,344	\$ 2,053	\$ 1,571	\$ 37,061	\$ 34,915	6.1%

Figure A-4 below reflects totals from the 2011-12 fiscal year ended June 30, 2012.

	CHANGES IN NET ASSETS (EXPRESSED IN THOUSANDS)					
	Governmental Activities		Business-Type Activities		Total School District	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for service and sales	\$ 6,403	\$ 5,657	\$ 3,777	\$ 3,198	\$ 10,180	\$ 8,855
Operating grants, contributions, and restricted interest	5,835	7,361	976	919	6,811	8,280
Capital grants, contributions, and restricted interest	-	-	-	-	-	-
General revenues:						
Property tax	30,373	28,276	-	-	30,373	28,276
Unrestricted state grants	16,757	15,366	-	-	16,757	15,366
Unrestricted investment earnings	12	18	4	2	16	20
Other	<u>305</u>	<u>521</u>	<u>-</u>	<u>8</u>	<u>305</u>	<u>529</u>
Total revenues	<u>59,685</u>	<u>57,199</u>	<u>4,757</u>	<u>4,127</u>	<u>64,442</u>	<u>61,326</u>
Program expenses:						
Governmental activities:						
Instruction	33,110	31,389	-	-	33,110	31,389
Support services	17,653	14,622	203	204	17,856	14,826
Non-instructional programs	48	33	4,072	3,803	4,120	3,836
Other expenses	<u>7,208</u>	<u>6,337</u>	<u>-</u>	<u>-</u>	<u>7,208</u>	<u>6,337</u>
Total expenses	<u>58,019</u>	<u>52,381</u>	<u>4,275</u>	<u>4,007</u>	<u>62,294</u>	<u>56,388</u>
Capital contribution	-	-	-	-	-	-
Changes in net assets	<u>\$ 1,666</u>	<u>\$ 4,818</u>	<u>\$ 482</u>	<u>\$ 120</u>	<u>\$ 2,148</u>	<u>\$ 4,938</u>

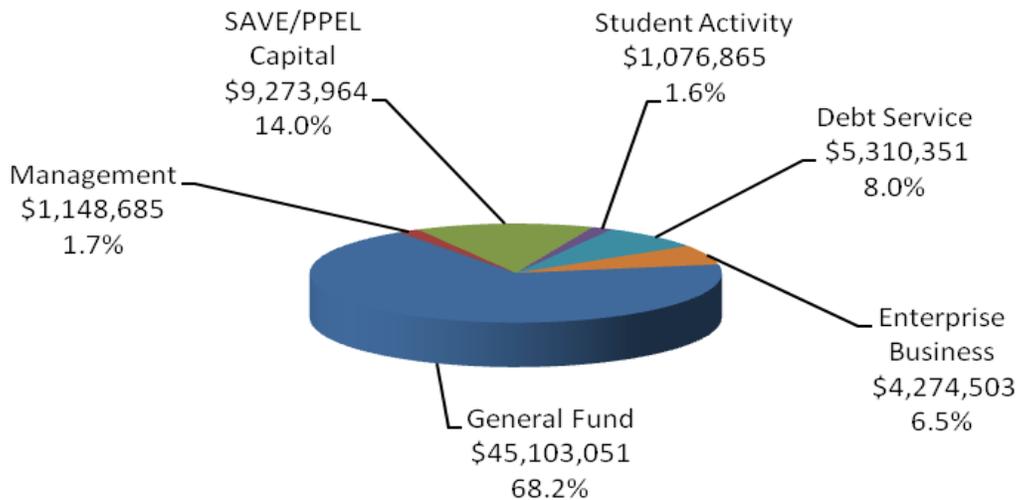
The District's total revenues increased \$3.12 million from the previous year, while total expenditures increased \$5.91 million. Total net assets of the District increased \$2.79 million. This increase is a combination of the District's governmental and business activities. Revenues and expenses increased in the governmental and business activities. Student enrollment, net open enrollment, and allowable growth have a significant role on revenues generated by the District. During the past five years, open enrollment and tuition generated revenue as follows: fiscal year 2008 \$3,613,434, fiscal year 2009 \$3,323,392, fiscal year 2010 \$3,678,362, fiscal year 2011 \$4,301,433, and in fiscal year 2012 \$4,475,736. Business activities had an increase in revenue and an increase in expenditures with a resulting increase of net assets. This increase was minimal compared to prior year. Increased program expenses in the General Fund are more evident than in past years due to student growth numbers which results in an increase in employee wages and benefits. Total student enrollment, not including 4 year old preschool students, has increased from 3,380 students in September 2003 to 4,879 in September 2012. This calculates to an average of 166.5 students per year.

Revenues for Fiscal Year 2011-12



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

Expenses for Fiscal Year 2011-12



Governmental Activities

Governmental activities are primarily supported through the state aid formula. Overall property tax base (taxable valuation) have increased from \$1,087,678,509 in 2001 to \$1,539,300,282 in 2010. This 41.52% increase over the nine year period averages to 4.61% per year. The increase from 2011 to 2012 was 7.90%.

The overall District tax rate was \$16.56 per thousand in the 2012 fiscal year which was \$.65 less than the levy in the 2011 fiscal year. The 0% allowable growth and increased valuations per pupil created the decrease in the levy rate.

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

	TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 33,110	\$ 25,407
Support services	17,653	14,780
Non-instructional	48	48
Other Expenses	<u>7,208</u>	<u>5,545</u>
Totals	<u>\$ 58,019</u>	<u>\$ 45,780</u>

- The cost of all governmental activities this year was \$58.02 million compared to \$52.38 million a year ago.
- Some of the cost (non-resident tuition, fees, rentals) was financed by the users of the District's programs. This accounted for \$6.40 million in revenue to help offset the above costs.
- Most of the District's Governmental Fund costs were financed by District and state taxpayers. This portion of governmental activities was financed with \$30.38 million in property/state sales taxes and \$22.6 million in state and federal aid.

Business-Type Activities

Revenues of the District's business-type activities were \$4.75 million while expenses were \$4.27 million. (Refer to Figure A-4) Although these activities are not in place to make a profit, they are organized and structured to operate at a revenue/expenditure neutral position. The slight increase in fund balance is due to efficient operation of our two main business activities. At the present time, the three main funds that make up the business type activities are the Food and Nutrition Fund, Daycare Fund, and the Student Built House Fund.

Financial Analysis of the District's Funds

Business-Type Fund Highlights

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

- The Nutrition and Daycare Fund balances are both in positive territory at \$1,410,468 and \$275,008, respectively. As mentioned in previous year reports, the Nutrition Fund remains at a level slightly above 3 months operating expenses. A plan has been submitted and accepted to the State Nutritional Office which includes additional planned expenditures for an assistant to the Director position and capital costs associated with the new elementary school. The Daycare Fund remains in positive territory with excess funds being placed into capital outlay costs in the form of upgrading all pre-school playgrounds to meet current safety standards with rubberized surfacing and new equipment.
- The Student Build House Fund balance closed with a deficit balance of \$1,926 as the 2011-12 house was sold as of June 30. Each year, the timing of selling the house and the desired profit vs. selling the house at something less is a struggle. The District did not want to carry forward the asset into the next year resulting in another fund to provide funding for the new house being constructed. The Board has realized that there are inherent costs associated with the construction of the house beyond the hiring of a single staff member and have approved the use of General Fund dollars that paid for the lot in fiscal year 2012.

Governmental Fund Highlights

All of the District's Governmental Funds balances did well and are in a good position to move forward to meet the District's ever growing needs. The unusually large growth in the General Fund is a result of the District seeking the maximum cash reserve levy to ensure that cash balances are adequate to cover spending authority.

- The SAVE Capital Projects Fund balance decreased from a balance of \$3.24 million to \$1.49 million. 2011-12 marked the 5th and final year of the revenue coming exclusively from Linn and Johnson County SILO and the state Benton SAVE funds. Beginning in fiscal year 2013, all funds will flow through the state SAVE formula resulting in a decrease in revenue based on the "per pupil" formula. School Infrastructure Local Option (SILO) funds are primarily utilized for various projects approved by the Board and an annual \$2.0 million payment on District debt. Expenses outpaced revenues substantially as the District made a large commitment to technology purchases and paid for the completion of the youth baseball field and concession project. The District also entered into its first school infrastructure bond agreement in the form of a \$1.8 million technology purchase, payable over the next 3 fiscal years.

- The Management Fund balance increased from \$1,175,388 to \$1,464,260. The District pays for its liability, property, fleet, workers compensation insurance, and early separation programs out of the Management Fund. The balance is adequate moving forward which resulted in a decrease to the property tax levy for the 2012-13 fiscal year. This balance increase was achieved even though 6 certified employees and 3 administrative employees utilized the early separation program in fiscal year 2012. Data continues to show that the program results in savings to the General Fund through the hiring of less expensive staff overall while helping older staff transition into retirement. The District currently has 32 certified employees eligible for early separation. It is anticipated that 7-10 employees will participate in the program in fiscal year 2013.
- The Physical Plant and Equipment Levy, (PPEL) Fund balance decreased from \$992,463 to \$773,495. PPEL Fund dollars are utilized to purchase technology and complete general maintenance projects. Funds are also utilized to replace old busses and vans in the District fleet. The carryover balance remains strong and excess funds will be utilized for additional technology initiatives and building repairs. With its current assessed valuation, the District is able to generate approximately \$1.48 million annually in this fund. This is achieved with the current voter approved \$.67 levy per \$1,000 valuation and Board approved \$.33 per \$1,000. This is less than the maximum allowed voter approved levy of \$1.34 per \$1,000.
- The Other Governmental Funds balance (the Activity Fund), decreased slightly from \$569,037 to \$552,090 from the previous fiscal year. The primary activities in this fund include the athletic accounts and building level student activities other than athletics.
- The General Fund balance increased from \$7.31 million to \$10.16 million during the fiscal year. This increase is the result of the maximum cash reserve levy and minimal expense increases due to the 0% allowable growth allowed by the state. The District continued its effort to recover the across the board cuts in revenue administered by the state in the fall of 2009, and again in 2010. With this approach, the District realized the increased balance. The increase is welcome and necessary to bring cash reserves in line with the “authority” to spend per the state formula. It is also necessary as the District positions itself to open its next elementary in the fall of 2014 which will result in the hiring of numerous staff positions and a likely request from the School Budget Review Committee (SBRC) for additional authority for these unique expenses. This is important as the SBRC requires that Districts have the necessary cash to cover additional authority it grants.

General Fund Budgetary Highlights

Of all Governmental Funds, the General Fund is the largest, comprising 68% of all Governmental Fund expenses in the fiscal year. All other Governmental funds combined account for a little less than half of the General Fund expenditures in a typical year. This balance will change in those years that the District has undertaken a large capital improvement project such as a school building.

The General Fund expenditures are updated monthly to monitor expenditures and reflect any changes in staffing and non-staffing costs. A comparison of General Fund budgeted to actual expenditures shows actual expenditures of \$45.10 million, which was less than the original budgeted line item amount of \$46.47 million approved at the October 2011 meeting.

The General Fund balance at year-end was 21.19% of fund revenues, up from 14.56% from a year ago. The Board of Education has supported action to ensure that District General Fund cash reserves are adequate utilizing local property taxes as necessary to fund the growth of the District. Another important aspect of the General Fund balance is the actual “spending authority” that accompanies the cash reserve. At the time of this report, it’s estimated that the carryover authority is approximately \$9.26 million. Within this number is one-time authority of \$3.23 million which was awarded the District in fiscal year 2010 to offset the cost of additional staff at Prairie Point. Without this one-time amount, the estimated authority is only \$6.03 million. This marks the first time since the close of the 2008-09 fiscal year that cash on hand was adequate to cover the District’s spending authority.

Capital Asset and Debt Administration

Capital Assets

At the end of 2012, the District had invested net of depreciation, \$85.99 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) This amount represents a net increase of 2.6% from a year ago. Note the large increase in improvements other than buildings. This is due to the facility projects completed during the fiscal year.

Governmental Funds account for all of these assets with the exception of \$596,000 which is accounted for in the Food and Nutritional Fund, Print Shop Fund and Student Built House Fund.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total Change</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2011-2012</u>
Land	\$ 3,973	\$ 2,509	\$ -	\$ -	\$ 3,973	\$ 2,509	58.3%
Construction in progress	-	1,436	-	-	-	1,436	-100.0%
Buildings	71,877	73,865	-	-	71,877	73,865	-2.7%
Improvements other than buildings	8,448	4,010	-	-	8,448	4,010	110.7%
Furniture and equipment	<u>1,689</u>	<u>2,003</u>	<u>596</u>	<u>577</u>	<u>2,285</u>	<u>2,580</u>	<u>-11.5%</u>
Totals	<u>\$ 85,987</u>	<u>\$ 83,823</u>	<u>\$ 596</u>	<u>\$ 577</u>	<u>\$ 86,583</u>	<u>\$ 84,400</u>	<u>2.6%</u>

Long-Term Debt

At year-end, the District had \$65.76 million in general obligation bonds and other long-term debt outstanding. This represents an increase of \$1.75 million over the previous fiscal year as can be seen in Figure A-7 below. Fiscal year 2012 marks the fourth year that the District is reporting the Other Post Employment Benefits (OPEB) per GASB-45. The current actuarially determined liability is \$3,765,000. OPEB liabilities are a combination of early retirement incentives offered by the District and implicit benefits guaranteed to public employees by state code which allows them to take advantage of group rates until the age of 65. In other words, the District would not be able to eliminate OPEB liabilities by simply not offering early separation benefits. The District utilized a “pay as you go” approach to the District meeting these obligations.

	OUTSTANDING LONG-TERM OBLIGATIONS (EXPRESSED IN THOUSANDS)		
	Total School District		Total Change
	<u>2012</u>	<u>2011</u>	<u>2011-2012</u>
General obligation bonds	\$ 59,865	\$ 61,240	0.7%
Revenue bonds	1,800	-	100.0%
Notes payable	-	-	0.0%
Deferred gain or refunded debt	-	-	0.0%
OPEB Liability	3,765	2,628	43.3%
Early retirement	<u>329</u>	<u>143</u>	<u>130.1%</u>
Totals	<u>\$ 65,759</u>	<u>\$ 64,011</u>	<u>2.7%</u>

Changes in the debt schedule are primarily due to the payment on general obligation bonds and the sale of new bonds. The District did incur new debt during the fiscal year in the form of a \$1.5 million capital loan note for the purchase of land and a \$1.8 million school infrastructure bond for the purchase of 1/1 computers for high school students.

Factors Bearing on the District’s Future

- The District remains mindful of the work ahead and financial planning necessary to meet its needs. We will be building a new elementary building in 2013-14 scheduled to open in the fall of 2014. Financial solvency from both a cash and authority perspective are key to the successful opening and staffing of that building. The District must monitor General Fund expenditures carefully to assure that educational goals are met and not compromised while also maintaining the proper balances to move ahead. Although enrollment is up again this fall, the increase is approximately ½ (60 students) compared to the previous 5 years. This has helped with kindergarten class size and if this trend continues, will help with all lower elementary class sizes over the next few years. Staff populations continue to grow as well. 2012 Fall BEDS staff reporting indicated that the District employs 803 persons during the 10 month school year. The Board has given approval to move forward with planning and hiring of Human Resources personnel, and will be considering the addition of Building Based personnel.

- State funding growth for public schools for fiscal year 2012 was, for the first time in the history of the Iowa funding formula, set at a 0% allowable growth. This was due to the continued poor financial condition of the State and the State Legislature's consideration of school reforms in the areas of staff training and staff salaries. The District remains fortunate to be growing in student population and despite the 0% allowable growth, some additional authority was generated due to the student population growth within the state aid formula.
- School Infrastructure Local Option (now known as SAVE) funds continue to be utilized to offset the District's tax levy with \$2.0 million per year pledged to be utilized for District debt. Additionally, the District borrowed against future revenues in the form of \$1.8 million school advanced sales tax bonds. Fiscal year 2012 marked the final year that the District was allowed to keep all revenues from this funding source from Linn and Johnson Counties. This is significant as the average dollars received per pupil in fiscal year 2012 were \$977. Beginning in fiscal year 2013, the District becomes part of the state formula for revenues and the predicted average revenue per student is \$843, a 13.7% decrease in funding. Future use of these funds, including bonding, will need to be viewed with these new funding realities in mind.
- District certified enrollment increased by 1,253 student over the past ten years. Under Iowa's school funding formula, this places upward pressure on the District tax levy. During the same time, property valuations have grown, which helps offset this pressure but not at the same rate. Recent years valuation increases, minimal to 0% allowable growth from the state, and the current year's enrollment increase of only 60 students will help relieve some of the upward pressure on the levy. The State continues its initiative to balance property tax rates through an increase in the roll back percentage on residential property which also provides upward pressure on the local levy rate.
- In April 2012, District voters approved the sale of \$15 million general obligation bonds for the construction of a new elementary building. The District is currently in the planning stages with the site prepared for the construction of and anticipated opening of a 500 student elementary building in the fall of 2014. If current enrollment trends continue, the District will need to hire approximately 35 employees in the fall of 2014. While this will strain the District's reserves until full funding is realized through additional student growth, the District will continue to focus on its reserves through the next 2 years in preparation for these additional expenditures.
- For fiscal year 2012, the fiscal position of the District showed an increase in both spending authority and cash. The District has remained conservative in its approach to adding additional staff given that in each of past three years State funding has either been reduced through across the board cuts or minimized by 2%, or less, allowable growth. Additionally, the District has worked to position itself to grow with staffing of new facilities as was described earlier in this section with the addition of a new elementary. Salary negotiations and state legislative initiatives will place pressure on these plans moving forward. Despite these pressures and unknowns, the District will remain committed to delivering the most effective instructional methodology possible.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 14,094,656	\$ 1,838,088	\$ 15,932,744
Receivables:			
Property tax:			
Delinquent	183,445	-	183,445
Succeeding year	22,810,192	-	22,810,192
Accounts	207,891	24,242	232,133
Accrued interest	909	274	1,183
Internal balances	280,000	(280,000)	-
Due from other governments	2,577,389	-	2,577,389
Inventories	2,256	46,925	49,181
Prepaid expenses	23,050	4,384	27,434
Debt issuance cost, net of amortization	107,006	-	107,006
Capital assets, net of accumulated depreciation	<u>85,986,905</u>	<u>596,360</u>	<u>86,583,265</u>
Total assets	<u>\$ 126,273,699</u>	<u>\$ 2,230,273</u>	<u>\$ 128,503,972</u>
LIABILITIES			
Accounts payable	\$ 675,539	\$ 67,539	\$ 743,078
Accrued expenses	1,015,313	54,888	1,070,201
Salaries and benefits payable	431,738	54,160	485,898
Due to other governments	376,051	-	376,051
Accrued interest payable	196,287	-	196,287
Deferred revenue - succeeding year property tax	22,810,192	-	22,810,192
Long-term liabilities:			
Portion due within one year:			
Bonds payable	3,260,000	-	3,260,000
Early retirement	328,650	-	328,650
Portion due after one year:			
Bonds payable	58,405,000	-	58,405,000
Net OPEB liability	<u>3,765,192</u>	<u>-</u>	<u>3,765,192</u>
Total liabilities	<u>91,263,962</u>	<u>176,587</u>	<u>91,440,549</u>

NET ASSETS	Governmental Activities	Business-type Activities	Total
Invested in capital assets, net of related debt	\$ 25,915,769	\$ 596,360	\$ 26,512,129
Nonspendable	16,951	-	16,951
Restricted for:			
Categorical funding and other reserves	2,574,410	-	2,574,410
Physical plant and equipment levy	773,495	-	773,495
Student activity purposes	537,395	-	537,395
Unrestricted	<u>5,191,717</u>	<u>1,457,326</u>	<u>6,649,043</u>
TOTAL NET ASSETS	<u>\$ 35,009,737</u>	<u>\$ 2,053,686</u>	<u>\$ 37,063,423</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2012

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>
Governmental activities:				
Instruction:				
Regular instruction	\$ 20,968,125	\$ 2,278,095	\$ 699,916	\$ -
Special instruction	7,730,107	2,574,983	-	-
Other instruction	4,411,782	1,420,188	730,184	-
	<u>33,110,014</u>	<u>6,273,266</u>	<u>1,430,100</u>	<u>-</u>
Support services:				
Student	1,992,616	-	294,443	-
Instructional staff	4,992,339	-	2,409,132	-
Administration	4,316,789	-	-	-
Operation and maintenance of plant	3,937,785	119,627	4,731	-
Transportation	2,413,043	10,683	33,883	-
	<u>17,652,572</u>	<u>130,310</u>	<u>2,742,189</u>	<u>-</u>
Non-instructional programs	<u>48,084</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenses:				
Facilities acquisition	660,538	-	-	-
Long-term debt interest	2,452,275	-	2,200	-
AEA flowthrough	1,660,568	-	1,660,568	-
Amortization (unallocated)	13,376	-	-	-
Depreciation (unallocated)	2,421,609	-	-	-
	<u>7,208,366</u>	<u>-</u>	<u>1,662,768</u>	<u>-</u>
Total governmental activities	<u>58,019,036</u>	<u>6,403,576</u>	<u>5,835,057</u>	<u>-</u>
Business-type activities:				
Support services:				
Administrative services	115,358	-	-	-
Operation and maintenance of plant	87,294	-	-	-
Non-instructional programs:				
Nutrition services	2,048,398	1,396,308	919,988	-
Daycare services	1,452,855	1,455,803	56,132	-
Concession services	129,842	170,528	-	-
Print services	136,980	156,947	-	-
Student built house	303,776	598,048	-	-
	<u>4,274,503</u>	<u>3,777,634</u>	<u>976,120</u>	<u>-</u>
Total business-type activities	<u>4,274,503</u>	<u>3,777,634</u>	<u>976,120</u>	<u>-</u>
Total	<u>\$ 62,293,539</u>	<u>\$ 10,181,210</u>	<u>\$ 6,811,177</u>	<u>\$ -</u>

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (17,990,114)	\$ -	\$ (17,990,114)
(5,155,124)	-	(5,155,124)
(2,261,410)	-	(2,261,410)
<u>(25,406,648)</u>	<u>-</u>	<u>(25,406,648)</u>
(1,698,173)	-	(1,698,173)
(2,583,207)	-	(2,583,207)
(4,316,789)	-	(4,316,789)
(3,813,427)	-	(3,813,427)
<u>(2,368,477)</u>	<u>-</u>	<u>(2,368,477)</u>
<u>(14,780,073)</u>	<u>-</u>	<u>(14,780,073)</u>
<u>(48,084)</u>	<u>-</u>	<u>(48,084)</u>
(660,538)	-	(660,538)
(2,450,075)	-	(2,450,075)
-	-	-
(13,376)	-	(13,376)
<u>(2,421,609)</u>	<u>-</u>	<u>(2,421,609)</u>
<u>(5,545,598)</u>	<u>-</u>	<u>(5,545,598)</u>
<u>(45,780,403)</u>	<u>-</u>	<u>(45,780,403)</u>
-	(115,358)	(115,358)
-	(87,294)	(87,294)
-	267,898	267,898
-	59,080	59,080
-	40,686	40,686
-	19,967	19,967
<u>-</u>	<u>294,272</u>	<u>294,272</u>
<u>-</u>	<u>479,251</u>	<u>479,251</u>
\$ (45,780,403)	\$ 479,251	\$ (45,301,152)

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2012

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

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

Governmental Activities	Business-type Activities	Total
\$ 25,687,749	\$ -	\$ 25,687,749
3,226,777	-	3,226,777
1,458,306	-	1,458,306
16,757,129	-	16,757,129
11,830	3,402	15,232
<u>304,732</u>	<u>132</u>	<u>304,864</u>
<u>47,446,523</u>	<u>3,534</u>	<u>47,450,057</u>
1,666,120	482,785	2,148,905
<u>33,343,617</u>	<u>1,570,901</u>	<u>34,914,518</u>
<u>\$ 35,009,737</u>	<u>\$ 2,053,686</u>	<u>\$ 37,063,423</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2012

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
ASSETS			
Cash and pooled investments	\$ 9,759,431	\$ 1,787,213	\$ 85,283
Receivables:			
Property tax:			
Delinquent	140,440	8,558	22,989
Succeeding year	16,447,935	1,091,837	3,668,386
Accounts	207,891	-	-
Accrued interest	2	292	325
Due from other funds	280,000	-	-
Due from other governments	1,885,139	-	-
Inventories	2,256	-	-
Prepaid expenses	8,355	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 28,731,449	\$ 2,887,900	\$ 3,776,983
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 297,642	\$ 3,153	\$ 6,015
Accrued expenses	1,015,313	-	-
Salaries and benefits payable	431,738	328,650	-
Due to other governments	375,801	-	-
Deferred revenue-succeeding year property tax	16,447,935	1,091,837	3,668,386
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>18,568,429</u>	<u>1,423,640</u>	<u>3,674,401</u>
Fund balances:			
Nonspendable	2,256	-	-
Restricted for:			
Categorical funding and other reserves	2,574,410	-	-
Debt service	-	-	102,582
Management levy purposes	-	1,464,260	-
Student activities	-	-	-
School infrastructure	-	-	-
Physical plant and equipment	-	-	-
Unassigned	7,586,354	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>10,163,020</u>	<u>1,464,260</u>	<u>102,582</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 28,731,449	\$ 2,887,900	\$ 3,776,983

Exhibit C

<u>S.A.V.E.</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 980,354	\$ 1,482,375	\$ 14,094,656
-	11,458	183,445
-	1,602,034	22,810,192
-	-	207,891
113	177	909
-	-	280,000
691,378	872	2,577,389
-	-	2,256
-	14,695	23,050
<u>\$ 1,671,845</u>	<u>\$ 3,111,611</u>	<u>\$ 40,179,788</u>
\$ 184,987	\$ 183,742	\$ 675,539
-	-	1,015,313
-	-	760,388
-	250	376,051
-	1,602,034	22,810,192
<u>184,987</u>	<u>1,786,026</u>	<u>25,637,483</u>
-	14,695	16,951
-	-	2,574,410
-	-	102,582
-	-	1,464,260
-	537,395	537,395
1,486,858	-	1,486,858
-	773,495	773,495
-	-	7,586,354
<u>1,486,858</u>	<u>1,325,585</u>	<u>14,542,305</u>
<u>\$ 1,671,845</u>	<u>\$ 3,111,611</u>	<u>\$ 40,179,788</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

June 30, 2012

Total fund balances of governmental funds (page 28)	\$ 14,542,305
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	85,986,905
Debt issuance costs on refunded bonds are not financial resources and, therefore, are not reported as assets in the governmental funds.	107,006
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(196,287)
Long-term liabilities, including bonds payable, compensated absences, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(65,430,192)</u>
Net assets of governmental activities (page 26)	<u>\$ 35,009,737</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2012

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Revenues:			
Local sources:			
Local tax	\$ 19,980,315	\$ 1,377,241	\$ 3,225,987
Tuition	4,602,834	-	-
Other	634,984	60,023	2,200
State sources	21,311,359	293	790
Federal sources	<u>1,427,762</u>	<u>-</u>	<u>-</u>
Total revenues	<u>47,957,254</u>	<u>1,437,557</u>	<u>3,228,977</u>
Expenditures:			
Instruction:			
Regular instruction	19,097,633	756,086	-
Special instruction	7,712,339	-	-
Other instruction	<u>3,314,536</u>	<u>-</u>	<u>-</u>
	<u>30,124,508</u>	<u>756,086</u>	<u>-</u>
Support services:			
Student services	1,992,616	-	-
Instructional staff services	2,013,335	-	-
Administrative services	3,839,631	36,921	-
Operation and maintenance of plant services	3,671,599	263,002	-
Transportation services	<u>1,755,578</u>	<u>89,808</u>	<u>-</u>
	<u>13,272,759</u>	<u>389,731</u>	<u>-</u>
Non-Instructional programs:	<u>45,216</u>	<u>2,868</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	-	-	-
Long-term debt:			
Principal	-	-	2,875,000
Interest and fiscal charges	-	-	2,435,351
AEA flowthrough	<u>1,660,568</u>	<u>-</u>	<u>-</u>
	<u>1,660,568</u>	<u>-</u>	<u>5,310,351</u>
Total expenditures	<u>45,103,051</u>	<u>1,148,685</u>	<u>5,310,351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,854,203</u>	<u>288,872</u>	<u>(2,081,374)</u>

Exhibit E

<u>S.A.V.E.</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ 1,457,909	\$ 26,041,452
-	-	4,602,834
4,534,343	1,063,988	6,295,538
-	397	21,312,839
-	4,731	1,432,493
<u>4,534,343</u>	<u>2,527,025</u>	<u>59,685,156</u>
86,205	-	19,939,924
-	-	7,712,339
-	1,060,788	4,375,324
<u>86,205</u>	<u>1,060,788</u>	<u>32,027,587</u>
-	-	1,992,616
2,344,868	608,358	4,966,561
-	-	3,876,552
-	-	3,934,601
-	294,989	2,140,375
<u>2,344,868</u>	<u>903,347</u>	<u>16,910,705</u>
-	-	48,084
3,647,423	2,285,557	5,932,980
-	-	2,875,000
9,400	13,248	2,457,999
-	-	1,660,568
<u>3,656,823</u>	<u>2,298,805</u>	<u>12,926,547</u>
<u>6,087,896</u>	<u>4,262,940</u>	<u>61,912,923</u>
<u>(1,553,553)</u>	<u>(1,735,915)</u>	<u>(2,227,767)</u>

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2012

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Other financing sources (uses):			
General obligation bonds issued	\$ -	\$ -	\$ -
Revenue bonds issued	-	-	-
Operating transfers in	-	-	2,000,000
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	2,000,000
	<hr/>	<hr/>	<hr/>
Net change in fund balances	2,854,203	288,872	(81,374)
Fund balances beginning of year	<u>7,308,817</u>	<u>1,175,388</u>	<u>183,956</u>
Fund balances end of year	<u>\$ 10,163,020</u>	<u>\$ 1,464,260</u>	<u>\$ 102,582</u>

Exhibit E

<u>S.A.V.E.</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 1,800,000	\$ -	\$ 1,800,000
-	1,500,000	1,500,000
-	-	2,000,000
<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
<u>(200,000)</u>	<u>1,500,000</u>	<u>3,300,000</u>
(1,753,553)	(235,915)	1,072,233
<u>3,240,411</u>	<u>1,561,500</u>	<u>13,470,072</u>
<u>\$ 1,486,858</u>	<u>\$ 1,325,585</u>	<u>\$ 14,542,305</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2012

Net change in fund balances - total governmental funds (page 33) \$ 1,072,233

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

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

Capital outlays	\$ 5,272,442	
Depreciation expense	<u>(3,108,632)</u>	2,163,810

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

Repayment of long-term debt principal and payments to refund bonds are expenditures in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 2,875,000

Proceeds on the issuance of debt is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Assets. (3,300,000)

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

Interest on long-term debt	5,724	
Other postemployment benefits	<u>(1,137,271)</u>	<u>(1,131,547)</u>

Change in net assets of governmental activities (page 26) \$ 1,666,120

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

June 30, 2012

	<u>Nonmajor Proprietary Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,838,088
Accounts receivable	24,242
Accrued interest receivable	274
Prepaid expenses	4,384
Inventories	46,925
Capital assets, net of accumulated depreciation	<u>596,360</u>
Total assets	<u><u>\$ 2,510,273</u></u>
LIABILITIES	
Accounts payable	\$ 67,539
Accrued expenses	54,888
Salaries and benefits payable	54,160
Due to other funds	<u>280,000</u>
Total liabilities	<u>456,587</u>
NET ASSETS	
Invested in capital assets, net of related debt	596,360
Unrestricted	<u>1,457,326</u>
Total net assets	<u><u>\$ 2,053,686</u></u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

Year Ended June 30, 2012

	Nonmajor Proprietary Funds
Operating revenues:	
Local sources:	
Charges for services	\$ 3,777,766
State sources	<u>56,132</u>
Total operating revenues	<u>3,833,898</u>
Operating expenses:	
Support services:	
Administrative services	115,358
Operation and maintenance of plant services	<u>87,294</u>
Total support services	<u>202,652</u>
Non-instructional programs:	
Salaries	1,601,699
Benefits	445,422
Purchased supplies	11,769
Supplies	1,920,252
Depreciation	<u>92,709</u>
Total non-instructional programs	<u>4,071,851</u>
Total operating expenses	<u>4,274,503</u>
Operating loss	<u>(440,605)</u>
Nonoperating revenues:	
State sources	20,606
Federal sources	899,382
Interest income	<u>3,402</u>
Total nonoperating revenues	<u>923,390</u>
Net income	<u>482,785</u>
Net assets, beginning of year	<u>1,570,901</u>
Net assets, end of year	<u>\$ 2,053,686</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2012

	Nonmajor Proprietary Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 1,394,071
Cash received from day care activities	1,512,066
Cash received from printing	152,580
Cash received from concession sales	169,221
Cash received from student-built houses	598,049
Cash payments to employees for services	(2,051,847)
Cash payments to suppliers for goods or services	<u>(2,101,067)</u>
Net cash used in operating activities	<u>(326,927)</u>
Cash flows from non-capital financing activities:	
State grants received	20,605
Federal grants received	<u>899,382</u>
Net cash provided by non-capital financing activities	<u>919,987</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(112,267)</u>
Cash flows from investing activities:	
Interest on investments	<u>3,384</u>
Net increase in cash and cash equivalents	484,177
Cash and cash equivalents, beginning of year	<u>1,353,911</u>
Cash and cash equivalents, end of year	<u>\$ 1,838,088</u>

	<u>Nonmajor Proprietary Funds</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (440,605)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	92,709
Increase in inventories	(5,254)
Increase in accounts receivable	(7,909)
Increase in prepaid expenses	(47)
Increase in accounts payable	25,749
Decrease in salaries and benefits payable	(4,726)
Increase in due to other funds	5,000
Increase in accrued expenses	<u>8,156</u>
Net cash used in operating activities	<u>\$ (326,927)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$135,284 of federal commodities.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	<u>Agency</u>
ASSETS	
Cash	\$ 274,874
Receivables:	
Accrued interest and other receivables	<u>45</u>
Total assets	<u>\$ 274,919</u>
LIABILITIES	
Other payables	<u>\$ 274,919</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

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

C. Measurement Focus and Basis of Accounting (continued)

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

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

D. Use of Estimates in Preparing Financial Statements

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

E. Assets, Liabilities and Fund Equity

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

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

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

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

Furniture and equipment:

School Nutrition Fund equipment	\$	500
Other furniture and equipment		5,000

No threshold exists for land, buildings, or improvements.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

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

E. Assets, Liabilities and Fund Equity (continued)

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

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

Assigned - Amounts the District intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

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

F. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

The District's deposits, totaling \$7,532,091 excluding cash held for agency funds, in banks 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; 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 investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 8,673,028</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(2) Cash and Pooled Investments (continued)

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Proprietary Funds	<u>\$ 280,000</u>

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: S.A.V.E.	<u>\$ 2,000,000</u>

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

(5) Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,509,334	\$ 1,463,400	\$ -	\$ 3,972,734
Construction in progress	<u>1,436,249</u>	<u>3,357,190</u>	<u>4,793,439</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,945,583</u>	<u>4,820,590</u>	<u>4,793,439</u>	<u>3,972,734</u>
Capital assets being depreciated:				
Buildings	95,561,825	-	-	95,561,825
Improvements other than buildings	5,863,287	4,851,572	-	10,714,859
Furniture and equipment	<u>9,419,104</u>	<u>393,719</u>	<u>855,786</u>	<u>8,957,037</u>
Total capital assets being depreciated	<u>110,844,216</u>	<u>5,245,291</u>	<u>855,786</u>	<u>115,233,721</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(5) **Capital Assets** (continued)

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Less accumulated depreciation for:				
Buildings	21,697,330	1,987,268	-	23,684,598
Improvements other than buildings	1,852,621	414,454	-	2,267,075
Furniture and equipment	<u>7,416,753</u>	<u>706,910</u>	<u>855,786</u>	<u>7,267,877</u>
Total accumulated depreciation	<u>30,966,704</u>	<u>3,108,632</u>	<u>855,786</u>	<u>33,219,550</u>
Governmental activities capital assets, net	<u>\$83,823,095</u>	<u>\$ 6,957,249</u>	<u>\$ 4,793,439</u>	<u>\$85,986,905</u>
Business-type activities:				
Furniture and equipment	\$ 1,723,941	\$ 112,269	\$ 25,677	\$ 1,810,532
Less accumulated depreciation	<u>1,147,141</u>	<u>92,709</u>	<u>25,677</u>	<u>1,214,173</u>
Business-type activities capital assets, net	<u>\$ 576,800</u>	<u>\$ 19,560</u>	<u>\$ -</u>	<u>\$ 596,360</u>

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

Governmental activities:	
Instruction:	
Regular	\$ 270,021
Special	17,768
Other	36,458
Support services:	
Instructional staff	25,778
Administration	61,146
Operation and maintenance of plant	3,184
Transportation	<u>272,668</u>
	687,023
Unallocated depreciation	<u>2,421,609</u>
Total depreciation expense - governmental activities	<u>\$3,108,632</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(5) **Capital Assets** (continued)

Business-type activities	
Nutrition services	\$ 75,858
Student-built house	1,164
Day care	701
Enterprise/resale	408
Print services	<u>14,578</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 92,709</u></u>

(6) **Long-term Liabilities**

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

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>End of</u> <u>Year</u>	<u>Due Within</u> <u>One Year</u>
Early retirement	\$ 142,703	\$ 328,650	\$ 142,703	\$ 328,650	\$ 328,650
General obligation bonds	61,240,000	1,500,000	2,875,000	59,865,000	3,260,000
Revenue bond	-	1,800,000	-	1,800,000	-
Net OPEB liability	<u>2,627,921</u>	<u>1,380,189</u>	<u>242,919</u>	<u>3,765,192</u>	<u>-</u>
Total	<u><u>\$ 64,010,624</u></u>	<u><u>\$ 5,008,839</u></u>	<u><u>\$ 3,260,622</u></u>	<u><u>\$ 65,758,842</u></u>	<u><u>\$ 3,588,650</u></u>

A. Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are available for all employees except bus drivers and are based on classification of employee. At June 30, 2012, the District has obligations to five participants with a total liability of \$328,650. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$328,650. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

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

B. General Obligation Bonds

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

Year Ending June 30,	Bond Issue of 2006			Bond Issue of 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2013	4.00 %	\$ 415,000	\$ 1,196,000	3.75 %	\$ 255,000	\$ 350,359
2014	4.00 %	440,000	1,179,400	3.75 %	255,000	340,796
2015	4.50 %	480,000	1,161,800	3.75 %	255,000	331,234
2016	4.50 %	515,000	1,140,200	3.75 %	260,000	321,671
2017	4.50 %	485,000	1,117,025	3.75 %	260,000	311,921
2018	4.50 %	520,000	1,095,200	3.80 %	255,000	302,171
2019	4.50 %	580,000	1,071,800	3.85 %	265,000	292,482
2020	4.50 %	615,000	1,045,700	3.85 %	260,000	282,279
2021	4.50 %	760,000	1,018,025	3.88 %	265,000	272,269
2022	4.50 %	3,925,000	983,825	4.00 %	270,000	262,000
2023	4.50 %	4,115,000	807,200	4.00 %	265,000	251,000
2024	4.50 %	4,310,000	622,025	4.00 %	265,000	240,600
2025	4.50 %	4,520,000	428,075	4.00 %	260,000	230,000
2026	4.75 %	4,730,000	224,675	4.00 %	265,000	219,000
2027	-	-	-	4.00 %	5,225,000	209,000
Total		<u>\$ 26,410,000</u>	<u>\$ 13,090,950</u>		<u>\$ 8,880,000</u>	<u>\$ 4,216,782</u>

Year Ending June 30,	Bond Issue of 2008			Bond Issue of 2009A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2013	4.00 %	\$ -	\$ 375,950	2.40 %	\$ 1,250,000	\$ 217,320
2014	4.00 %	-	375,950	2.80 %	1,400,000	187,320
2015	4.00 %	-	375,950	3.10 %	1,900,000	148,120
2016	4.00 %	115,000	375,950	3.30 %	2,300,000	89,220
2017	4.00 %	2,190,000	371,350	3.60 %	370,000	13,320
2018	4.75 %	1,415,000	283,750	-	-	-
2019	3.50 %	1,600,000	223,612	-	-	-
2020	3.55 %	1,735,000	167,612	-	-	-
2021	3.60 %	2,945,000	106,020	-	-	-
Total		<u>\$ 10,000,000</u>	<u>\$ 2,656,144</u>		<u>\$ 7,220,000</u>	<u>\$ 655,300</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

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

B. General Obligation Bonds (continued)

<u>Year Ending June 30,</u>	<u>Bond Issue of 2009B</u>			<u>Bond Issue of 2012A</u>		
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>
2013	2.75 %	\$ 1,050,000	\$ 199,476	0.95 %	\$ 290,000	\$ 16,506
2014	2.75 %	1,000,000	170,600	0.95 %	295,000	11,496
2015	3.00 %	400,000	143,100	0.95 %	300,000	8,692
2016	3.25 %	100,000	131,100	0.95 %	305,000	5,842
2017	3.50 %	100,000	127,850	0.95 %	310,000	2,946
2018	3.75 %	1,100,000	124,350	-	-	-
2019	3.90 %	1,100,000	83,100	-	-	-
2020	4.00 %	<u>1,005,000</u>	<u>40,200</u>	-	<u>-</u>	<u>-</u>
Total		\$ 5,855,000	\$ 1,019,776		\$ 1,500,000	\$ 45,482

<u>Year Ending June 30,</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,260,000	\$ 2,355,611
2014	3,390,000	2,265,562
2015	3,335,000	2,168,896
2016	3,595,000	2,063,983
2017	3,715,000	1,944,412
2018	3,290,000	1,805,471
2019	3,545,000	1,670,993
2020	3,615,000	1,535,791
2021	3,970,000	1,396,314
2022	4,195,000	1,245,825
2023	4,380,000	1,058,400
2024	4,575,000	862,625
2025	4,780,000	658,075
2026	4,995,000	444,275
2027	<u>5,225,000</u>	<u>209,001</u>
Total	\$59,865,000	\$ 21,685,234

In 2010, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2012, \$13.28 million of outstanding bonds are considered defeased.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

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

C. Revenue Bonds

Details of the District's June 30, 2012 statewide sales, services and use tax revenue bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Bond Issue of 2012B</u>		
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>
2013	1.50 %	\$ -	\$ 20,250
2014	1.50 %	588,112	22,589
2015	1.50 %	601,434	13,667
2016	1.50 %	<u>610,455</u>	<u>4,578</u>
Total		<u>\$ 1,800,000</u>	<u>\$ 61,084</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,800,000 of bonds issued in April 2012. The bonds were issued for the purpose of financing a portion of the costs of new equipment. 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 2016. 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 100% of the statewide sales, services and use tax revenues. The total principal or interest to be paid on the notes is \$1,861,084. For the current year, no principal or interest was paid on the bonds and total statewide sales, services and use tax revenues was \$0.

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

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) 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. The required amount to be deposited in the sinking fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding bonds plus the equal monthly amount necessary to pay in full the installment of principal coming due on such bonds on the next succeeding principal payment date until the full amount of such installment is on hand. As of June 30, 2012, there was \$0 reserved for in the sinking fund. The District will begin making deposits in July 2012, and each month thereafter, into the sinking fund the amount necessary for the first interest payment, which is due on January 1, 2013.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(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 4.50% of their annual salary and the District is required to contribute 6.95% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$2,498,928, \$2,091,872 and \$1,948,656, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District participates in an Iowa Chapter 28E plan with five other schools, called the Metro Interagency Insurance Program (MIIP), which provides medical and prescription drug benefits for retirees and their spouses. There are 626 active and 44 retired members in the plan. Participants must be age 55 and older at retirement.

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

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

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	\$1,436,985
Interest on net OPEB obligation	65,698
Adjustment to annual required contribution	<u>(122,494)</u>
Annual OPEB cost	1,380,189
Contributions made	<u>242,919</u>
Increase in net OPEB obligation	1,137,270
Net OPEB obligation, beginning of year	<u>2,627,922</u>
Net OPEB obligation, end of year	<u><u>\$3,765,192</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$242,919 to the medical plan. Plan members eligible for benefits contributed \$66,603, or 21.5% of the premium costs.

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

Year Ended June 30,	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 922,305	17.7%	\$ 1,526,224
2011	1,366,190	19.4%	2,627,922
2012	1,380,189	17.6%	3,765,192

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$8,592,803, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,592,803. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$30,154,970, and the ratio of the UAAL to covered payroll was 28.5%. As of June 30, 2012, there were no trust fund assets.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

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

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

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

As of the July 1, 2011 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumption includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 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 \$414 per month for retirees less than age 65. The UAAL is being amortized as a level dollar cost on an open basis over 30 years.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$1,660,568 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(11) Categorical Funding

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

Program	Amount
Gifted and Talented	\$ 89,808
Educator quality, professional development	<u>97</u>
	<u>\$ 89,905</u>

(12) Subsequent Event

In July 2012, the District passed a resolution authorizing the issuance of \$6,000,000 in general obligation school bonds.

In July 2012, the District approved a construction bid of approximately \$465,000 for the 5th Elementary Site Preparation Project.

Management evaluated subsequent events through November 30, 2012, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2012, but prior to November 30, 2012 that provided additional evidence about conditions that existed at June 30, 2012, have been recognized in the financial statements for the year ended June 30, 2012. Events or transactions that provided evidence about conditions that did not exist at June 30, 2012 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2012.

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

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Local sources	\$ 36,939,824	\$ 3,781,168	\$ 40,720,992
State sources	21,312,839	76,738	21,389,577
Federal sources	<u>1,432,493</u>	<u>899,382</u>	<u>2,331,875</u>
Total revenues	<u>59,685,156</u>	<u>4,757,288</u>	<u>64,442,444</u>
 EXPENDITURES:			
Instruction	32,027,587	-	32,027,587
Support services	16,910,705	202,652	17,113,357
Non-instructional programs	48,084	4,071,851	4,119,935
Other expenditures	<u>12,926,547</u>	<u>-</u>	<u>12,926,547</u>
Total expenditures	<u>61,912,923</u>	<u>4,274,503</u>	<u>66,187,426</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (2,227,767)	 482,785	 (1,744,982)
 OTHER FINANCING SOURCES, NET	 <u>3,300,000</u>	 <u>-</u>	 <u>3,300,000</u>
 EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	 1,072,233	 482,785	 1,555,018
 BALANCES, BEGINNING OF YEAR	 <u>13,470,072</u>	 <u>1,570,901</u>	 <u>15,040,973</u>
 BALANCES, END OF YEAR	 <u>\$ 14,542,305</u>	 <u>\$ 2,053,686</u>	 <u>\$ 16,595,991</u>

<u>Budgeted Amounts</u>		<u>Final to Variance Positive/ (Negative)</u>
<u>Original</u>	<u>Final</u>	
\$ 38,035,917	\$ 38,035,917	\$ 2,685,075
21,845,417	21,845,417	(455,840)
<u>2,397,980</u>	<u>2,397,980</u>	<u>(66,105)</u>
<u>62,279,314</u>	<u>62,279,314</u>	<u>2,163,130</u>
33,778,952	33,778,952	1,751,365
14,494,700	17,711,096	597,739
3,865,317	4,030,217	(89,718)
<u>11,480,935</u>	<u>13,334,779</u>	<u>408,232</u>
<u>63,619,904</u>	<u>68,855,044</u>	<u>2,667,618</u>
(1,340,590)	(6,575,730)	4,830,748
<u>-</u>	<u>-</u>	<u>3,300,000</u>
(1,340,590)	(6,575,730)	8,130,748
<u>9,760,391</u>	<u>9,760,391</u>	<u>5,280,582</u>
<u>\$ 8,419,801</u>	<u>\$ 3,184,661</u>	<u>\$ 13,411,330</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information- Budgetary Reporting

Year Ended June 30, 2012

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$5,235,140.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2009	July 1, 2008	\$ -	\$ 6,586	\$ 6,586	0.0%	\$ 25,479	25.9%
2010	July 1, 2008	-	6,586	6,586	0.0%	27,414	24.1%
2011	July 1, 2010	-	8,618	8,618	0.0%	29,190	29.5%
2012	July 1, 2010	-	8,592	8,592	0.0%	30,155	28.5%

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

SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 550,487	\$ 931,888	\$ 1,482,375
Receivables:			
Property tax:			
Delinquent	-	11,458	11,458
Succeeding year	-	1,602,034	1,602,034
Accrued interest	94	83	177
Due from other governments	872	-	872
Prepaid expenses	14,695	-	14,695
	<u>14,695</u>	<u>-</u>	<u>14,695</u>
Total assets	<u>\$ 566,148</u>	<u>\$ 2,545,463</u>	<u>\$ 3,111,611</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 13,808	\$ 169,934	\$ 183,742
Due to other governments	250	-	250
Deferred revenue-succeeding year property tax	-	1,602,034	1,602,034
	<u>-</u>	<u>1,602,034</u>	<u>1,602,034</u>
Total liabilities	<u>14,058</u>	<u>1,771,968</u>	<u>1,786,026</u>
Fund balances:			
Nonspendable	14,695	-	14,695
Restricted for:			
Student activities	537,395	-	537,395
Physical plant and equipment	-	773,495	773,495
Total fund balances	<u>552,090</u>	<u>773,495</u>	<u>1,325,585</u>
Total liabilities and fund balances	<u>\$ 566,148</u>	<u>\$ 2,545,463</u>	<u>\$ 3,111,611</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

**Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds**

Year Ended June 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ -	\$ 1,457,909	\$ 1,457,909
Other	1,059,925	4,063	1,063,988
State sources	-	397	397
Federal sources	-	4,731	4,731
	<u>1,059,925</u>	<u>1,467,100</u>	<u>2,527,025</u>
Total revenues			
Expenditures:			
Instruction:			
Other instruction	1,060,788	-	1,060,788
Support services:			
Instructional staff services	-	608,358	608,358
Transportation services	16,084	278,905	294,989
Other expenditures:			
Facilities acquisition	-	2,285,557	2,285,557
Long term debt- interest and fiscal charges	-	13,248	13,248
	<u>1,076,872</u>	<u>3,186,068</u>	<u>4,262,940</u>
Total expenditures			
Deficiency of revenues under expenditures	(16,947)	(1,718,968)	(1,735,915)
Other financing sources:			
Revenue bonds issued	-	1,500,000	1,500,000
Deficiency of revenues under expenditures and other financing sources	(16,947)	(218,968)	(235,915)
Fund balances, beginning of year	<u>569,037</u>	<u>992,463</u>	<u>1,561,500</u>
Fund balances, end of year	<u>\$ 552,090</u>	<u>\$ 773,495</u>	<u>\$ 1,325,585</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Individual Student Activity Accounts

Year Ended June 30, 2012

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student activity account:				
Athletic:				
General	\$ 56,158	\$ 164,341	\$ 138,802	\$ 81,697
Student clubs:				
Advisory	64,396	11,187	3,275	72,308
Co-curricular activities:				
High school	3,388	7,277	7,123	3,542
Prairie Crest	11,359	12,597	15,461	8,495
Prairie Heights	13,033	11,128	12,672	11,490
Prairie Ridge	2,313	13,694	14,181	1,826
Prairie View	702	5,096	3,103	2,695
Prairie Edge	1,831	977	287	2,521
Prairie Point	59,756	9,617	18,083	51,290
Prairie Creek	2,463	17,043	19,293	213
Student Council	16,881	12,929	12,928	16,881
Class of:				
2011	3,802	-	2,394	1,408
2012	5,067	-	3,307	1,760
2013	360	9,900	7,081	3,179
2014	232	438	232	438
Baseball Club	10,439	21,752	24,921	7,271
Softball Club	2,240	8,568	7,255	3,553
Performing Arts Club	1,466	1,137	1,457	1,146
Special Olympics	40	1,288	1,288	40
10-11 Yearbook	6,824	6,918	9,915	3,827
11-12 Yearbook	15	1,946	-	1,961
SADD Organization	140	-	-	140
Spring and Fall Plays	788	1,405	967	1,226
German Club	15,348	24,935	38,073	2,209
Student Vending	2,310	34,224	33,914	2,619
Letterman's Club	10,438	6,957	12,332	5,062
Girls Track Club	4,947	3,046	4,410	3,583
Boys Track Club	1,752	17,156	16,955	1,953
Volleyball Club	26,469	34,370	42,311	18,528
Art Activity	721	280	600	401
Keimig Activity	294	363	254	403
Klein Activity	-	200	200	-
Competition Cheerleading	2,125	14,478	16,032	571

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule 3

Schedule of Changes in Individual Student Activity Accounts

Year Ended June 30, 2012

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student clubs (continued):				
Instrumental Music	\$ 206	\$ 8,196	\$ 6,388	\$ 2,014
Cheerleading	11,473	24,681	18,889	17,265
Football Club	1,099	9,660	10,759	-
Business Prof./America	11,227	28,990	26,541	13,676
Boys Tennis Club	125	360	343	142
Girls Tennis Club	552	1,290	1,457	385
Thompson Activity	135	59	-	194
Dalton Activity	442	-	98	344
Bowling Club	875	642	1,172	345
Moeller Activity	3	-	-	3
Boys Soccer Club	4,098	11,477	11,984	3,591
Girls Soccer Club	12,492	15,602	16,177	11,918
Wrestling Club	22,700	20,215	22,607	20,308
Music Trip	140,824	249,894	286,563	104,155
SAVE	1,832	-	-	1,832
Prairie Dance Team Club	4,967	43,518	34,924	13,561
Instrumental Activity	2,702	17,266	17,680	2,287
Hawk Talk - General	1,594	2,164	3,191	567
Electric Car Club	980	3,473	1,628	2,825
Washington Trip	2,663	48,245	47,744	3,165
Girls Basketball Club	995	5,919	5,606	1,308
Boys Basketball Club	4,247	15,875	18,145	1,978
Vocal Music	6,605	75,206	58,504	23,308
Musical	1,274	685	1,546	412
National Honor Society	-	2,562	1,510	1,052
One and Two Act Plays	542	617	849	310
Girls Golf Club	1,085	2,450	2,560	975
Boys Golf Club	2,113	4,019	2,573	3,559
VICA Club	362	341	677	26
PE Club	466	-	-	466
Student mentors	217	-	-	217
Best Buddies	505	2,015	2,212	308
Graphics Club	77	59	(293)	429
Family Career Community Leaders	1,194	3,076	2,973	1,297
Band Uniforms	105	727	-	832
Drama	72	2,868	2,212	728
Performance Club	-	1,302	-	1,302
Key Club	-	1,167	551	616
Science National Honor Society	92	66	-	158
Total student clubs	<u>512,879</u>	<u>895,584</u>	<u>938,070</u>	<u>470,393</u>
Total	<u>\$ 569,037</u>	<u>\$ 1,059,925</u>	<u>\$ 1,076,872</u>	<u>\$ 552,090</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Statement of Net Assets (Deficit)

Proprietary Funds

June 30, 2012

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Resale</u>	<u>Print</u>	<u>Student Built House</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 929,584	\$ 346,589	\$ 112,248	\$ 176,400	\$ 273,267	\$ 1,838,088
Accounts receivable	12,858	-	6,276	5,108	-	24,242
Accrued interest receivable	179	77	18	-	-	274
Prepaid expenses	4,384	-	-	-	-	4,384
Inventories	12,286	-	-	34,639	-	46,925
Capital assets, net of accumulated depreciation	<u>543,385</u>	<u>351</u>	<u>203</u>	<u>47,182</u>	<u>5,239</u>	<u>596,360</u>
Total assets	<u>\$ 1,502,676</u>	<u>\$ 347,017</u>	<u>\$ 118,745</u>	<u>\$ 263,329</u>	<u>\$ 278,506</u>	<u>\$ 2,510,273</u>
LIABILITIES						
Accounts payable	\$ 31,336	\$ 21,275	\$ 1,627	\$ 12,869	\$ 432	\$ 67,539
Accrued expenses	54,888	-	-	-	-	54,888
Salaries and benefits payable	3,426	50,734	-	-	-	54,160
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,000</u>	<u>280,000</u>
Total liabilities	<u>89,650</u>	<u>72,009</u>	<u>1,627</u>	<u>12,869</u>	<u>280,432</u>	<u>456,587</u>
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt	543,385	351	203	47,182	5,239	596,360
Unrestricted	<u>869,641</u>	<u>274,657</u>	<u>116,915</u>	<u>203,278</u>	<u>(7,165)</u>	<u>1,457,326</u>
Total net assets (deficit)	<u>\$ 1,413,026</u>	<u>\$ 275,008</u>	<u>\$ 117,118</u>	<u>\$ 250,460</u>	<u>\$ (1,926)</u>	<u>\$ 2,053,686</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenses and Changes in Net Assets (Deficit)

Nonmajor Proprietary Funds

Year Ended June 30, 2012

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Resale</u>	<u>Print</u>	<u>Student Built House</u>	<u>Total</u>
Operating revenues:						
Local sources:						
Charges for services	\$ 1,396,308	\$ 1,455,935	\$ 170,528	\$ 156,947	\$ 598,048	\$ 3,777,766
State sources	-	56,132	-	-	-	56,132
Total operating revenues	<u>1,396,308</u>	<u>1,512,067</u>	<u>170,528</u>	<u>156,947</u>	<u>598,048</u>	<u>3,833,898</u>
Operating expenses:						
Support services:						
Administrative services	110,772	4,586	-	-	-	115,358
Operation and maintenance of plant services	<u>32,294</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,294</u>
Total support services	<u>143,066</u>	<u>59,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,652</u>
Non-instructional programs:						
Salaries	608,656	985,588	7,455	-	-	1,601,699
Benefits	237,340	206,937	1,145	-	-	445,422
Purchased supplies	-	5,649	6,120	-	-	11,769
Supplies	1,126,544	253,980	114,714	122,402	302,612	1,920,252
Depreciation	<u>75,858</u>	<u>701</u>	<u>408</u>	<u>14,578</u>	<u>1,164</u>	<u>92,709</u>
Total non-instructional programs	<u>2,048,398</u>	<u>1,452,855</u>	<u>129,842</u>	<u>136,980</u>	<u>303,776</u>	<u>4,071,851</u>
Total operating expenses	<u>2,191,464</u>	<u>1,512,441</u>	<u>129,842</u>	<u>136,980</u>	<u>303,776</u>	<u>4,274,503</u>
Operating income (loss)	<u>(795,156)</u>	<u>(374)</u>	<u>40,686</u>	<u>19,967</u>	<u>294,272</u>	<u>(440,605)</u>
Nonoperating revenues:						
State sources	20,606	-	-	-	-	20,606
Federal sources	899,382	-	-	-	-	899,382
Interest income	<u>2,226</u>	<u>975</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>3,402</u>
Total nonoperating revenues	<u>922,214</u>	<u>975</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>923,390</u>
Net income	<u>127,058</u>	<u>601</u>	<u>40,887</u>	<u>19,967</u>	<u>294,272</u>	<u>482,785</u>
Net assets (deficit), beginning of year	<u>1,285,968</u>	<u>274,407</u>	<u>76,231</u>	<u>230,493</u>	<u>(296,198)</u>	<u>1,570,901</u>
Net assets (deficit), end of year	<u>\$ 1,413,026</u>	<u>\$ 275,008</u>	<u>\$ 117,118</u>	<u>\$ 250,460</u>	<u>\$ (1,926)</u>	<u>\$ 2,053,686</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Statement of Cash Flows

Nonmajor Proprietary Funds

Year Ended June 30, 2012

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Resale</u>	<u>Print</u>	<u>Student Built House</u>	<u>Total</u>
Cash flows from operating activities:						
Cash received from sale of lunches and breakfasts	\$ 1,394,071	\$ -	\$ -	\$ -	\$ -	\$ 1,394,071
Cash received from day care activities	-	1,512,066	-	-	-	1,512,066
Cash received from printing	-	-	-	152,580	-	152,580
Cash received from concession sales	-	-	169,221	-	-	169,221
Cash received from student-built houses	-	-	-	-	598,049	598,049
Cash payments to employees for services	(846,238)	(1,192,612)	(12,997)	-	-	(2,051,847)
Cash payments to suppliers for goods or services	<u>(1,232,514)</u>	<u>(318,679)</u>	<u>(126,150)</u>	<u>(126,169)</u>	<u>(297,555)</u>	<u>(2,101,067)</u>
Net cash provided by (used in) operating activities	<u>(684,681)</u>	<u>775</u>	<u>30,074</u>	<u>26,411</u>	<u>300,494</u>	<u>(326,927)</u>
Cash flows from non-capital financing activities:						
State grants received	20,605	-	-	-	-	20,605
Federal grants received	<u>899,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>899,382</u>
Net cash provided by non-capital financing activities	<u>919,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>919,987</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	<u>(105,175)</u>	<u>-</u>	<u>-</u>	<u>(7,092)</u>	<u>-</u>	<u>(112,267)</u>
Cash flows from investing activities:						
Interest on investments	<u>2,206</u>	<u>979</u>	<u>199</u>	<u>-</u>	<u>-</u>	<u>3,384</u>
Net increase in cash and cash equivalents	132,337	1,754	30,273	19,319	300,494	484,177
Cash and cash equivalents, beginning of year	<u>797,247</u>	<u>344,835</u>	<u>81,975</u>	<u>157,081</u>	<u>(27,227)</u>	<u>1,353,911</u>
Cash and cash equivalents, end of year	<u>\$ 929,584</u>	<u>\$ 346,589</u>	<u>\$ 112,248</u>	<u>\$ 176,400</u>	<u>\$ 273,267</u>	<u>\$ 1,838,088</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (795,156)	\$ (374)	\$ 40,686	\$ 19,967	\$ 294,272	\$ (440,605)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	75,858	701	408	14,578	1,164	92,709
Decrease (increase) in inventories	1,749	-	-	(7,003)	-	(5,254)
Increase in accounts receivable	(2,236)	-	(1,306)	(4,367)	-	(7,909)
Decrease (increase) in prepaid expenses	(107)	60	-	-	-	(47)
Increase (decrease) in accounts payable	27,297	475	(5,317)	3,236	58	25,749
Decrease in salaries and benefits payable	(242)	(87)	(4,397)	-	-	(4,726)
Increase in due to other funds	-	-	-	-	5,000	5,000
Increase in accrued expenses	<u>8,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,156</u>
Net cash provided by (used in) operating activities	<u>\$ (684,681)</u>	<u>\$ 775</u>	<u>\$ 30,074</u>	<u>\$ 26,411</u>	<u>\$ 300,494</u>	<u>\$ (326,927)</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2012

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of Year</u>
ASSETS				
Cash	\$ 373,624	\$ 517,663	\$ 616,413	\$ 274,874
Accrued interest and other receivables	<u>158</u>	<u>45</u>	<u>158</u>	<u>45</u>
Total assets	<u>\$ 373,782</u>	<u>\$ 517,708</u>	<u>\$ 616,571</u>	<u>\$ 274,919</u>
LIABILITIES				
Accounts payable	\$ 11,075	\$ -	\$ 11,075	\$ -
Other payables	<u>362,707</u>	<u>517,663</u>	<u>605,451</u>	<u>274,919</u>
Total liabilities	<u>\$ 373,782</u>	<u>\$ 517,663</u>	<u>\$ 616,526</u>	<u>\$ 274,919</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

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

For the Last Ten Years

	Modified Accrual Basis				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues:					
Local sources:					
Local tax	\$ 26,041,452	\$ 24,219,102	\$ 22,093,711	\$ 20,945,968	\$ 20,361,901
Tuition	4,602,834	4,312,674	3,663,733	3,333,102	3,549,899
Other	6,295,538	5,905,077	5,999,103	5,736,360	6,659,201
Intermediate sources	-	-	-	-	-
State sources	21,312,839	19,794,883	17,314,281	18,005,005	17,104,669
Federal sources	<u>1,432,493</u>	<u>2,967,785</u>	<u>3,231,491</u>	<u>1,387,306</u>	<u>943,920</u>
Total revenues	<u>\$ 59,685,156</u>	<u>\$ 57,199,521</u>	<u>\$ 52,302,319</u>	<u>\$ 49,407,741</u>	<u>\$ 48,619,590</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 19,939,924	\$ 18,906,433	\$ 19,208,996	\$ 16,819,529	\$ 16,265,900
Special instruction	7,712,339	7,303,228	6,752,971	6,448,388	5,829,626
Other instruction	4,375,324	4,073,595	4,051,048	3,925,508	3,186,826
Support services:					
Student services	1,992,616	1,588,468	1,417,533	1,148,780	894,530
Instructional staff services	4,966,561	2,604,179	2,450,988	2,393,970	1,842,438
Administration services	3,876,552	3,743,217	3,809,772	3,321,006	3,148,693
Operation and maintenance of plant services	3,934,601	3,864,337	3,667,250	3,158,914	3,169,968
Transportation services	2,140,375	2,076,206	1,994,335	1,733,199	1,561,871
Non-instructional programs	48,084	32,611	-	-	-
Other expenditures:					
Facilities acquisition	5,932,980	2,737,713	1,837,000	12,971,023	23,729,926
Long-term debt:					
Principal	2,875,000	2,800,000	3,110,000	3,596,000	12,638,000
Debt issuance costs	-	-	147,134	-	-
Interest and other charges	2,457,999	2,503,471	2,651,037	2,968,168	3,153,022
AEA Flowthrough	<u>1,660,568</u>	<u>1,719,630</u>	<u>1,638,722</u>	<u>1,397,624</u>	<u>1,290,071</u>
Total expenditures	<u>\$ 61,912,923</u>	<u>\$ 53,953,088</u>	<u>\$ 52,736,786</u>	<u>\$ 59,882,109</u>	<u>\$ 76,710,871</u>

Schedule 8

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 20,086,865	\$ 16,951,789	\$ 16,822,033	\$ 15,005,818	\$ 14,562,655
3,490,482	3,716,232	3,668,389	3,434,496	3,651,132
3,385,477	1,891,034	1,655,059	1,456,602	1,625,747
-	-	-	3,917	10,902
14,985,960	13,320,215	11,996,479	11,027,872	10,563,673
<u>681,553</u>	<u>841,765</u>	<u>680,771</u>	<u>536,924</u>	<u>529,434</u>
<u>\$ 42,630,337</u>	<u>\$ 36,721,035</u>	<u>\$ 34,822,731</u>	<u>\$ 31,465,629</u>	<u>\$ 30,943,543</u>
\$ 14,419,478	\$ 13,299,906	\$ 12,114,110	\$ 11,208,657	\$ 10,291,874
5,549,502	5,236,403	6,383,557	6,273,271	5,700,649
3,146,535	2,899,110	2,026,955	1,688,377	1,888,385
914,795	970,198	997,383	922,990	795,475
1,798,291	1,959,626	2,004,418	1,793,657	1,720,285
3,159,628	3,024,768	2,743,755	2,170,023	1,992,035
2,907,370	2,833,886	2,709,306	2,331,951	1,947,185
1,645,811	1,592,256	1,329,826	1,197,953	1,182,336
-	-	-	-	-
5,096,572	2,157,313	619,704	5,078,613	8,718,040
2,096,000	1,939,000	12,340,000	1,760,000	8,550,000
-	-	-	-	-
2,760,324	1,565,105	2,204,667	1,685,228	2,694,993
<u>1,162,546</u>	<u>1,039,137</u>	<u>952,080</u>	<u>908,084</u>	<u>915,906</u>
<u>\$ 44,656,852</u>	<u>\$ 38,516,708</u>	<u>\$ 46,425,761</u>	<u>\$ 37,018,804</u>	<u>\$ 46,397,163</u>

See independent auditors' report.

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553		\$ 118,556
National School Lunch Program	10.555		<u>780,826</u>
Total U.S. Department of Agriculture			<u>899,382</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I - Grants to Local Educational Agencies	84.010		317,330
Title I - For Delinquent Education for Homeless Children and Youth	84.013		22,982
Improving Teacher Quality State Grants	84.196		21,645
Grants for State Assessments and Related Activities	84.367		63,902
Education Jobs Fund	84.369		30,329
Passed through Grant Wood Area Education Agency:	84.410	1EJ2571337	12,374
Special Education - Grants to States Idea Part B Flowthrough	84.027	RKB29210571337	224,676
Career and Technical Education - Basic Grants to States	84.048A		19,218
Title III - English Acquisition State Grants	84.365		<u>9,105</u>
Total U.S. Department of Education			<u>721,561</u>
U.S. Department of Defense:			
Passed through Johnson County:			
Payments to States in Lieu of Real Estate Taxes (Flood Control Payments)	12.112		<u>4,731</u>
Total			<u>\$1,625,674</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

Note 1 - Basis of Presentation

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

Note 2 - Noncash Awards

The Child Nutrition Cluster, CFDA #10.555 includes \$135,284 of non-cash awards in the form of food commodities.

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



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

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

We noted certain other matters that we reported to management of the District in a separate letter date November 30, 2012.

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

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 30, 2012



CliftonLarsonAllen

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

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

Compliance

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

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

In our opinion, College Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and are described as items III-A-12 and III-B-12 in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over compliance we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items III-A-12 and III-B-12. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 30, 2012

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Part I: Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

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

Internal control over major programs:

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>Child Nutrition Cluster</u>
10.555	National School Lunch Program (NSLP)
10.553	School Breakfast Program (SBP)

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

Auditee qualified as low-risk auditee? _____ Yes X No

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Part II: Findings Related to the General Purpose Financial Statements

No matters were reported.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Part III: Findings and Questioned Costs for Federal Awards:

INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2012
U.S. Department of Agriculture
Passed through the Iowa Department of Education**

III-A-12: Internal Control and Compliance Over Verification Activity

Criteria:

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

Condition:

The internal control methods utilized to ensure that verification activity will be completed by the deadline were not adequate.

Context:

During our audit over compliance we found that College Community School District did not complete verification activity by the deadline of November 15th.

Effect:

The deadline was not met.

Cause:

One student selected for the verification sample had withdrawn from the school district. An additional student was selected causing the delay in the verification.

Recommendation:

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

Management Response:

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

Conclusion:

Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

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

CFDA Number 10.553: School Breakfast Program and

CFDA Number 10.555: National School Lunch Program

Federal Award Year: 2012

U.S. Department of Agriculture

Passed through the Iowa Department of Education

III-B-12: Internal Control and Compliance Over Excess Cash

Criteria:

In accordance with 7 CFR 210.14, the school food authority shall limit its net cash resources to an amount that does not exceed three months average expenditures for its nonprofit school food service.

Condition:

The nutrition fund was in excess of its cash limits.

Context:

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

Effect:

As a result of this condition, cash balances were in excess of the limit.

Cause:

A majority of the cash balance remains from the prior year. In an effort to run a cost effective nutrition program and plan for the acquisition of new equipment for a new elementary school building, excess cash balances have remained high. In addition, meal prices were required to be increased in the current year due to government regulated mandates.

Recommendation:

The District has a multi-year plan to reduce excess cash by hiring an assistant to the director of nutritional services. In addition, the District plans to reduce excess cash through the acquisition of new equipment for a new elementary school building. We recommend that the District follow this plan and continue to monitor excess cash balances.

Management Response:

The plan will be followed and excess cash balances will be monitored.

Conclusion:

Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-12 Certified Budget - Expenditures for the year ended June 30, 2012 exceeded the amended certified budget amounts in the non-instruction services function.

Recommendation – The certified 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 – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-12 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-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.

IV-D-12 Business Transactions - No business transactions between the District and District officials or employees were noted.

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 had not been approved by the Board.

IV-G-12 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Department of Education were noted.

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

IV-I-12 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-J-12 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

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

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

IV-M-12 Deficit Balance - The District had a deficit balance in the Proprietary - Student Built House Fund.

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

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

Conclusion - Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT

Corrective Action Plan for Federal Audit Findings

Year Ended June 30, 2012

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title Phone Number</u>	<u>Anticipated Date of Completion</u>
III-A-12	Internal Control and Compliance Over Verification Activity	Establish controls to ensure that the program will be in compliance, such as setting reminders for when verification activity is due and assigning a reviewer to verify information.	Julie Hauser, Director of Nutrition (319) 848-5200	11/30/2012
III-B-12	Internal Control and Compliance Over Excess Cash	The District has a multi-layer plan to reduce excess cash by hiring an assistant to the director of nutritional services. In addition, the District plans to reduce excess cash through the acquisition of new equipment for a new elementary school building. We recommend that the District follow this plan and continue to monitor excess cash balances.	Julie Hauser, Director of Nutrition (319) 848-5200	11/30/2012

COLLEGE COMMUNITY SCHOOL DISTRICT

Summary Schedule of Prior Federal Audit Findings

Year Ended June 30, 2012

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not corrected, provide planned corrective action or other explanation.</u>
1-B-11	Internal Control and Compliance Over Verification Activity	Reported as finding III-A-12	Establish controls to ensure that the program will be in compliance, such as setting reminders for when verification activity is due and assigning a reviewer to verify information.
2-B-11	Internal Control and Compliance Over Verification Activity	Reported as finding III-B-12	The District has a multilayer plan to reduce excess cash by hiring an assistant to the director of nutritional services. In addition, the District plans to reduce excess cash through the acquisition of new equipment for a new elementary school building. We recommend that the District follow this plan and continue to monitor excess cash balances.
3-B-11	Internal Control Over Debarment	Corrected	N/A
4-B-11	Internal Control and Compliance Over Contracts	Corrected	N/A



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

November 30, 2012

Board of Education and Management
College Community School District
401 76th Avenue SW
Cedar Rapids, Iowa 52404

This letter is to provide you with information about significant matters related to our audit of the financial statements of College Community School District for the year ended June 30, 2012. It is intended solely for the Board of Education and management and should not be used by anyone other than this specified party.

We have provided a separate letter, dated November 30, 2012, concerning the internal control conditions that we noted during our audit.

The following are our observations arising from the audit that are relevant to your responsibilities in overseeing the financial reporting process.

Auditors' Responsibilities Under U.S. Generally Accepted Auditing Standards and OMB Circular A-133. Our audit was performed for the purpose of forming and expressing an opinion about whether the financial statements, that have been prepared by management with your oversight, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

Significant Issues Discussed With Management Prior to Retention. We discuss various matters with management each year prior to retention as the District's auditors. These discussions occur in the normal course of our professional relationship. There were no significant issues, including the application of accounting principles and auditing standards, which were discussed with management prior to our retention as auditors.

Consultations With Other Accountants. We were informed by management that they made no consultations with other accountants on the application of generally accepted accounting principles and generally accepted auditing standards.

Qualitative Aspects of Accounting Practices.

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by College Community School District are described in Note 1 to the financial statements. There were no significant accounting policies or their application which were initially selected or changed during the year.

We noted no transactions in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

There were no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The following is management's description of the process utilized in forming estimates for the other post employment benefits liability.

Other Post Employment Benefits Liability is based on the analysis of historical employee trends and data, the insurance premiums, the discount rate based on current and anticipated yields on investments, and the related actuarial present values for a plan.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

Difficulties Encountered in Performing the Audit. We encountered no significant difficulties in dealing with management related to the performance of our audit.

Corrected Misstatements. There were no misstatements deleted as a result of audit procedures and corrected by management that were material, either individually or in the aggregate, to the financial statements taken as a whole.

Representations from Management. We have requested the representations from management that are shown in the attached Exhibit.

Disagreements With Management. There were no disagreements with management on financial accounting and reporting matters, auditing procedures, or other matters which would be significant to the District's financial statements or our report on those financial statements.

Please contact Bill Vincent or Justin Zimmerman if you have any questions regarding the foregoing comments.

CliftonLarsonAllen LLP

November 30, 2012

CliftonLarsonAllen LLP
1715 First Avenue SE
Cedar Rapids, IA 52402

We are providing this letter in connection with your audit of the basic financial statements of College Community School District as of June 30, 2012 and for the year then ended for the purpose of expressing an opinion as to whether the basic financial statements present fairly the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and the respective changes in financial position and cash flows, where applicable, of College Community School District in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the financial statements of financial position and results of operations of College Community School District and changes in financial position and cash flows, where applicable of College Community School District in conformity with accounting principles generally accepted in the United States of America. Although CliftonLarsonAllen LLP may have made suggestions as to the form and content of the financial statements or even prepared them in whole or in part, we acknowledge our responsibility for the review and approval of the financial statement amounts and disclosures, and understand the financial statements remain the representations of our management.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of November 30, 2012 the following representations made to you during your audit.

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. All communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:
 - (1) Statutory, regulatory or contractual provisions or requirements.
 - (2) Financial reporting practices that could have a material effect on the financial statements.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
4. We have followed applicable laws and regulations in adopting, approving and amending budgets.
5. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
6. With respect to the financial statements we acknowledge the following, where applicable:
 - a. The financial statements properly classify all funds and activities.
 - b. The funds that meet the quantitative criteria in GASB Statement No. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
 - c. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
 - d. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
 - e. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
 - f. Interfund, internal, and intra-activity and balances have been appropriately classified and reported.
 - g. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
 - h. Special and extraordinary items have been appropriately classified and reported, if applicable.
 - i. We acknowledge our responsibility for the management's discussion and analysis and budgetary schedules, which is required supplementary information (RSI). Such information is measured and presented within prescribed guidelines, and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information.
7. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

8. We have reviewed and approved all adjustments and corrections made to the financial statements and acknowledge that the adjustments are complete and accurate.
9. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
10. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund balances.
13. The following have been properly recorded or disclosed in the financial statements:
 - a. Estimates that might be subject to material change within one year from the date of the financial statements. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
14. There are no:
 - a. Violations or possible violations of budget ordinances, or laws or regulations (including those pertaining to adopting or amending budgets, tax or debt limits, and federal, state or local environmental laws and regulations) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, *Contingencies*.
 - c. Transfers, reservations or designations of fund equity or interfund borrowings that were not properly authorized and approved, or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.
15. We are not aware of any pending or threatened litigation, claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB ASC 450, and we have not consulted a lawyer concerning litigation, claims, or assessments.

16. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged, except as disclosed in the notes to the financial statements.
17. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
18. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value.
19. We are responsible for determining if we have received, expended or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals \$500,000 or more from all sources. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy good or services from vendors.
20. With respect to federal award programs:
 - a. We are responsible for complying, and have complied, with the requirements of Circular A-133.
 - b. We have prepared the schedule of expenditures of federal awards in accordance with Circular A-133 and have included all expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property including donated surplus property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 Section 310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
 - d. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
 - e. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs.

- f. We are responsible for establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.
- g. We have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each federal program.
- h. We have made available all contracts and grant agreements related to federal programs (including amendments, if any) and any related correspondence that has taken place with federal agencies or pass-through entities.
- i. We have complied, in all material respects, with the compliance requirements in connection with federal awards except as we have disclosed to you.
- j. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews.
- k. Our interpretations of any compliance requirements that have varying interpretations have been provided to you.
- l. We have made available all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- m. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with that presented in the schedule of expenditures of federal awards.
- n. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
- o. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Circular A-133.
- p. We have made available to you all audit or monitoring reports, if any, received from funding sources.
- q. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- r. We are responsible for taking corrective action on any audit findings of the compliance audit.

- s. We have accurately completed the appropriate sections of the data collection form and we are responsible for preparing and implementing a corrective action plan for any audit findings.
 - t. We have disclosed any known noncompliance occurring subsequent to the period for which compliance is audited.
 - u. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and/or material weaknesses, have occurred subsequent to the date as of which compliance is audited.
- 21. We are responsible for establishing and maintaining effective internal control over financial reporting.
 - 22. We are responsible for College Community School District compliance with grant provisions, laws and regulations applicable to it; and we have identified, and disclosed to you, all grant provisions, laws and regulations that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have complied with all aspects of grant provisions, laws, regulations, and contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 - 23. No events have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements, except as disclosed in the notes to the financial statements.
 - 24. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstance.
 - 25. We agree with the findings of specialists in evaluating the other post employment benefits and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

James A. Rotter, Jr., Director of Business Services

John Speer, Superintendent