

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

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

JUNE 30, 2013

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Central Community Schools of Clinton County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Christy Kunz	President	2015
James Irwin, Jr.	Vice President	2015
Kurt Rickard	Board Member	2013
Steve Fuglsang	Board Member	2013
Jennifer Naeve	Board Member	2015
<b>School Officials</b>		
Daniel Peterson	Superintendent	2013
Cindy McAleer	District Secretary/Treasurer and Business Manager (resigned March 2013)	2013
Tina Bartels	District Secretary/Treasurer and Business Manager (appointed March 2013)	2013
Brett Nitzchke	Attorney	2013

**Central Community Schools of Clinton County**

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community Schools of Clinton County, DeWitt, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**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 Central Community Schools of Clinton County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

## **Other Matters**

### *Required Supplementary Information*

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

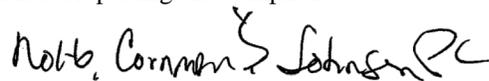
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Community Schools of Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2014 on our consideration of Central Community Schools of Clinton County's internal control over financial reporting and on 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 in considering Central Community Schools of Clinton County's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

February 11, 2014  
Newton, Iowa

## **Management Discussion and Analysis**

Central Community Schools of Clinton County District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **Financial Highlights**

- General Fund revenues decreased from \$15,141,529 in fiscal 2012 to \$14,873,888 in fiscal 2013, while General Fund expenditures increased from \$14,413,260 in fiscal 2012 to \$14,519,182 in fiscal 2013. Revenues still outpaced expenses which resulted in an increase in the District's General Fund balance from \$700,476 in fiscal 2012 to \$1,055,182 in fiscal 2013.
- The increase in General Fund revenues was attributable increased funding received from local sources. The minimal increase in expenditures was due primarily to increases in negotiated salaries and benefits.
- The District's solvency ratio increased from 3.69% to 6.72% during fiscal year 2013.

### **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 Position and a Statement of Activities. These provide information about the activities of Central Community School of Clinton County as a whole and present an overall view of the District's finances.

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

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

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

Supplementary Information provides detailed information about the nonmajor funds and combining schedules for the Capital Projects and Debt Service Funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

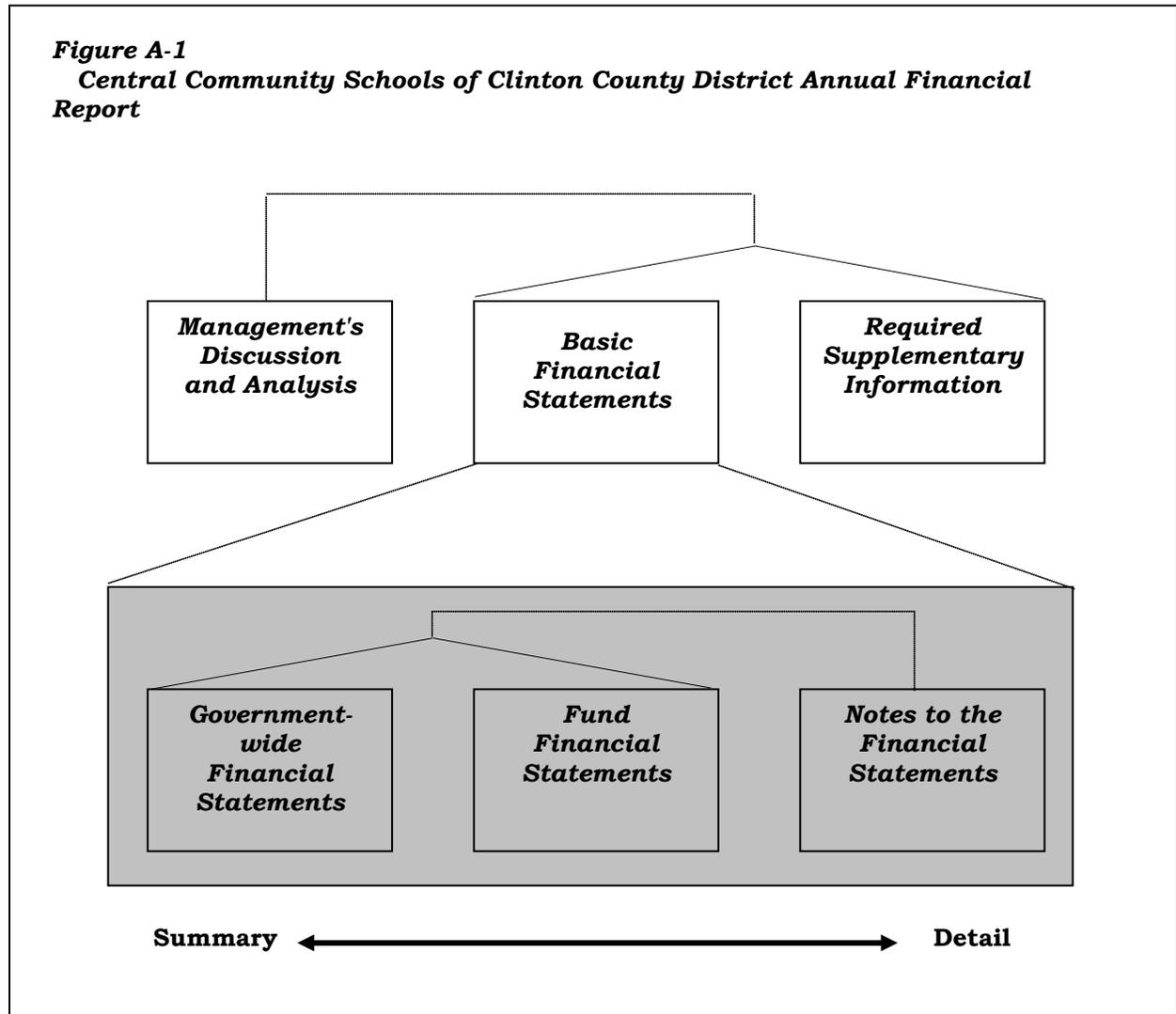


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

## **REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

The required financial statements for the governmental funds include a Balance Sheet and a Statements of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for the proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

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

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 13,873,187	12,977,221	57,085	84,497	13,930,272	13,061,718	6.65%
Capital assets	36,335,814	37,376,409	220,785	264,099	36,556,599	37,640,508	-2.88%
Total assets	50,209,001	50,353,630	277,870	348,596	50,486,871	50,702,226	-0.42%
Long-term obligations	24,868,946	25,808,139	2,025	827	24,870,971	25,808,966	-3.63%
Other liabilities	8,426,411	8,108,814	15,996	15,615	8,442,407	8,124,429	3.91%
Total liabilities	33,295,357	33,916,953	18,021	16,442	33,313,378	33,933,395	-1.83%
Net position:							
Invested in capital assets, net of related debt	12,996,231	12,794,759	220,785	264,099	13,217,016	13,058,858	1.21%
Restricted	2,823,421	3,083,950	-	-	2,823,421	3,083,950	-8.45%
Unrestricted	1,093,992	557,968	39,064	68,055	1,133,056	626,023	80.99%
Total net position	\$ 16,913,644	16,436,677	259,849	332,154	17,173,493	16,768,831	2.41%

The District's total net position increased \$404,662 or 2.41% over the prior year. The largest portion of the District's net position is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position decreased by \$260,529 or 8.45% from the prior year. The decrease in restricted fund balance for categorical funding contributed to the decrease in restricted net position.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement – increased \$507,033 or 80.99%. This increase in unrestricted net position was a result of the increase in the District's General Fund balance.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for service	\$ 956,569	826,884	566,068	564,203	1,522,637	1,391,087	9.46%
Operating grants, contributions, and restricted interest	1,422,862	1,269,269	338,505	354,138	1,761,367	1,623,407	8.50%
Capital grants, contributions, and restricted interest	274,472	433,507	-	26,040	274,472	459,547	-40.27%
General revenues:							
Property tax	6,269,257	6,083,076	-	-	6,269,257	6,083,076	3.06%
Income surtax	649,160	650,863	-	-	649,160	650,863	-0.26%
Statewide sales, services and use tax	1,181,380	1,287,167	-	-	1,181,380	1,287,167	-8.22%
Unrestricted state grants	7,614,160	7,820,678	-	-	7,614,160	7,820,678	-2.64%
Nonspecific program federal grants	-	274,017	-	-	-	274,017	-100.00%
Unrestricted investment earnings	32,322	47,943	126	207	32,448	48,150	-32.61%
Other	88,269	465,541	163	-	88,432	465,541	-81.00%
Gain on sale of assets	-	-	-	2,856	-	2,856	100.00%
Total revenues	<u>18,488,451</u>	<u>19,158,945</u>	<u>904,862</u>	<u>947,444</u>	<u>19,393,313</u>	<u>20,106,389</u>	<u>-3.55%</u>
Program expenses:							
Governmental activities:							
Instruction	10,524,931	11,650,300	-	-	10,524,931	11,650,300	-9.66%
Support services	4,799,680	5,338,190	21,048	9,766	4,820,728	5,347,956	-9.86%
Non-instructional programs	5,065	4,800	956,119	997,795	961,184	1,002,595	-4.13%
Other expenses	2,681,808	2,675,621	-	-	2,681,808	2,675,621	0.23%
Total expenses	<u>18,011,484</u>	<u>19,668,911</u>	<u>977,167</u>	<u>1,007,561</u>	<u>18,988,651</u>	<u>20,676,472</u>	<u>-8.16%</u>
Change in net position	476,967	(509,966)	(72,305)	(60,117)	404,662	(570,083)	-170.98%
Net position beginning of year	<u>16,436,677</u>	<u>16,946,643</u>	<u>332,154</u>	<u>392,271</u>	<u>16,768,831</u>	<u>17,338,914</u>	<u>-3.29%</u>
Net position end of year	<u>\$ 16,913,644</u>	<u>16,436,677</u>	<u>259,849</u>	<u>332,154</u>	<u>17,173,493</u>	<u>16,768,831</u>	<u>2.41%</u>

In fiscal year 2013, property tax and unrestricted state grants accounted for 75.09% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for nearly 100.00% of business type activities revenue.

The District's total revenues were approximately \$19.39 million, of which approximately \$18.49 million was for governmental activities and approximately \$0.90 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.55% decrease in revenues and an 8.16% decrease in expenses. Reduced revenue from capital grants, statewide sales, services and use tax and unrestricted state grants contributed to the decline in revenues. The largest reductions in expenditures occurred in the instruction and support services functional areas.

### Governmental Activities

Revenues for governmental activities were \$18,488,451 and expenses were \$18,011,484. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2013 compared to the year ended June 30, 2012.

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 10,524,931	11,650,300	-9.66%	8,980,479	10,225,381	-12.17%
Support services	4,799,680	5,338,190	-10.09%	4,423,568	4,811,924	-8.07%
Non-instructional programs	5,065	4,800	100.00%	5,065	4,800	5.52%
Other expenses	2,681,808	2,675,621	0.23%	2,103,418	2,097,146	0.30%
Totals	<u>\$ 18,011,484</u>	<u>19,668,911</u>	<u>-8.43%</u>	<u>15,512,530</u>	<u>17,139,251</u>	<u>-9.49%</u>

- The cost financed by users of the Districts programs was \$956,569.
- Federal and state governments along with donations from citizens of the District for construction projects subsidized certain programs with grants and contributions totaling \$1,697,334.
- The net cost of governmental activities was financed with \$6,269,257 in property tax, \$649,160 in income surtax, \$1,181,380 in statewide sales, services and use tax, \$7,614,160 in unrestricted state grants, \$32,322 in interest income and \$88,269 in other general revenues.

### Business type Activities

Revenues of the District's business type activities were \$904,862 and expenses were \$977,167. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,111,341, above last year's ending fund balance of \$4,566,961. The largest contributor to the improvement in combined fund balances was the increase in the General Fund balance.

### **Governmental Fund Highlights**

- The District's General Fund balance increased by \$354,706, from \$700,476 at the end of fiscal year 2012, to \$1,055,182 at the end of fiscal year 2013. Although total revenues decreased by \$267,641 or 1.77%, the District limited expenditures to only a 0.73% increase and ensured the improvement in fund balance.
- The Capital Projects Fund balance increased from a balance of \$1,933,112 at the beginning of fiscal year 2013 to \$2,094,368. The increase in fund balance was largely the result of reduced expenditures for capital outlays when compared with the prior year. Fiscal year 2012 saw increased expenditures for capital outlays due to the athletic complex and middle school addition projects.
- The Debt Service fund balance increased from \$1,670,775 in fiscal 2012 to \$1,700,455 in fiscal 2013. The increase in Debt Service Fund balance is due to transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund in excess of debt repayments.

### **PROPRIETARY FUND HIGHLIGHTS**

The Proprietary Fund net position decreased from \$332,154 at June 30, 2012 to \$259,849 at June 30, 2013, representing a decrease of 21.77%.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the District amended its budget one time to reflect additional expenditures anticipated in the support services and other expenditures functional areas. The District increased budgeted expenditures by \$1,153,774.

The District's revenues were \$366,159 more than budgeted revenues, a variance of 1.92%. The most significant variance resulted from the District receiving more from local sources than originally anticipated.

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2013, the District had invested \$36,556,599, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.88% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$1,393,221.

The original cost of the District's capital assets was \$48,402,043. Governmental funds account for \$47,885,835 with the remainder of \$516,208 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the intangible assets category. The District's intangible assets totaled \$77,247 at June 30, 2012, compared to \$67,591 at June 30, 2013. The decrease in intangible assets is due to depreciation expense allocated during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 1,251,215	1,251,215	-	-	1,251,215	1,251,215	0.00%
Buildings	33,394,637	34,383,462	-	-	33,394,637	34,383,462	-2.88%
Land improvements	615,627	676,803	-	-	615,627	676,803	-9.04%
Machinery and equipment	1,006,744	987,682	220,785	264,099	1,227,529	1,251,781	-1.94%
Intangible assets	67,591	77,247	-	-	67,591	77,247	-12.50%
Total	\$ 36,335,814	37,376,409	220,785	264,099	36,556,599	37,640,508	-2.88%

### Long-Term Debt

At June 30, 2013, the District had \$24,870,971 in long-term debt outstanding. This represents a decrease of 3.63% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had \$12,620,000 in general obligation bonds and \$11,180,000 in revenue bonds outstanding at June 30, 2013.

The District had outstanding computer lease payable from the Capital Projects: Physical Plant and Equipment Levy Fund of \$503,955 at June 30, 2013.

The District had outstanding termination benefits payable of \$313,874 at June 30, 2013. Of this amount, \$25,000 will be paid from the General Fund with the remainder to be paid by the Special Revenue, Management Levy Fund.

The District's total net OPEB liability at June 30, 2013 was \$253,142.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
General obligation bonds	\$ 12,620,000	13,085,000	-	-	12,620,000	13,085,000	-3.55%
Revenue bonds	11,180,000	11,620,000	-	-	11,180,000	11,620,000	-3.79%
Computer lease	503,955	745,797	-	-	503,955	745,797	-32.43%
Termination benefits	313,874	208,311	-	-	313,874	208,311	50.68%
Net OPEB liability	251,117	149,031	2,025	827	253,142	149,858	40.80%
Total	\$ 24,868,946	25,808,139	2,025	827	24,870,971	25,808,966	-3.63%

**ECONOMIC FACTORS BEARING ON THE DISTRICT’S FUTURE**

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

- The district continues to have concerns over decreasing enrollment. Total served enrollment decreased by 28.6 students from the prior fiscal year.
- The increase in required employer’s contribution to IPERS to 8.93% on July 1, 2013 will increase the Central Community Schools of Clinton County’s employer benefit costs during fiscal 2014.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

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

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 6,197,605	18,445	6,216,050
Receivables:			
Property tax:			
Delinquent	43,308	-	43,308
Succeeding year	6,498,369	-	6,498,369
Income surtax	629,160	-	629,160
Accounts	49,568	-	49,568
Due from other governments	455,177	-	455,177
Inventories	-	38,640	38,640
Capital assets, net of accumulated depreciation	36,335,814	220,785	36,556,599
<b>Total assets</b>	<b>50,209,001</b>	<b>277,870</b>	<b>50,486,871</b>
<b>Liabilities</b>			
Accounts payable	239,092	962	240,054
Salaries and benefits payable	1,371,452	5,051	1,376,503
Accrued interest payable	317,498	-	317,498
Deferred revenue:			
Succeeding year property tax	6,498,369	-	6,498,369
Unearned revenue	-	9,983	9,983
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	490,000	-	490,000
Revenue bonds	475,000	-	475,000
Computer lease	248,537	-	248,537
Termination benefits	127,770	-	127,770
Portion due after one year:			
General obligation bonds	12,130,000	-	12,130,000
Revenue bonds	10,705,000	-	10,705,000
Computer lease	255,418	-	255,418
Termination benefits	186,104	-	186,104
Net OPEB liability	251,117	2,025	253,142
<b>Total liabilities</b>	<b>33,295,357</b>	<b>18,021</b>	<b>33,313,378</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	12,996,231	220,785	13,217,016
Restricted for:			
Categorical funding	94,262	-	94,262
Debt service	1,382,957	-	1,382,957
Student activities	112,012	-	112,012
Support trust purposes	104,194	-	104,194
School infrastructure	999,934	-	999,934
Physical plant and equipment	130,062	-	130,062
Unrestricted	1,093,992	39,064	1,133,056
<b>Total net position</b>	<b>\$ 16,913,644</b>	<b>259,849</b>	<b>17,173,493</b>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 6,925,354	415,174	49,415	-	(6,460,765)	-	(6,460,765)
Special	1,748,644	89,040	135,522	-	(1,524,082)	-	(1,524,082)
Other	1,850,933	320,185	535,116	-	(995,632)	-	(995,632)
	<u>10,524,931</u>	<u>824,399</u>	<u>720,053</u>	<u>-</u>	<u>(8,980,479)</u>	<u>-</u>	<u>(8,980,479)</u>
Support services:							
Student	513,511	-	-	-	(513,511)	-	(513,511)
Instructional staff	399,279	-	16,660	-	(382,619)	-	(382,619)
Administration	1,530,541	-	-	-	(1,530,541)	-	(1,530,541)
Operation and maintenance of plant	1,531,396	-	-	274,472	(1,256,924)	-	(1,256,924)
Transportation	824,953	5,639	79,341	-	(739,973)	-	(739,973)
	<u>4,799,680</u>	<u>5,639</u>	<u>96,001</u>	<u>274,472</u>	<u>(4,423,568)</u>	<u>-</u>	<u>(4,423,568)</u>
Non-instructional programs:							
Food service operations	5,065	-	-	-	(5,065)	-	(5,065)
Long-term debt interest	988,174	-	-	-	(988,174)	-	(988,174)
Other expenditures:							
AEA flowthrough	578,390	-	578,390	-	-	-	-
Depreciation(unallocated)*	1,115,244	-	-	-	(1,115,244)	-	(1,115,244)
	<u>1,693,634</u>	<u>-</u>	<u>578,390</u>	<u>-</u>	<u>(1,115,244)</u>	<u>-</u>	<u>(1,115,244)</u>
Total governmental activities	18,011,484	830,038	1,394,444	274,472	(15,512,530)	-	(15,512,530)
Business type activities:							
Support services:							
Administration	401	-	-	-	-	(401)	(401)
Operation and maintenance of plant	20,647	-	-	-	-	(20,647)	(20,647)
	<u>21,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,048)</u>	<u>(21,048)</u>
Non-instructional programs:							
Nutrition services	956,119	566,068	338,505	-	-	(51,546)	(51,546)
Total business type activities	977,167	566,068	338,505	-	-	(72,594)	(72,594)
Total	\$ 18,988,651	1,396,106	1,732,949	274,472	(15,512,530)	(72,594)	(15,585,124)
<b>General Revenues:</b>							
Property tax levied for:							
General purposes					\$ 4,859,671	-	4,859,671
Capital outlay					442,651	-	442,651
Debt service					966,935	-	966,935
Income surtax					649,160	-	649,160
Statewide sales, services and use tax					1,181,380	-	1,181,380
Unrestricted state grants					7,614,160	-	7,614,160
Unrestricted investment earnings					32,322	126	32,448
Other general revenues					243,218	163	243,381
Total general revenues					<u>15,989,497</u>	<u>289</u>	<u>15,989,786</u>
Change in net position					476,967	(72,305)	404,662
Net position beginning of year					16,436,677	332,154	16,768,831
Net position end of year					<u>\$ 16,913,644</u>	<u>259,849</u>	<u>17,173,493</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	\$ 2,313,634	1,911,609	1,694,143	254,446	6,173,832
Receivables:					
Property tax:					
Delinquent	32,245	2,889	6,312	1,862	43,308
Succeeding year	4,575,656	461,400	981,313	480,000	6,498,369
Income surtax	629,160	-	-	-	629,160
Accounts	38,207	-	-	11,361	49,568
Due from other governments	255,714	199,463	-	-	455,177
<b>Total assets</b>	<b>\$ 7,844,616</b>	<b>2,575,361</b>	<b>2,681,768</b>	<b>747,669</b>	<b>13,849,414</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 213,349	19,593	-	6,150	239,092
Salaries and benefits payable	1,371,269	-	-	183	1,371,452
Deferred revenue:					
Succeeding year property tax	4,575,656	461,400	981,313	480,000	6,498,369
Income surtax	629,160	-	-	-	629,160
<b>Total liabilities</b>	<b>6,789,434</b>	<b>480,993</b>	<b>981,313</b>	<b>486,333</b>	<b>8,738,073</b>
Fund balances:					
Restricted for:					
Categorical funding	94,262	-	-	-	94,262
Debt service	-	-	1,700,455	-	1,700,455
Management levy purposes	-	-	-	92,182	92,182
Student activities	-	-	-	112,012	112,012
Support trust purposes	-	-	-	104,194	104,194
School infrastructure	-	1,964,306	-	-	1,964,306
Physical plant and equipment	-	130,062	-	-	130,062
Unassigned for:					
General fund	960,920	-	-	-	960,920
Student activities	-	-	-	(47,052)	(47,052)
<b>Total fund balances</b>	<b>1,055,182</b>	<b>2,094,368</b>	<b>1,700,455</b>	<b>261,336</b>	<b>5,111,341</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,844,616</b>	<b>2,575,361</b>	<b>2,681,768</b>	<b>747,669</b>	<b>13,849,414</b>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2013

<b>Total fund balances of governmental funds(page 20)</b>	\$	5,111,341
 <b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		36,335,814
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		629,160
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		23,773
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(317,498)
Long-term liabilities, including bonds payable, lease payable, termination benefits payable and other post employment benefits payable are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(24,868,946)</u>
<b>Net position of governmental activities(page 18)</b>	<b>\$</b>	<b><u>16,913,644</u></b>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 5,244,449	1,624,031	966,935	265,268	8,100,683
Tuition	426,318	-	-	-	426,318
Other	241,190	308,868	1,559	457,186	1,008,803
Intermediate sources	1,500	-	-	-	1,500
State sources	8,611,045	4,686	468	131	8,616,330
Federal sources	335,703	-	-	-	335,703
Total revenues	14,860,205	1,937,585	968,962	722,585	18,489,337
Expenditures:					
Current:					
Instruction:					
Regular	6,394,839	73,609	-	188,144	6,656,592
Special	1,720,800	-	-	-	1,720,800
Other	1,424,619	-	-	353,358	1,777,977
	9,540,258	73,609	-	541,502	10,155,369
Support services:					
Student	504,083	-	-	-	504,083
Instructional staff	391,755	-	-	2,365	394,120
Administration	1,538,490	2,000	-	6,151	1,546,641
Operation and maintenance of plant	1,309,915	97,197	-	93,604	1,500,716
Transportation	656,291	191,675	-	75,160	923,126
	4,400,534	290,872	-	177,280	4,868,686
Non-instructional programs:					
Food service operations	-	-	-	5,065	5,065
Capital outlay	-	207,218	-	-	207,218
Long-term debt:					
Principal	-	-	1,146,842	-	1,146,842
Interest and fiscal charges	-	-	997,070	-	997,070
	-	-	2,143,912	-	2,143,912
Other expenditures:					
AEA flowthrough	578,390	-	-	-	578,390
Total expenditures	14,519,182	571,699	2,143,912	723,847	17,958,640
Excess(Deficiency) of revenues over(under) expenditures	341,023	1,365,886	(1,174,950)	(1,262)	530,697
Other financing sources(uses):					
Sale of assets	13,683	-	-	-	13,683
Transfer in	-	-	1,204,630	-	1,204,630
Transfer out	-	(1,204,630)	-	-	(1,204,630)
Total other financing sources(uses)	13,683	(1,204,630)	1,204,630	-	13,683
Change in fund balances	354,706	161,256	29,680	(1,262)	544,380
Fund balances beginning of year	700,476	1,933,112	1,670,775	262,598	4,566,961
Fund balances end of year	\$ 1,055,182	2,094,368	1,700,455	261,336	5,111,341

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2013

Change in fund balances - total governmental funds(page 22) \$ 544,380

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

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

Capital expenditures	\$ 318,212	
Depreciation expense	(1,354,827)	
Loss on disposal of assets	(3,980)	(1,040,595)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,146,842

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 8,896

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. (886)

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 25,979

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

Early retirement	(105,563)	
Other postemployment benefits	(102,086)	(207,649)

**Change in net position of governmental activities(page 19) \$ 476,967**

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
<b>Assets</b>		
Cash and pooled investments	\$ 18,445	23,773
Inventories	38,640	-
Capital assets, net of accumulated depreciation	220,785	-
<b>Total assets</b>	<b>277,870</b>	<b>23,773</b>
<b>Liabilities</b>		
Accounts payable	962	-
Salaries and benefits payable	5,051	-
Unearned revenue	9,983	-
Net OPEB liability	2,025	-
<b>Total liabilities</b>	<b>18,021</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	220,785	-
Unrestricted	39,064	23,773
<b>Total net position</b>	<b>\$ 259,849</b>	<b>23,773</b>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Operating revenues:		
Local sources:		
Charges for services	\$ 566,068	-
Miscellaneous	163	1,859,732
Total operating revenues	<u>566,231</u>	<u>1,859,732</u>
Operating expenses:		
Support services:		
Administration:		
Services	401	1,833,837
Operation and maintenance of plant:		
Services	20,647	-
Total support services	<u>21,048</u>	<u>1,833,837</u>
Non-instructional programs:		
Food service operations:		
Salaries	385,518	-
Benefits	79,548	-
Services	9,480	-
Supplies	439,517	-
Depreciation	38,394	-
Other	242	-
	<u>952,699</u>	<u>-</u>
Total operating expenses	<u>973,747</u>	<u>-</u>
Operating income(loss)	<u>(407,516)</u>	<u>25,895</u>
Non-operating revenues(expenses):		
State sources	7,241	-
Federal sources	331,264	-
Interest income	126	84
Loss on disposal of capital asset	(3,420)	-
Total non-operating revenues(expenses)	<u>335,211</u>	<u>84</u>
Change in net position	(72,305)	25,979
Net position beginning of year	<u>332,154</u>	<u>(2,206)</u>
Net position end of year	<u>\$ 259,849</u>	<u>23,773</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2013

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 564,405	-
Cash received from miscellaneous operating activities	163	1,859,732
Cash payments to employees for services	(462,786)	-
Cash payments to suppliers for goods or services	(402,890)	(1,833,837)
Net cash used in operating activities	(301,108)	25,895
Cash flows from non-capital financing activities:		
State grants received	7,241	-
Federal grants received	265,760	-
Net cash provided by non-capital financing activities	273,001	-
Cash flows from capital and related financing activities:		
Sale of equipment	1,500	-
Cash flows from investing activities:		
Interest on investments	126	84
Net increase(decrease) in cash and cash equivalents	(26,481)	25,979
Cash and cash equivalents beginning of year	44,926	(2,206)
Cash and cash equivalents end of year	\$ 18,445	23,773
<b>Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:</b>		
Operating income(loss)	\$ (407,516)	25,895
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	65,504	-
Depreciation	38,394	-
Decrease in inventories	931	-
Increase in accounts payable	962	-
Increase in salaries and benefits payable	1,082	-
Decrease in unearned revenue	(1,663)	-
Increase in other postemployment benefits	1,198	-
Net cash provided by(used in) operating activities	\$ (301,108)	25,895

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2013, the District received \$65,504 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Cash and pooled investments	\$ 302,930	30,664
<b>Liabilities</b>		
Due to other groups	-	30,664
<b>Net Position</b>		
Restricted for scholarships	297,875	-
Unrestricted	5,055	-
<b>Total net position</b>	<u>\$ 302,930</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Contributions	\$ 1,353
Interest income	8,162
Total additions	9,515
Deductions:	
Support services:	
Administration:	
Scholarships awarded	3,000
Change in net position	6,515
Net position beginning of year	296,415
Net position end of year	\$ 302,930

SEE NOTES TO FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

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

**A. Reporting Entity**

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

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

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Position (previously referred to as 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following 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 attributable to the acquisition, construction, or improvement of those assets. Unspent bond proceeds are added back to the invested in capital assets, net of related debt calculation.

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

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources that are 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 clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

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

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the

District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

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

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

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

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

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

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

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures in the non-instructional programs functional area exceeded the budgeted amounts.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2013 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2013, the District had no investments.

(3) **Transfers**

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Sinking	Capital Projects: Statewide Sales, Services and Use Tax	\$ 944,230
Debt Service	Capital Projects: Physical Plant and Equipment Levy	260,400
Total		<u>\$ 1,204,630</u>

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

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

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,251,215	-	-	1,251,215
Total capital assets not being depreciated	<u>1,251,215</u>	<u>-</u>	<u>-</u>	<u>1,251,215</u>
Capital assets being depreciated:				
Buildings	42,104,337	32,188	-	42,136,525
Land improvements	1,170,678	-	-	1,170,678
Machinery and equipment	2,976,467	286,024	31,633	3,230,858
Intangible assets	96,559	-	-	96,559
Total capital assets being depreciated	<u>46,348,041</u>	<u>318,212</u>	<u>31,633</u>	<u>46,634,620</u>
Less accumulated depreciation for:				
Buildings	7,720,875	1,021,013	-	8,741,888
Land improvements	493,875	61,176	-	555,051
Machinery and equipment	1,988,785	262,982	27,653	2,224,114
Intangible assets	19,312	9,656	-	28,968
Total accumulated depreciation	<u>10,222,847</u>	<u>1,354,827</u>	<u>27,653</u>	<u>11,550,021</u>
Total capital assets being depreciated, net	<u>36,125,194</u>	<u>(1,036,615)</u>	<u>3,980</u>	<u>35,084,599</u>
Governmental activities capital assets, net	<u>\$ 37,376,409</u>	<u>(1,036,615)</u>	<u>3,980</u>	<u>36,335,814</u>
<b>Business type activities:</b>				
Machinery and equipment	\$ 526,048	-	9,840	516,208
Less accumulated depreciation	261,949	38,394	4,920	295,423
Business type activities capital assets, net	<u>\$ 264,099</u>	<u>(38,394)</u>	<u>4,920</u>	<u>220,785</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 43,034
Other	53,384
Support services:	
Administration	15,096
Operation and maintenance of plant	7,370
Transportation	120,699
	<u>239,583</u>
Unallocated depreciation	<u>1,115,244</u>
Total governmental activities depreciation expense	<u>\$ 1,354,827</u>
Business type activities:	
Food service operations	<u>\$ 38,394</u>

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 13,085,000	-	465,000	12,620,000	490,000
Revenue bonds	11,620,000	-	440,000	11,180,000	475,000
Computer lease	745,797	-	241,842	503,955	248,537
Termination benefits	208,311	175,000	69,437	313,874	127,770
Net OPEB liability	149,031	102,086	-	251,117	-
Total	<u>\$ 25,808,139</u>	<u>277,086</u>	<u>1,216,279</u>	<u>24,868,946</u>	<u>1,341,307</u>
<b>Business type activities:</b>					
Net OPEB liability	\$ 827	1,198	-	2,025	-

General Obligation Bonds Payable

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of May 5, 2010			
	Interest Rate	Principal	Interest	Total
2014	3.00%	\$ 490,000	491,312	981,312
2015	3.00	515,000	476,613	991,613
2016	3.00	540,000	461,162	1,001,162
2017	3.00	565,000	444,963	1,009,963
2018	4.00	595,000	428,012	1,023,012
2019-2023	4.00	3,445,000	1,758,863	5,203,863
2024-2028	4.00-4.25	4,390,000	997,862	5,387,862
2029-2030	4.25	2,080,000	133,663	2,213,663
Total		<u>\$ 12,620,000</u>	<u>5,192,450</u>	<u>17,812,450</u>

Revenue Bonds Payable

Details of the District's June 30, 2013 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of February 1, 2010			
	Interest Rate	Principal	Interest	Total
2014	3.00%	\$ 475,000	462,175	937,175
2015	3.00	495,000	447,625	942,625
2016	3.00	510,000	432,550	942,550
2017	3.10	530,000	416,685	946,685
2018	3.50	545,000	398,933	943,933
2019-2023	3.80-4.30	3,065,000	1,650,932	4,715,932
2024-2028	4.40-5.00	3,785,000	907,280	4,692,280
2029-2030	5.00	1,775,000	89,875	1,864,875
Total		<u>\$ 11,180,000</u>	<u>4,806,055</u>	<u>15,986,055</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$12,045,000 bonds issued in February 2010 for the purposes of an addition to the middle school and high school buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 79 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining on the bonds are \$15,986,055. For the current year, principal of \$440,000 and interest of \$475,900 was paid on the bonds. Total statewide sales, services and use tax revenues for the year were \$1,181,380.

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

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

Computer Lease

During the year ended June 30, 2012, the District entered into a lease agreement with Apple Computer, Inc. for computers for the District's 1 on 1 initiative. Annual principal and interest payments will be made from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2013 computer lease indebtedness are as follows:

Year Ending June 30,	Laptop Lease of September 23, 2011			
	Interest Rate	Principal	Interest	Total
2014	2.75%	\$ 248,537	11,863	260,400
2015	2.75	255,418	4,982	260,400
Total		\$ 503,955	16,845	520,800

### Termination Benefits (Early Retirement)

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

At June 30, 2013, the District has obligations to 16 participants with a liability of \$313,874. Early retirement expenditures for the year ended June 30, 2013, totaled \$69,437. A liability has been recorded in the Statement of Net Position representing the District's commitment to fund non-current early retirement.

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

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

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$751,634, \$711,365 and \$577,793 respectively, equal to the required contributions for each year.

### **(7) Risk Management**

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

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That balance was \$23,773 at June 30, 2013.

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

**(8) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$578,390 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(9) Other Postemployment Benefits**

Plan Description - The District operates a single employer health benefit plan which includes medical and prescription drug benefits for employees, retirees and their spouses. There are 151 active and 15 retirees in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 141,995
Interest on net OPEB obligation	3,746
Adjustment of annual required contribution	(12,347)
Annual OPEB cost	<u>133,394</u>
Contributions made	(30,110)
Increase in net OPEB obligation	<u>103,284</u>
Net OPEB obligation beginning of year	<u>149,858</u>
Net OPEB obligation end of year	<u>\$ 253,142</u>

For the calculation of the net OPEB obligation, the actuary has set the transition as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

The District's annual OPEB cost, the percentage of the OPEB cost contributed to the plan and the net OPEB obligation as June 30, 2013 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 109,785	59.21%	\$ 128,000
2012	109,858	80.10	149,858
2013	133,394	22.57	253,142

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$909,948, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability(UAAL)of \$909,948. The annual covered payroll (annual payroll of the active employees covered by the plan) was \$6,679,557 and the ratio of the UAAL to covered payroll was 13.62%. As of June 30, 2013, there were no trust fund assets.

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

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

As of July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumption include a 2.5% discount rate and is based on the long-term investment yield on the investments used to finance the payments of the benefits. The annual medical trend rate is 6.0%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on gender specific basis. Annual retirement and termination probabilities were developed from the 2006 Society of Actuaries study.

Projected claim costs of the medical plan are \$741 per month for retirees. The UAAL is amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(10) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2013, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

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

At June 30, 2013, the Student Activity Fund had three accounts with deficit unassigned balances totaling \$47,052.

**(12) Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

Program	Amount
Gifted and Talented Programs	\$ 19,557
Returning Dropouts and Dropout Prevention Programs	4,201
Teacher Salary Supplement	5,397
Beginning Administrator Mentoring and Induction Program	1,000
Professional Development for Model Core Curriculum	17,361
Professional Development	46,746
Total	<u>\$ 94,262</u>

**(13) Facility Shared Use Agreement**

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

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

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

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

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

**(14) Reconciliation of Governmental Fund Balances to Net Position**

Reconciliation of certain governmental fund balances to net position are as follows:

	Invested in Capital Assets	School Infrastructure	Management Levy	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	1,964,306	92,182	1,700,455	960,920
Capital assets, net of accumulated depreciation	36,335,814	-	-	-	-
General obligation bond capitalized indebtedness	(12,620,000)	-	-	-	-
Revenue bond capitalized indebtedness	(10,215,628)	-	-	-	-
Revenue bond proceeds not expended	-	(964,372)	-	-	-
Computer lease capitalized indebtedness	(503,955)	-	-	-	-
Termination benefits	-	-	(92,182)	-	(221,692)
Accrued interest payable	-	-	-	(317,498)	-
Income surtax receivable	-	-	-	-	629,160
Internal service fund	-	-	-	-	23,773
Net OPEB liability	-	-	-	-	(251,117)
Unassigned for student activities	-	-	-	-	(47,052)
Net position (Exhibit A)	\$ 12,996,231	999,934	-	1,382,957	1,093,992

Central Community Schools of Clinton County

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 BUDGETARY COMPARISON SCHEDULE OF  
 REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 9,535,804	566,357	10,102,161	9,871,944	9,871,944	230,217
Intermediate sources	1,500	-	1,500	2,700	2,700	(1,200)
State sources	8,616,330	7,241	8,623,571	8,632,396	8,632,396	(8,825)
Federal sources	335,703	331,264	666,967	521,000	521,000	145,967
Total revenues	18,489,337	904,862	19,394,199	19,028,040	19,028,040	366,159
Expenditures/Expenses:						
Instruction	10,155,369	-	10,155,369	10,316,279	10,316,279	160,910
Support services	4,868,686	21,048	4,889,734	4,674,650	4,990,155	100,421
Non-instructional programs	5,065	956,119	961,184	950,000	950,000	(11,184)
Other expenditures	2,929,520	-	2,929,520	2,782,921	3,621,190	691,670
Total expenditures/expenses	17,958,640	977,167	18,935,807	18,723,850	19,877,624	941,817
Excess(Deficiency) of revenues over(under) expenditures/expenses	530,697	(72,305)	458,392	304,190	(849,584)	1,307,976
Other financing sources, net	13,683	-	13,683	5,000	5,000	8,683
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	544,380	(72,305)	472,075	309,190	(844,584)	1,316,659
Balances beginning of year	4,566,961	332,154	4,899,115	4,510,656	4,510,656	388,459
Balances end of year	\$ 5,111,341	259,849	5,371,190	4,819,846	3,666,072	1,705,118

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2013

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$1,153,774.

During the year ended June 30, 2013, expenditures exceeded the amounts budgeted in the non-instructional programs functional area.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE  
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UUAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [[b-a]/c]
2011	July 1, 2010	-	\$ 914,000	914,000	0.00%	\$ 7,032,871	13.00%
2012	July 1, 2010	-	914,000	914,000	0.00	8,814,932	10.37
2013	July 1, 2012	-	909,948	909,948	0.00	6,679,557	13.62

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	Special Revenue			
	Manage- ment Levy	Student Activity	CPAC Support Trust	Total
<b>Assets</b>				
Cash and pooled investments	\$ 90,320	59,932	104,194	254,446
Receivables:				
Property tax:				
Delinquent	1,862	-	-	1,862
Succeeding year	480,000	-	-	480,000
Accounts	-	11,361	-	11,361
<b>Total assets</b>	<b>\$ 572,182</b>	<b>71,293</b>	<b>104,194</b>	<b>747,669</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	-	6,150	-	6,150
Salary and benefits payable	-	183	-	183
Deferred revenue:				
Succeeding year property tax	480,000	-	-	480,000
<b>Total liabilities</b>	<b>480,000</b>	<b>6,333</b>	<b>-</b>	<b>486,333</b>
Fund balances:				
Restricted for:				
Management levy purposes	92,182	-	-	92,182
Student activities	-	112,012	-	112,012
Support trust purposes	-	-	104,194	104,194
Unassigned	-	(47,052)	-	(47,052)
<b>Total fund balances</b>	<b>92,182</b>	<b>64,960</b>	<b>104,194</b>	<b>261,336</b>
<b>Total liabilities and fund balances</b>	<b>\$ 572,182</b>	<b>71,293</b>	<b>104,194</b>	<b>747,669</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2013

	Special Revenue			Total
	Manage- ment Levy	Student Activity	CPAC Support Trust	
Revenues:				
Local sources:				
Local tax	\$ 265,268	-	-	265,268
Other	23,436	416,890	16,860	457,186
State sources	131	-	-	131
Total revenues	<u>288,835</u>	<u>416,890</u>	<u>16,860</u>	<u>722,585</u>
Expenditures:				
Current:				
Instruction:				
Regular	188,144	-	-	188,144
Other	-	353,358	-	353,358
Support services:				
Instructional staff	-	2,365	-	2,365
Administration	6,151	-	-	6,151
Operation and maintenance of plant	93,604	-	-	93,604
Transportation	28,677	46,483	-	75,160
Non-instructional programs:				
Food service operations	5,065	-	-	5,065
Total expenditures	<u>321,641</u>	<u>402,206</u>	<u>-</u>	<u>723,847</u>
Change in fund balances	(32,806)	14,684	16,860	(1,262)
Fund balances beginning of year	<u>124,988</u>	<u>50,276</u>	<u>87,334</u>	<u>262,598</u>
Fund balances end of year	<u>\$ 92,182</u>	<u>64,960</u>	<u>104,194</u>	<u>261,336</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS ACCOUNTS  
 JUNE 30, 2013

	Capital Projects			Total
	High School and Middle School Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
<b>Assets</b>				
Cash and pooled investments	\$ 964,504	800,471	146,634	1,911,609
Receivables:				
Property tax:				
Delinquent	-	-	2,889	2,889
Succeeding year	-	-	461,400	461,400
Due from other governments	-	199,463	-	199,463
<b>Total assets</b>	<b>\$ 964,504</b>	<b>999,934</b>	<b>610,923</b>	<b>2,575,361</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 132	-	19,461	19,593
Deferred revenue:				
Succeeding year property tax	-	-	461,400	461,400
Total liabilities	132	-	480,861	480,993
Fund balances:				
Restricted for:				
School infrastructure	964,372	999,934	-	1,964,306
Physical plant and equipment	-	-	130,062	130,062
Total fund balances	964,372	999,934	130,062	2,094,368
<b>Total liabilities and fund balances</b>	<b>\$ 964,504</b>	<b>999,934</b>	<b>610,923</b>	<b>2,575,361</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 YEAR ENDED JUNE 30, 2013

	Capital Projects			Total
	High School and Middle School Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	1,181,380	442,651	1,624,031
Other	278,352	8,710	21,806	308,868
State sources	4,472	-	214	4,686
Total revenues	282,824	1,190,090	464,671	1,937,585
Expenditures:				
Current:				
Instruction:				
Regular	-	-	73,609	73,609
Support services:				
Administration	2,000	-	-	2,000
Operation and maintenance of plant	-	-	97,197	97,197
Transportation	-	191,675	-	191,675
Capital outlay	185,599	-	21,619	207,218
Total expenditures	187,599	191,675	192,425	571,699
Excess of revenues over expenditures	95,225	998,415	272,246	1,365,886
Other financing uses:				
Transfer out	-	(944,230)	(260,400)	(1,204,630)
Change in fund balances	95,225	54,185	11,846	161,256
Fund balances beginning of year	869,147	945,749	118,216	1,933,112
Fund balances end of year	\$ 964,372	999,934	130,062	2,094,368

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 JUNE 30, 2013

	Debt Service	Debt Sinking	Total
<b>Assets</b>			
Cash and pooled investments	\$ 25,408	1,668,735	1,694,143
Receivables:			
Property tax:			
Delinquent	6,312	-	6,312
Succeeding year	981,313	-	981,313
<b>Total assets</b>	<b>\$ 1,013,033</b>	<b>1,668,735</b>	<b>2,681,768</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 981,313	-	981,313
Fund balances:			
Restricted for:			
Debt service	31,720	1,668,735	1,700,455
<b>Total liabilities and fund balances</b>	<b>\$ 1,013,033</b>	<b>1,668,735</b>	<b>2,681,768</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2013

	Debt Service	Debt Sinking	Total
Revenues:			
Local sources:			
Local tax	\$ 966,935	-	966,935
Other	1,493	66	1,559
State sources	468	-	468
Total revenues	<u>968,896</u>	<u>66</u>	<u>968,962</u>
Expenditures:			
Long-term debt:			
Principal	706,842	440,000	1,146,842
Interest and fiscal charges	521,170	475,900	997,070
Total expenditures	<u>1,228,012</u>	<u>915,900</u>	<u>2,143,912</u>
Deficiency of revenues under expenditures	(259,116)	(915,834)	(1,174,950)
Other financing sources:			
Transfer in	<u>260,400</u>	<u>944,230</u>	<u>1,204,630</u>
Change in fund balances	1,284	28,396	29,680
Fund balances beginning of year	<u>30,436</u>	<u>1,640,339</u>	<u>1,670,775</u>
Fund balances end of year	<u>\$ 31,720</u>	<u>1,668,735</u>	<u>1,700,455</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2013

Account	Balance Beginning of Year	Revenues	Expenditures	Intra- fund Transfers	Balance End of Year
Activity tickets	\$ -	7,033	1,190	(5,843)	-
Interest	-	120	-	(120)	-
General athletics fundraising	-	49,867	44,125	(5,742)	-
Co-ed bowling	2,717	8,983	9,986	-	1,714
Central wrestling fundraising	-	18,822	14,471	-	4,351
Girls volleyball fundraising	285	-	-	-	285
Girls softball fundraising	3,199	4,069	2,962	(4,306)	-
Cheer fundraising	5,034	18,326	17,292	-	6,068
MS drama	753	679	120	-	1,312
MS vocal music	5,399	2,781	580	-	7,600
MS instrumental music	-	1,633	1,216	-	417
MS general athletics	-	-	2,104	2,104	-
MS boys basketball	-	1,369	1,352	(17)	-
MS boys football	-	1,216	1,053	(163)	-
MS boys track	-	-	310	310	-
MS cross country	-	-	50	50	-
MS boys wrestling	-	395	621	226	-
MS girls basketball	-	1,196	1,371	175	-
MS girls volleyball	-	1,086	827	(259)	-
MS girls track	-	189	531	342	-
MS yearbook	1,606	2,386	4,336	344	-
MS student consumer science	1,976	8,437	7,259	-	3,154
MS concessions	8,879	1,218	1,364	-	8,733
Odyssey of the Minds	1,028	6,452	7,933	453	-
MS student council	2,135	-	2,089	-	46
MS art show	152	768	-	-	920
HS drama	6,284	1,493	1,834	-	5,943
HS speech	3	1,050	741	-	312
HS vocal music	10,889	10,010	6,312	-	14,587
HS instrumental music	7,961	38,519	29,184	-	17,296
HS musicals	10,836	3,306	2,390	(1,675)	10,077
HS general athletics	(18,639)	18,609	16,451	-	(16,481)
HS boys basketball	-	16,274	13,793	(2,481)	-
HS boys football	-	27,089	28,745	1,656	-
HS boys soccer	-	5,441	5,039	(402)	-
HS boys baseball	(18,158)	6,406	14,079	3,582	(22,249)
HS boys track	-	4,644	7,092	2,448	-
HS cross country	-	3,730	2,165	(1,565)	-
HS boys golf	-	929	1,917	988	-
HS boys wrestling	(2,514)	6,164	5,525	1,875	-
HS girls basketball	-	5,064	8,126	3,197	135
HS girls volleyball	-	8,402	7,811	(591)	-
HS girls soccer	-	7,528	7,528	-	-
HS girls softball	-	8,495	15,607	7,112	-
HS girls track	-	3,968	3,262	(706)	-
HS girls golf	-	320	124	(196)	-
HS yearbook	(9,721)	18,326	17,042	115	(8,322)
HS newspaper	345	-	345	-	-
HS central sensations dance	-	224	193	-	31
HS FFA	11,130	51,119	52,234	-	10,015
FBLA	307	3,509	3,231	-	585
HS food production	40	1,028	965	-	103
FCCLA	3,164	1,333	1,639	-	2,858
HS national honor society	2,310	1,967	1,241	-	3,036
HS student council	6,166	8,077	8,505	-	5,738
HS class of 2011	686	-	686	-	-
HS class of 2012	1,825	147	1,061	(911)	-
HS class of 2013	401	-	326	(75)	-
HS class of 2014	486	16,153	11,125	75	5,589
HS class of 2015	95	330	35	-	390
HS class of 2016	-	111	44	-	67
PSP camp	550	100	-	-	650
Ekstrand student council	2,667	-	2,667	-	-
Total	\$ 50,276	416,890	402,206	-	64,960

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND  
 JUNE 30, 2013

	Private Purpose Trust - Scholarship Fund			
	Paarmann Scholarship	Hilbert Scholarship	Student Council Scholarship	Total
<b>Assets</b>				
Cash and pooled investments	\$ 100,197	202,483	250	302,930
<b>Liabilities</b>				
	-	-	-	-
<b>Net Position</b>				
Restricted for scholarships	97,875	200,000	-	297,875
Unrestricted	2,322	2,483	250	5,055
<b>Total net position</b>	<b>\$ 100,197</b>	<b>202,483</b>	<b>250</b>	<b>302,930</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL CLINTON COUNTY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND  
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust - Scholarship Fund				
	Paarmann Scholarship	Hilbert Scholarship	Student Council Scholarship	Authors Anonymous Scholarship	Total
Additions:					
Local sources:					
Contributions	\$ 1,103	-	-	250	1,353
Interest income	1,874	6,288	-	-	8,162
Total additions	2,977	6,288	-	250	9,515
Deductions:					
Support services:					
Administration:					
Scholarships awarded	500	1,750	500	250	3,000
Change in net position	2,477	4,538	(500)	-	6,515
Net position beginning of year	97,720	197,945	750	-	296,415
Net position end of year	\$ 100,197	202,483	250	-	302,930

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2013

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Assets</b>				
Cash and pooled investments	\$ 54,861	95,662	119,859	30,664
<b>Liabilities</b>				
Due to other groups	\$ 54,861	95,662	119,859	30,664

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUNDS  
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 8,100,683	7,999,340	7,474,544	6,508,706	6,540,849	6,375,125	6,219,477	5,481,937	5,446,878	5,482,019
Tuition	426,318	352,132	365,135	332,428	338,835	406,013	360,671	371,388	370,479	423,082
Other	1,008,803	1,443,721	2,886,675	1,016,032	707,408	777,642	839,859	756,758	628,988	742,359
Intermediate sources	1,500	2,600	3,300	2,700	5,270	2,829	8,321	3,332	6,847	923
State sources	8,616,330	8,784,345	9,194,232	6,985,164	7,936,143	7,620,385	7,336,027	7,203,485	7,095,910	6,855,614
Federal sources	335,703	555,041	495,946	1,257,654	460,441	315,295	270,098	279,964	328,961	381,623
<b>Total</b>	<b>\$ 18,489,337</b>	<b>19,137,179</b>	<b>20,419,832</b>	<b>16,102,684</b>	<b>15,988,946</b>	<b>15,497,289</b>	<b>15,034,453</b>	<b>14,096,864</b>	<b>13,878,063</b>	<b>13,885,620</b>
Expenditures:										
Instruction:										
Regular	\$ 6,656,592	7,428,251	6,429,084	6,396,626	7,963,842	7,338,551	5,084,403	4,758,348	4,844,291	4,895,670
Special	1,720,800	1,802,999	2,007,395	2,116,235	410,219	396,363	1,942,885	1,884,306	2,194,872	2,258,272
Other	1,777,977	1,836,026	1,858,327	1,701,231	1,181,889	1,222,816	1,480,076	1,510,257	1,086,120	1,121,948
Support services:										
Student	504,083	419,276	437,133	491,350	551,367	570,702	586,018	508,169	523,889	511,424
Instructional staff	394,120	492,077	400,353	291,161	366,611	407,089	449,007	422,505	397,983	398,076
Administration	1,546,641	1,482,217	1,267,045	1,459,565	1,438,273	1,407,794	1,296,742	1,285,114	1,409,492	1,328,615
Operation and maintenance of plant	1,500,716	1,352,918	1,185,957	1,113,620	1,241,495	1,131,053	1,031,531	1,014,598	969,635	879,635
Transportation	923,126	1,005,531	955,715	751,788	718,676	842,314	643,292	867,954	651,042	621,878
Other support	-	-	-	-	-	-	-	-	-	85,835
Non-instructional programs	5,065	4,800	-	-	35,589	64,977	-	8,341	1,136	6,516
Capital outlay	207,218	5,905,441	19,686,103	2,779,772	1,555,222	1,589,624	3,103,586	569,556	361,492	179,475
Long-term debt:										
Principal	1,146,842	1,113,697	1,350,000	2,250,000	995,000	650,000	630,000	600,000	575,000	550,000
Interest and fiscal charges	997,070	1,017,090	992,713	103,289	135,187	108,327	134,389	159,723	182,884	205,115
Other expenditures:										
AEA flow-through	578,390	578,475	632,770	607,553	562,122	531,547	510,131	481,919	473,224	472,520
<b>Total</b>	<b>\$ 17,958,640</b>	<b>24,438,798</b>	<b>37,202,595</b>	<b>20,062,190</b>	<b>17,155,492</b>	<b>16,261,157</b>	<b>16,892,060</b>	<b>14,070,790</b>	<b>13,671,060</b>	<b>13,514,979</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 13	\$ 36,633
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 13	294,631 *
			<u>331,264</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 13	<u>121,058</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 13	<u>13,735</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 13	<u>43,076</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 13	<u>9,666</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 13	83,195
SPECIAL EDUCATION - GRANTS TO STATES(IOWA'S RAPIDLY IMPROVING SCHOOLS)	84.027	FY 12	6,244
			<u>89,439</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS (AIDS EDUCATION)			
	93.938	FY 10	<u>725</u>
TOTAL			<u>\$ 608,963</u>

\* - Includes \$65,504 in non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

# **NOLTE, CORNMAN & JOHNSON P.C.**

**Certified Public Accountants**

**(a professional corporation)**

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

**Telephone (641) 792-1910**

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community Schools of Clinton County as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 11, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Central Community Schools of Clinton County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Community Schools of Clinton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Community Schools of Clinton County's internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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.

**Central Community Schools of Clinton County's Responses to Findings**

Central Community Schools of Clinton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Central Community Schools of Clinton County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 11, 2014  
Newton, Iowa

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**Independent Auditor's Report on Compliance for Each Major Federal Program,  
on Internal Control over Compliance and on the Schedule of Expenditures  
of Federal Awards Required by OMB Circular A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited Central Community Schools of Clinton County's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Central Community Schools of Clinton County's major federal programs for the year ended June 30, 2013. Central Community Schools of Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Central Community Schools of Clinton County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Community Schools of Clinton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Central Community Schools of Clinton County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Central Community Schools of Clinton County complied, in all material respects, with the types of compliance 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, 2013.

## Report on Internal Control Over Compliance

The management of Central Community Schools of Clinton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central Community Schools of Clinton County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Central Community Schools of Clinton County'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. 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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 11, 2014  
Newton, Iowa

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013

**Part I: Summary of the Independent Auditor's Results:**

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

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013

**Part II: Findings Related to the Basic Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2013

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-13 Certified Budget - District expenditures for the year ended June 30, 2013 exceeded budgeted amounts in the non-instructional programs functional area.

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

Response - A budget amendment was completed for Total Support Services and Total Other Expenditures. This was during the transition from one business manager to another. The District will more closely monitor the district expenditures in the particular program functions and amend the budget accordingly.

Conclusion - Response accepted.

IV-B-13 Questionable Disbursements - During our audit we noted check #12808 from the High School Student Council account in the Student Activity Fund for \$473.72 was issued to purchase prizes to be given to students for performance incentives. Prizes given as performance incentives do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place and make necessary adjustments to ensure expenditures meet public purpose requirements. The District should refrain from giving prizes to students as incentives for being top sellers in fundraising, performance or good behavior

Response - The District will no longer purchase prizes to be given to students for performance incentives.

Conclusion - Response accepted.

IV-C-13 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-13 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rodney Wold, Bus driver Owner of Wold's Petro Shop	Services	\$125

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

IV-E-13 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-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

- IV-G-13 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-13 Supplementary Weighting - No variances in the supplementary weighting certified to the Iowa Department of Education were noted
- IV-I-13 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-13 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-13 Statewide Sales, Services and Use Tax - During our audit, there was no instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	945,749
Revenues:			
Sales tax revenues	\$	1,181,380	
Other local revenues		8,710	
		<u>          </u>	<u>1,190,090</u>
			2,135,839
Expenditures/transfers out:			
Equipment		191,675	
Transfers to other funds:			
Debt service fund		944,230	
		<u>          </u>	<u>1,135,905</u>
Ending Balance			<u>\$</u> <u>999,934</u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- IV-M-13 Financial Condition - We noted during our audit that the Student Activity Fund had a deficit unassigned fund balance of \$47,052.

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

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

Conclusion - Response accepted.

IV-N-13 Contracts - We noted during our audit that purchase agreements for a 2011 Chevy Impala and two 65 passenger Thomas school buses were signed by the Business Manager. Chapter 291.1 of the Code of Iowa requires the Board President to sign all contracts entered into by the District.

Recommendation - The District should review policies and procedures in place to ensure all contracts are signed by the Board President.

Response - The District will have the Board President sign all purchase agreements and contracts.

Conclusion - Response accepted.