

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2014

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Center Point-Urbana Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2013 Election)		
Scott Millikin	President	2015
Dan Jones	Vice President	2015
Mark Boies	Board Member	2013
Tammy Carolan	Board Member	2013
Matt Wade	Board Member	2015

**Board of Education
(After September 2013 Election)**

Scott Millikin	President	2015
Matt Wade	Vice President	2015
Dan Jones	Board Member	2015
Brent Schlotfeldt	Board Member	2017
Joshua Katcher	Board Member	2017

School Officials

Alan Marshall	Superintendent	2014
Kristy Bruce	District Secretary/ Treasurer	2014
Lynch Dallas Law Firm	Attorney	2014

Center Point - Urbana Community School District

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 Center Point-Urbana Community School District:

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 Center Point-Urbana Community School District, Center Point, Iowa, as of and for the year ended June 30, 2014, 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 Center Point-Urbana Community School District as of June 30, 2014, 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 44 through 46 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 Center Point-Urbana Community School District'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 seven years ended June 30, 2012 and another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2005 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 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 March 24, 2015 on our consideration of Center Point-Urbana Community School District'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 Center Point-Urbana Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Center Point-Urbana Community School 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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$13,316,346 in fiscal 2013 to \$13,748,591 in fiscal 2014, while General Fund expenditures increased from \$12,947,390 in fiscal 2013 to \$14,062,528 in fiscal 2014. This allowed the District's General Fund balance to decrease from \$2,504,449 at June 30, 2013 to \$2,190,512 at June 30, 2014, a 12.54% decrease over the prior year.
- The District saw a decrease in its Unspent Authorized Budget, but still maintains a healthy balance of \$1,600,657.

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 Center Point-Urbana Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Center Point-Urbana Community School District'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 Center Point-Urbana Community School District acts solely as an agent or custodian 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 the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the non-major governmental funds.

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

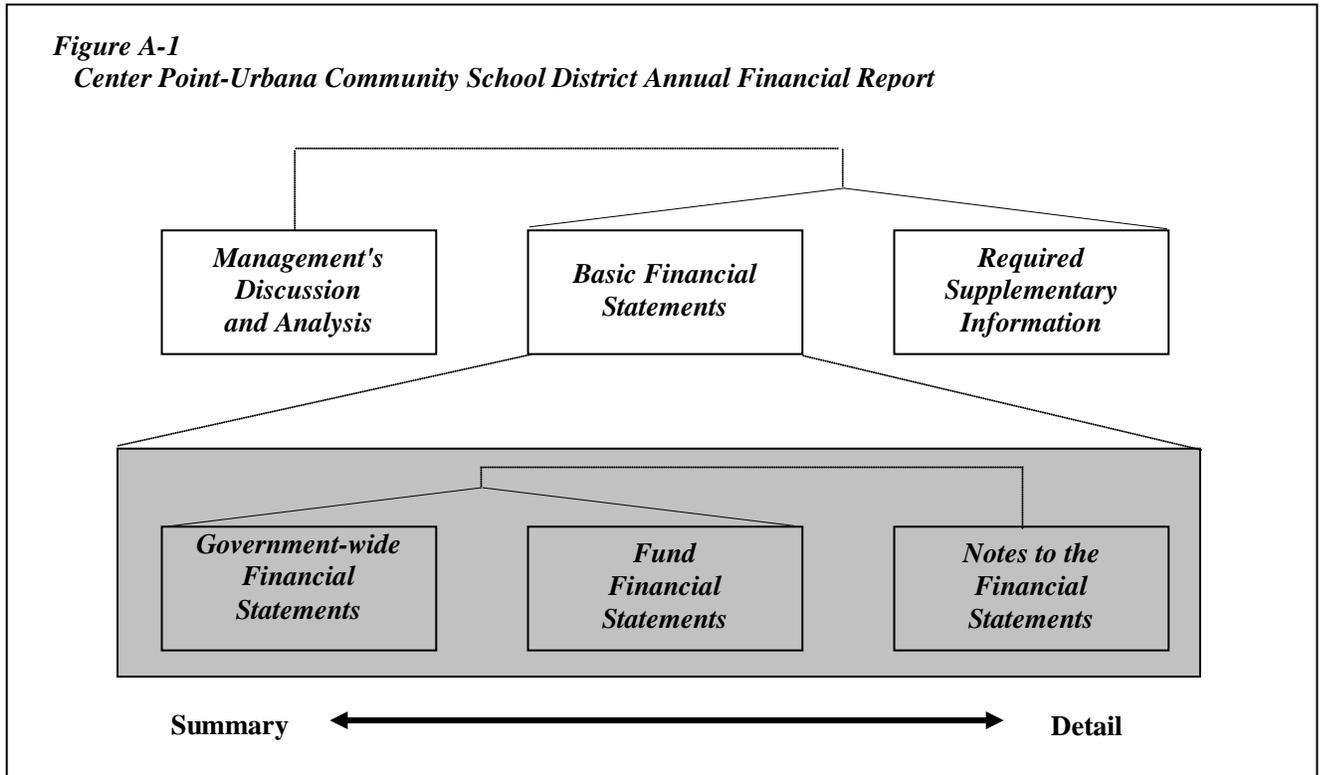


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses, e.g., food service	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. 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 financial statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether 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 tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is 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) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund 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, Debt Service Fund and Capital Projects Fund.

The required financial statements for the governmental funds include a Balance Sheet and a Statement 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 financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise fund is the School Nutrition Fund.

The required financial statements for 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.

The District's Internal Service Fund, one type of proprietary fund, is the same as its governmental activities, but provides more detail and additional information, such as cash flows. The District currently has one Internal Service Fund account accounting for self-funded insurance.

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

- Private Purpose Trust Funds - The District accounts for outside donations for scholarships for individual students in this fund.

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 District-wide financial statements because it cannot use these assets to finance its operations.

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

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2014 compared to June 30, 2013.

Figure A-3
Condensed Statement of Net Position

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 20,198,040	14,377,375	27,960	13,998	20,226,000	14,391,373	40.54%
Capital assets	23,131,213	23,304,301	174,699	196,865	23,305,912	23,501,166	-0.83%
Total assets	43,329,253	37,681,676	202,659	210,863	43,531,912	37,892,539	14.88%
Long-term obligations	27,498,821	22,473,061	16,634	13,021	27,515,455	22,486,082	22.37%
Other liabilities	2,393,500	2,252,868	213,799	170,768	2,607,299	2,423,636	7.58%
Total liabilities	29,892,321	24,725,929	230,433	183,789	30,122,754	24,909,718	20.93%
Deferred inflows of resources	4,561,622	4,216,455	-	-	4,561,622	4,216,455	8.19%
Net position:							
Net investment in capital assets	3,929,901	3,835,107	174,699	196,865	4,104,600	4,031,972	1.80%
Restricted	3,039,511	2,597,424	-	-	3,039,511	2,597,424	17.02%
Unrestricted	1,905,898	2,306,761	(202,473)	(169,791)	1,703,425	2,136,970	-20.29%
Total net position	\$ 8,875,310	8,739,292	(27,774)	27,074	8,847,536	8,766,366	0.93%

The District's combined net position decreased by 0.93%, or \$81,170, compared to the prior year. A portion of the District's net position is invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased by \$442,087 or 17.02% from the prior year. The increase in restricted net position is partly attributable to the increase in fund balance for the Capital Projects: Statewide Sales, Services and Use Tax Fund as well as an increase in carryover categorical funding as compared to the prior year.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by \$443,545, or 20.29%. The primary reason for the decrease in unrestricted net position is due to the decrease in General Fund balance as compared to the previous year.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4
Changes in Net Position

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 2,012,466	1,961,069	558,202	539,720	2,570,668	2,500,789	2.79%
Operating grants and contributions and restricted revenue	1,094,971	1,833,817	212,159	204,218	1,307,130	2,038,035	-35.86%
General revenues:							
Property tax	4,222,747	4,228,626	-	-	4,222,747	4,228,626	-0.14%
Income surtax	493,494	465,365	-	-	493,494	465,365	6.04%
Statewide sales, services and use tax	1,149,037	1,095,432	-	-	1,149,037	1,095,432	4.89%
Unrestricted state grants	7,525,212	6,440,287	-	-	7,525,212	6,440,287	16.85%
Unrestricted interest revenue	50,269	60,782	40	57	50,309	60,839	-17.31%
Other general revenue	67,727	57,886	30	-	67,757	57,886	17.05%
Total revenues	16,615,923	16,143,264	770,431	743,995	17,386,354	16,887,259	2.96%
Program expenses:							
Governmental activities:							
Instructional	10,147,633	9,396,442	-	-	10,147,633	9,396,442	7.99%
Support services	4,465,827	4,126,057	22,578	20,987	4,488,405	4,147,044	8.23%
Non-instructional programs	2,980	-	802,701	808,550	805,681	808,550	-0.35%
Other expenses	1,863,465	1,959,451	-	-	1,863,465	1,959,451	-4.90%
Total expenses	16,479,905	15,481,950	825,279	829,537	17,305,184	16,311,487	6.09%
Change in net position	136,018	661,314	(54,848)	(85,542)	81,170	575,772	-85.90%
Net position beginning of year	8,739,292	8,077,978	27,074	112,616	8,766,366	8,190,594	7.03%
Net position end of year	\$ 8,875,310	8,739,292	(27,774)	27,074	8,847,536	8,766,366	0.93%

In fiscal 2014, property tax, statewide sales, services and use tax and unrestricted state grants account for 77.62% of the revenue from governmental activities while charges for service and sales, operating grants and contributions account for nearly all of the revenue from business type activities.

The District's total revenues were \$17,386,354 of which \$16,615,923 was for governmental activities and \$770,431 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.96% increase in revenues and a 6.09% increase in expenses. Unrestricted state grants increased \$1,084,925 to help fund the increase in expenses. The increase in expenses is related to the increase in support services expenditures.

Governmental Activities

Revenues for governmental activities were \$16,615,923 and expenses were \$16,479,905 for the year ended June 30, 2014.

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, 2014 compared to the year ended June 30, 2013.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 10,147,633	9,396,442	7.99%	7,558,987	6,094,704	24.03%
Support services	4,465,827	4,126,057	8.23%	4,463,614	4,124,599	8.22%
Non-instructional programs	2,980	-	100.00%	-	-	0.00%
Other expenses	1,863,465	1,959,451	-4.90%	1,349,867	1,467,761	-8.03%
Totals	\$ 16,479,905	15,481,950	6.45%	13,372,468	11,687,064	14.42%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$2,012,466.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,094,971.
- The net cost of governmental activities was financed with \$4,222,747 in property tax, \$493,494 in income surtax, \$1,149,037 in statewide sales, services and use tax, \$7,525,212 in unrestricted state grants, \$50,269 in interest income and \$67,727 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$770,431 and expenses were \$825,279. 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 Center Point-Urbana Community School 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 balance of \$12,827,098, above last year's ending fund balances of \$7,600,848. The primary reason for the increase in combined fund balances in fiscal 2014 is due to the increase in fund balance of the Capital Projects accounts due to unspent bond proceeds from the June 24, 2014 general obligation bond issuance.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the product of many factors. Growth during the year in state source funding as compared to the previous year led to the increase in revenues. The increase in expenditures was attributable to the increase in instructional expenses as compared to the previous year. The increase in revenues was not enough to offset the increase in expenditures; the net result was a decrease in fund balance from \$2,504,449 at June 30, 2013 to \$2,190,512 at June 30, 2014.
- The Capital Projects accounts balance increased from \$994,601 at June 30, 2013 to \$8,803,021 at June 30, 2014. The increase in the Capital Projects accounts balance was due to unspent general obligation bond proceeds from the June 24, 2014 issuance.

- The Debt Service Fund balance decreased from \$3,835,989 at June 30, 2013 to \$1,596,767 at June 30, 2014. The decrease in Debt Service Fund balance was due to the District paying of the remaining \$2,510,000 in principal on a 2006 general obligation bond issuance.

Proprietary Fund Highlights

- The Enterprise Fund net position decreased from \$27,074 at June 30, 2013 to deficit net position of \$27,774 at June 30, 2014, representing a decrease of \$54,848 or 202.59%.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District amended its budget one time to reflect additional expenditures associated with instructional and non-instructional programs expenditures.

The District's revenues were \$384,993 more than budgeted revenues, a variance of 2.27%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$23,305,912, 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 0.83% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$925,603.

The original cost of the District's capital assets was \$37,480,986. Governmental funds account for \$37,184,100 with the remainder of \$296,886 in the Proprietary funds. The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$170,544 at June 30, 2014, compared to \$0 at June 30, 2013. The reason for the increase in construction in progress is due to architect fees for renovation projects at the middle school and intermediate school buildings.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 408,736	408,736	-	-	408,736	408,736	0.00%
Construction in progress	170,544	-	-	-	170,544	-	100.00%
Buildings	21,254,840	21,640,493	-	-	21,254,840	21,640,493	-1.78%
Land improvements	492,076	531,245	-	-	492,076	531,245	-7.37%
Machinery and equipment	805,017	723,827	174,699	196,865	979,716	920,692	6.41%
Total	\$ 23,131,213	23,304,301	174,699	196,865	23,305,912	23,501,166	-0.83%

Long-Term Debt

At June 30, 2014, the District had \$27,515,455 in general obligation bonds, revenue bonds and other long term debt outstanding. This represents an increase of 22.37% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had an outstanding balance of \$13,455,000 in general obligation bonds at June 30, 2014.

The District had an outstanding balance of \$6,605,000 in revenue bonds payable at June 30, 2014.

The District had an outstanding balance of \$3,700,000 in qualified school construction bonds payable at June 30, 2014.

The District had an outstanding balance of 1,650,000 in revenue BANs payable at June 30, 2014.

The District had an outstanding balance of \$1,200,000 in a capital loan notes at June 30, 2014 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District has an outstanding balance of \$193,988 for two bus leases at June 30, 2014 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had an outstanding balance of \$164,813 for a bus loan payable at June 30, 2014 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

At June 30, 2014, the District had a termination benefits outstanding balance of \$65,683 payable from the Management Levy Fund.

At June 30, 2014, the District had an outstanding compensated absences balance of \$129,288 payable from the General Fund and \$8,149 from the Nutrition Fund.

At June 30, 2014, the District had an outstanding other postemployment benefits of \$343,534.

Figure A-7
Outstanding Long-Term Obligations

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
General obligation bonds	\$ 13,455,000	8,365,000	-	-	13,455,000	8,365,000	60.85%
Revenue bonds	6,605,000	6,790,000	-	-	6,605,000	6,790,000	-2.72%
Qualified school construction bonds	3,700,000	3,700,000	-	-	3,700,000	3,700,000	0.00%
Revenue BANs	1,650,000	1,635,000	-	-	1,650,000	1,635,000	0.92%
Capital loan note	1,200,000	1,315,000	-	-	1,200,000	1,315,000	-8.75%
Bus lease	193,988	-	-	-	193,988	-	100.00%
Bus loan	164,813	227,929	-	-	164,813	227,929	-27.69%
Termination benefits	65,683	50,000	-	-	65,683	50,000	31.37%
Compensated absences	129,288	128,717	8,149	6,400	137,437	135,117	1.72%
Net OPEB liability	335,049	261,415	8,485	6,621	343,534	268,036	28.17%
Total	\$ 27,498,821	22,473,061	16,634	13,021	27,515,455	22,486,082	22.37%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Enrollment at Center Point-Urbana has been steady or growing for the past several years. There is the possibility for increased enrollment over the next 1-2 years as smaller classes graduate as compared to the size of incoming Kindergarten classes. The District also benefits from a large positive open enrollment balance.
- Legislative uncertainty continues to be a concern to Center Point-Urbana and all Iowa School Districts.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kristy Bruce, District Secretary/Treasurer, Center Point-Urbana Community School District, 102 Trader Street, Center Point, Iowa, 52213

BASIC FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 14,306,486	531	14,307,017
Receivables:			
Property tax:			
Delinquent	42,501	-	42,501
Succeeding year	4,561,622	-	4,561,622
Income surtax	444,584	-	444,584
Accounts	6,809	930	7,739
Due from other funds	146,554	-	146,554
Due from other governments	689,484	10,117	699,601
Inventories	-	16,382	16,382
Capital assets, net of accumulated depreciation	23,131,213	174,699	23,305,912
TOTAL ASSETS	43,329,253	202,659	43,531,912
LIABILITIES			
Due to other funds	-	146,554	146,554
Accounts payable	598,553	19	598,572
Salaries and benefits payable	1,571,245	53,384	1,624,629
Accrued interest payable	223,702	-	223,702
Unearned revenue	-	13,842	13,842
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	760,000	-	760,000
Revenue bonds payable	190,000	-	190,000
Capital loan note payable	115,000	-	115,000
Bus lease payable	62,873	-	62,873
Bus loan payable	64,703	-	64,703
Termination benefits payable	29,117	-	29,117
Compensated absences payable	129,288	8,149	137,437
Portion due after one year:			
General obligation bonds payable	12,695,000	-	12,695,000
Revenue bonds payable	6,415,000	-	6,415,000
Qualified school construction bonds payable	3,700,000	-	3,700,000
Revenue BANs payable	1,650,000	-	1,650,000
Capital loan note payable	1,085,000	-	1,085,000
Bus lease payable	131,115	-	131,115
Bus loan payable	100,110	-	100,110
Termination benefits payable	36,566	-	36,566
Net OPEB liability	335,049	8,485	343,534
TOTAL LIABILITIES	29,892,321	230,433	30,122,754
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	4,561,622	-	4,561,622
NET POSITION			
Net investment in capital assets	3,929,901	174,699	4,104,600
Restricted for:			
Categorical funding	403,586	-	403,586
Debt service	2,107,346	-	2,107,346
Student activities	227,328	-	227,328
School infrastructure	298,186	-	298,186
Physical plant and equipment levy	3,065	-	3,065
Unrestricted	1,905,898	(202,473)	1,703,425
TOTAL NET POSITION	\$ 8,875,310	(27,774)	8,847,536

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 6,668,530	858,389	60,296	(5,749,845)	-	(5,749,845)
Special	1,618,673	419,355	146,238	(1,053,080)	-	(1,053,080)
Other	1,860,430	731,742	372,626	(756,062)	-	(756,062)
	10,147,633	2,009,486	579,160	(7,558,987)	-	(7,558,987)
Support services:						
Student	356,549	-	-	(356,549)	-	(356,549)
Instructional staff	432,855	-	-	(432,855)	-	(432,855)
Administration	1,691,368	-	-	(1,691,368)	-	(1,691,368)
Operation and maintenance of plant	1,252,736	-	-	(1,252,736)	-	(1,252,736)
Transportation	732,319	-	2,213	(730,106)	-	(730,106)
	4,465,827	-	2,213	(4,463,614)	-	(4,463,614)
Non-instructional programs:						
Community service operations	2,980	2,980	-	-	-	-
Long-term debt interest	695,403	-	-	(695,403)	-	(695,403)
Other expenditures:						
AEA flowthrough	513,598	-	513,598	-	-	-
Depreciation(unallocated)*	654,464	-	-	(654,464)	-	(654,464)
	1,168,062	-	513,598	(654,464)	-	(654,464)
Total governmental activities	16,479,905	2,012,466	1,094,971	(13,372,468)	-	(13,372,468)
Business type activities:						
Support services:						
Administration	15,146	15,146	-	-	-	-
Operation and maintenance of plant	7,432	-	-	-	(7,432)	(7,432)
Non-instructional programs:						
Nutrition services	802,701	543,056	212,159	-	(47,486)	(47,486)
Total business type activities	825,279	558,202	212,159	-	(54,918)	(54,918)
Total	\$ 17,305,184	2,570,668	1,307,130	(13,372,468)	(54,918)	(13,427,386)
General Revenues:						
Property tax levied for:						
General purposes				\$ 3,290,530	-	3,290,530
Debt service				677,778	-	677,778
Capital outlay				254,439	-	254,439
Income surtax				493,494	-	493,494
Statewide sales, services and use tax				1,149,037	-	1,149,037
Unrestricted state grants				7,525,212	-	7,525,212
Unrestricted investment earnings				50,269	40	50,309
Other				67,727	30	67,757
Total general revenues				13,508,486	70	13,508,556
Change in net position				136,018	(54,848)	81,170
Net position beginning of year				8,739,292	27,074	8,766,366
Net position end of year				\$ 8,875,310	(27,774)	8,847,536

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

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 3,433,573	8,836,952	1,590,056	242,379	14,102,960
Receivables:					
Property tax:					
Delinquent	31,245	2,519	6,711	2,026	42,501
Succeeding year	2,904,213	268,794	1,088,615	300,000	4,561,622
Income surtax	444,584	-	-	-	444,584
Accounts	175	-	-	6,634	6,809
Due from other funds	146,554	-	-	-	146,554
Due from other governments	338,155	351,329	-	-	689,484
TOTAL ASSETS	\$ 7,298,499	9,459,594	2,685,382	551,039	19,994,514
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 188,890	387,779	-	13,296	589,965
Salaries and benefits payable	1,570,300	-	-	945	1,571,245
Total liabilities	1,759,190	387,779	-	14,241	2,161,210
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,904,213	268,794	1,088,615	300,000	4,561,622
Income surtax	444,584	-	-	-	444,584
Total deferred inflows of resources	3,348,797	268,794	1,088,615	300,000	5,006,206
Fund balances:					
Restricted for:					
Categorical funding	403,586	-	-	-	403,586
Debt service	-	734,281	1,596,767	-	2,331,048
Student activities	-	-	-	227,328	227,328
Management levy purposes	-	-	-	12,952	12,952
School infrastructure	-	8,065,675	-	-	8,065,675
Physical plant and equipment levy	-	3,065	-	-	3,065
Assigned	45,601	-	-	-	45,601
Unassigned:					
General	1,741,325	-	-	-	1,741,325
Student activities	-	-	-	(3,482)	(3,482)
Total fund balances	2,190,512	8,803,021	1,596,767	236,798	12,827,098
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,298,499	9,459,594	2,685,382	551,039	19,994,514

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances of governmental funds(page 20)	\$	12,827,098
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		23,131,213
Accounts receivable income surtax is not available to pay current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds.		444,584
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		194,938
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(223,702)
Long-term liabilities, including bonds payable, revenue BANs payable, capital loan note payable, bus lease payable, bus loan payable, termination benefits payable, compensated absences payable and other postemployment benefits payable are not due in the current period and, therefore, are not reported in the governmental funds.		<u>(27,498,821)</u>
Net position of governmental activities(page 18)	\$	<u><u>8,875,310</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,561,238	254,439	677,778	200,318	4,693,773
Tuition	1,269,890	-	-	-	1,269,890
Other	332,093	2,782	36,969	523,541	895,385
State sources	8,344,576	1,149,037	-	-	9,493,613
Federal sources	240,794	-	-	-	240,794
TOTAL REVENUES	13,748,591	1,406,258	714,747	723,859	16,593,455
EXPENDITURES:					
Current:					
Instruction:					
Regular	6,644,157	-	-	29,167	6,673,324
Special	1,601,555	-	-	-	1,601,555
Other	1,353,121	-	-	469,842	1,822,963
	9,598,833	-	-	499,009	10,097,842
Support services:					
Student	349,925	-	-	1,700	351,625
Instructional staff	429,581	-	-	-	429,581
Administration	1,392,908	53,656	-	152,944	1,599,508
Operation and maintenance of plant	1,211,116	-	-	82,302	1,293,418
Transportation	563,587	262,332	-	16,915	842,834
	3,947,117	315,988	-	253,861	4,516,966
Non-instructional programs:					
Community service operations	2,980	-	-	-	2,980
Capital outlay					
	-	352,416	-	-	352,416
Long-term debt:					
Principal	-	-	5,001,460	-	5,001,460
Interest and fiscal charges	-	-	732,308	-	732,308
	-	-	5,733,768	-	5,733,768
Other expenditures:					
AEA flowthrough	513,598	-	-	-	513,598
TOTAL EXPENDITURES	14,062,528	668,404	5,733,768	752,870	21,217,570
Excess(Deficiency) of revenues over(under) expenditures	(313,937)	737,854	(5,019,021)	(29,011)	(4,624,115)
OTHER FINANCING SOURCES(USES):					
Transfer in	-	82,451	2,779,799	-	2,862,250
Transfer out	-	(2,862,250)	-	-	(2,862,250)
Revenue BANs issuance	-	1,650,000	-	-	1,650,000
General obligation bond issuance	-	8,025,000	-	-	8,025,000
Premium on general obligation bond issuance	-	61,847	-	-	61,847
Discount on general obligation bond issuance	-	(148,814)	-	-	(148,814)
Proceeds from bus lease	-	262,332	-	-	262,332
TOTAL OTHER FINANCING SOURCES(USES)	-	7,070,566	2,779,799	-	9,850,365
Change in fund balances	(313,937)	7,808,420	(2,239,222)	(29,011)	5,226,250
Fund balances beginning of year	2,504,449	994,601	3,835,989	265,809	7,600,848
Fund balances end of year	\$ 2,190,512	8,803,021	1,596,767	236,798	12,827,098

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2014

Change in fund balances - total governmental funds(page 22) \$ 5,226,250

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

Capital outlay 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. The amounts of capital outlay and depreciation expense are as follows:

Capital outlays	\$ 730,349	
Depreciation expense	(903,437)	(173,088)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. 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. Current year repayments exceeded issues as follows:

Issued	\$ (9,937,332)	
Repaid	5,001,460	(4,935,872)

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.

36,905

Income surtax account receivable is not collected for several months after year end and is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.

22,468

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

49,243

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.

Compensated absences	\$ (571)	
Termination benefits	(15,683)	
Other postemployment benefits	(73,634)	(89,888)

Change in net position of governmental activities(page 19) \$ 136,018

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	Business Type	
	Activities: Enterprise Fund	Governmental Activities: Internal Service Fund
ASSETS		
Current assets:		
Cash and pooled investments	\$ 531	203,526
Accounts receivable	930	-
Due from other governments	10,117	-
Inventories	16,382	-
Total current assets	<u>27,960</u>	<u>203,526</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	174,699	-
Total noncurrent assets	<u>174,699</u>	<u>-</u>
TOTAL ASSETS	<u>202,659</u>	<u>203,526</u>
TOTAL LIABILITIES		
Current liabilities:		
Due to General Fund	145,000	-
Interest payable to General Fund	1,554	-
Accounts payable	19	8,588
Salaries and benefits payable	53,384	-
Unearned revenue	13,842	-
Total current liabilities	<u>213,799</u>	<u>8,588</u>
Noncurrent liabilities:		
Compensated absences	8,149	-
Net OPEB liability	8,485	-
Total noncurrent liabilities	<u>16,634</u>	<u>-</u>
TOTAL LIABILITIES	<u>230,433</u>	<u>8,588</u>
NET POSITION		
Net investment in capital assets	174,699	-
Unrestricted	(202,473)	194,938
TOTAL NET POSITION	<u>\$ (27,774)</u>	<u>194,938</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 537,768	-
Charges for shared nutrition services director	20,434	-
Miscellaneous	30	1,383,436
TOTAL OPERATING REVENUES	558,232	1,383,436
OPERATING EXPENSES:		
Support services:		
Administration:		
Salaries	9,068	-
Benefits	1,530	1,312,188
Services	2,500	22,005
Operation and maintenance of plant:		
Services	7,432	-
Total support services	20,530	1,334,193
Non-instructional programs:		
Food service operations:		
Salaries	296,774	-
Benefits	76,054	-
Services	114	-
Supplies	407,108	-
Other	485	-
Depreciation	22,166	-
Total non-instructional programs	802,701	-
TOTAL OPERATING EXPENSES	823,231	1,334,193
OPERATING INCOME(LOSS)	(264,999)	49,243
NON-OPERATING REVENUES(EXPENSES):		
Interest expense on General Fund borrowings	(2,048)	-
State sources	5,832	-
Federal sources	206,327	-
Interest income	40	-
TOTAL NON-OPERATING REVENUES(EXPENSES)	210,151	-
Change in net position	(54,848)	49,243
Net position beginning of year	27,074	145,695
Net position end of year	\$ (27,774)	194,938

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	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	\$ 538,823	-
Cash received from another District per food service director sharing agreement	20,434	-
Cash received from miscellaneous	30	1,383,436
Cash payments to employees for services	(383,454)	-
Cash payments to suppliers for goods or services	(366,357)	(1,333,234)
Net cash provided by(used in) operating activities	(190,524)	50,202
Cash flows from non-capital financing activities:		
State grants received	5,832	-
Federal grants received	138,509	-
Borrowings from General Fund	47,234	-
Interest expense on General Fund borrowings	(2,048)	-
Net cash provided by non-capital financing activities	189,527	-
Cash flows from investing activities:		
Interest on investments	40	-
Net increase(decrease) in cash and cash equivalents	(957)	50,202
Cash and cash equivalents at beginning of year	1,488	153,324
Cash and cash equivalents at end of year	\$ 531	203,526
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (264,999)	49,243
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	57,701	-
Depreciation	22,166	-
Increase in inventories	(5,702)	-
Decrease in accounts receivable	900	-
Increase(Decrease) in accounts payable	(717)	959
Decrease in salaries and benefits payable	(3,641)	-
Increase in deferred revenue	155	-
Increase in compensated absences	1,749	-
Increase in net other postemployment benefits	1,864	-
Net cash provided by(used in) operating activities	\$ (190,524)	50,202

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2014, the District received Federal commodities valued at \$57,701.

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Private Purpose Trust</u>
ASSETS	
Cash and pooled investments	<u>\$ 27,726</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for scholarships	<u><u>\$ 27,726</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$ 91
Gifts and contributions	6,125
Total additions	<u>6,216</u>
Deductions:	
Instruction:	
Other	<u>4,075</u>
Change in net position	2,141
Net position beginning of year	<u>25,585</u>
Net position end of year	<u><u>\$ 27,726</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

The Center Point-Urbana Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. 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 cities of Center Point and Urbana, Iowa, the predominate agricultural territory in Linn and Benton Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Center Point-Urbana Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Center Point-Urbana Community School District 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 does 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 Linn and Benton Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets 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.

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. Enabling legislation did not result in any restricted net position

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position is often subject to constraints 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 is 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 non-major 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 and construction of capital facilities and other capital assets.

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

The District's non-major 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 flex benefit health insurance plan for District employees.

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.

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 is both restricted and unrestricted net position 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 - committed, assigned 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, Deferred Inflows of Resources 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, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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	50,000
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	20-50 years
Intangibles	5-15 years
Machinery and equipment	5-15 years

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

Deferred Inflows of Resources - 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 inflows of resources 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 inflows of resources consist of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources 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 in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

Compensated Absences - District employees accumulate a limited amount of earned but unused sick leave for subsequent use or for payment upon retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund while the compensated absences liability in the business type activities will be paid by the Nutrition 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.

Assigned - Amounts are not available for appropriation but are set aside for a specific purpose. The assigned fund balance in the General Fund is for miscellaneous accounts and smaller projects that are not able to be accounted for in other governmental funds.

Unassigned - All amounts not included in other spendable classifications. Negative unassigned balances may be reported in other governmental funds when expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned. At June 30, 2014, the District's had an unassigned balance of \$1,741,325 in the General Fund and a deficit unassigned balance of \$3,482 in the Student Activity Fund.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Note 2. Cash and Pooled Investments

The District's deposits at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$1,134,528 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

Note 3. Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nutrition	\$ 146,554

The Nutrition Fund is repaying the General Fund \$145,000 for salaries and benefits the General Fund paid for Nutrition Fund employees. The remaining \$1,554 is for interest due from the Nutrition Fund to the General Fund for interest on the loan between the funds.

Note 4. Transfers

The detail of transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Physical Plant and Equipment Levy	\$ 150,622
Capital Projects: Statewide Sales, Service and Use Tax	Capital Projects: Physical Plant and Equipment Levy	82,451
Debt Service	Capital Projects: Statewide Sales, Service and Use Tax	2,629,177
Total		\$ 2,862,250

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was needed to make principal and interest payments on the District's capital loan note indebtedness.

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Capital Projects: Statewide Sales, Service and Use Tax Fund was needed as a corrective transfer per auditor request in the prior year's audit report.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for the following purposes:

Purpose	Principal	Interest	Fees	Total
Payments on revenue bonds dated March 1, 2010	\$ 185,000	278,238	1,500	464,738
Payoff of revenue BANs dated July 7, 2011	1,635,000	61,553	-	1,696,553
Annual transfer for QSCB's	331,124	-	-	331,124
Payments on bus loan dated October 12, 2012	63,116	5,303	-	68,419
Down payment on bus lease dated March 20, 2014	45,797	-	-	45,797
Down payment on bus lease dated April 15, 2014	22,546	-	-	22,546
Total	\$ 2,282,583	345,094	1,500	2,629,177

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 408,736	-	-	408,736
Construction in progress	170,544	-	-	170,544
Total capital assets not being depreciated	579,280	-	-	579,280
Capital assets being depreciated:				
Buildings	33,015,551	229,642	-	33,245,193
Land improvements	1,188,825	-	-	1,188,825
Machinery and equipment	1,983,814	330,163	143,175	2,170,802
Total capital assets being depreciated	36,188,190	559,805	143,175	36,604,820
Less accumulated depreciation for:				
Buildings	11,375,058	615,295	-	11,990,353
Land improvements	657,580	39,169	-	696,749
Machinery and equipment	1,259,987	248,973	143,175	1,365,785
Total accumulated depreciation	13,292,625	903,437	143,175	14,052,887
Total capital assets being depreciated, net	22,895,565	(343,632)	-	22,551,933
Governmental activities capital assets, net	\$ 23,304,301	(343,632)	-	23,131,213
Business type activities:				
Machinery and equipment	\$ 296,886	-	-	296,886
Less accumulated depreciation	100,021	22,166	-	122,187
Business type activities capital assets, net	\$ 196,865	(22,166)	-	174,699

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 16,345
Other	14,549
Support services:	
Administration	14,754
Operation and maintenance	7,800
Transportation	195,525
	248,973
Unallocated depreciation	654,464
Total governmental activities depreciation expense	\$ 903,437
Business type activities:	
Food services	\$ 22,166

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 8,365,000	8,025,000	2,935,000	13,455,000	760,000
Revenue bonds	6,790,000	-	185,000	6,605,000	190,000
Qualified school construction bonds	3,700,000	-	-	3,700,000	-
Revenue BANs	1,635,000	1,650,000	1,635,000	1,650,000	-
Capital loan note	1,315,000	-	115,000	1,200,000	115,000
Bus lease	-	262,332	68,344	193,988	62,873
Bus loan	227,929	-	63,116	164,813	64,703
Termination benefits	50,000	44,850	29,167	65,683	29,117
Compensated absences	128,717	129,288	128,717	129,288	129,288
Net OPEB liability	261,415	73,634	-	335,049	-
Total	\$ 22,473,061	10,185,104	5,159,344	27,498,821	1,350,981
Business type activities:					
Compensated absences	\$ 6,400	8,149	6,400	8,149	8,149
Net OPEB liability	6,621	1,864	-	8,485	-
Total	\$ 13,021	10,013	6,400	16,634	8,149

General Obligation Bonds Payable

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue Dated April 1, 2011			Bond Issue Dated March 1, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	2.00 %	\$ 405,000	67,550	1.10 %	\$ 70,000	60,100
2016	2.00	415,000	59,400	1.10	70,000	59,330
2017	2.00-2.38	420,000	51,050	1.10	70,000	58,560
2018	2.38-2.50	300,000	42,181	2.25	145,000	57,790
2019	2.50-2.75	295,000	34,775	2.25	145,000	54,528
2020-2024	2.75-3.25	935,000	52,975	2.25-2.35	1,425,000	216,725
2025-2029	-	-	-	2.50-2.65	735,000	24,394
2030-2034	-	-	-	-	-	-
Total		\$ 2,770,000	307,931		\$ 2,660,000	531,427

Year Ending June 30,	Bond Issue Dated June 24, 2014			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2015	2.00 %	\$ 285,000	200,621	\$ 760,000	328,271	1,088,271
2016	2.00	100,000	261,795	585,000	380,525	965,525
2017	2.00	100,000	259,795	590,000	369,405	959,405
2018	2.00	100,000	257,795	545,000	357,766	902,766
2019	2.00	100,000	255,795	540,000	345,098	885,098
2020-2024	2.00-2.60	500,000	1,248,075	2,860,000	1,517,775	4,377,775
2025-2029	2.80-3.40	2,710,000	1,093,165	3,445,000	1,117,559	4,562,559
2030-2034	3.50-4.00	4,130,000	488,107	4,130,000	488,107	4,618,107
Total		\$ 8,025,000	4,065,148	\$ 13,455,000	4,904,506	18,359,506

Revenue Bonds Payable

Details of the District’s June 30, 2014 revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue Dated March 1, 2010				
	Interest Rates	Principal	Interest	Total	
2015	2.25 %	\$ 190,000	274,250	464,250	
2016	2.60	195,000	269,577	464,577	
2017	3.00	200,000	264,042	464,042	
2018	3.25	205,000	257,711	462,711	
2019	3.50	210,000	250,705	460,705	
2020-2024	3.60-4.10	1,180,000	1,127,139	2,307,139	
2025-2029	4.25-4.70	3,260,000	669,906	3,929,906	
2030	4.75	1,165,000	37,169	1,202,169	
Total		\$ 6,605,000	3,150,499	9,755,499	

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,380,000 of bonds dated March 1, 2010. The bonds were issued for the purpose of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 40 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$9,755,499. For the current year, principal of \$185,000 and interest of \$278,238 was paid on the bonds and total statewide sales, services and use tax revenues were \$1,149,037.

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

- a) \$732,431 of the proceeds from the issuance of the revenue bonds shall be deposited to a 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) Monthly transfers from the District’s Statewide Sales, Services and Use Tax Fund 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 requirement 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.

Qualified School Construction Bonds Payable (QSCB’s)

During the year ended June 30, 2010, the District issued QSCB’s for the purpose of school infrastructure. Annual transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2024. Details of the District’s June 30, 2014 QSCB bonded indebtedness are as follows:

Year Ending June 30,	QSCB Issue Dated November 17, 2009				
	Interest Rates		Principal	Interest	Total
2015	2.74	% \$	-	101,380	101,380
2016	2.74		-	101,380	101,380
2017	2.74		-	101,380	101,380
2018	2.74		-	101,380	101,380
2019	2.74		-	101,380	101,380
2020-2024	2.74		3,700,000	456,210	4,156,210
Total			\$ 3,700,000	963,110	4,663,110

Revenue BANs Payable

On April 1, 2014 the District entered into an agreement with Cedar Rapids Bank and Trust, Center Point, Iowa for the issuance of revenue BANs. Principal and interest payments will be made from the Capital Projects: Statewide Sales Services and Use Tax Fund. Details of the District's June 30, 2014 revenue BANs indebtedness are as follows:

Year Ending June 30,	BANs Issue Dated April 1, 2014				
	Interest Rate		Principal	Interest	Total
2015	1.95	% \$	-	24,131	24,131
2016	1.95		-	32,175	32,175
2017	1.95		1,650,000	40,219	1,690,219
			\$ 1,650,000	96,525	1,746,525

Capital Loan Notes Payable

During the year ended June 30, 2011 the District issued capital loan notes for construction. Principal and interest payments will be made from the Capital Projects: Physical, Plant and Equipment Levy Fund. Details of the District's June 30, 2014 capital loan note indebtedness are as follows:

Year Ending June 30,	Capital Loan Notes Issue Dated April 1, 2011				
	Interest Rates		Principal	Interest	Total
2015	1.80	% \$	115,000	33,512	148,512
2016	2.10		120,000	31,443	151,443
2017	2.40		130,000	28,922	158,922
2018	2.70		125,000	25,803	150,803
2019	2.85		135,000	22,427	157,427
2020-2023	3.00-3.40		575,000	48,260	623,260
			\$ 1,200,000	190,367	1,390,367

Bus Lease

During the year ended June 30, 2014, the District entered into two lease purchase agreements with De Lage Laden Public Finance, LLC for Bluebird buses, payable from the Capital Projects: Statewide Sales, Service and Use Tax Fund. Both leases have a percentage rate of 2.82%. Details of the District's June 30, 2014 bus lease indebtedness are as follows:

Year Ending June 30,	Lease Dated March 20, 2014		Lease Dated April 15, 2014		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2015	\$ 42,131	3,666	20,742	1,805	\$ 62,873	5,471	68,344
2016	43,319	2,478	21,327	1,220	64,646	3,698	68,344
2017	44,541	1,256	21,928	618	66,469	1,874	68,343
Total	\$ 129,991	7,400	\$ 63,997	3,643	\$193,988	11,043	205,031

Bus Loan

On October 12, 2012 the District entered into a loan agreement with Center Point Bank & Trust Company for the purchase of three buses. Principal and interest payments will be made from the Capital Projects: Statewide Sales Services and Use Tax Fund. Details of the District's June 30, 2014 bus loan indebtedness are as follows:

Year Ending June 30,	Bus Loan Dated October 12, 2012				
	Interest Rates	Principal	Interest	Total	
2015	2.50 %	\$ 64,703	3,716	68,419	
2016	2.50	66,319	2,100	68,419	
2017	2.50	33,791	419	34,210	
		\$ 164,813	6,235	171,048	

Termination Benefits

The District offers a voluntary early retirement plan to its certified and support staff employees on a year to year basis. Eligible employees must be at least age fifty-five and employees must have completed twenty years of service to the District. Employees complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee was \$15,000 in the 2011-2012 and 2012-2013 year. The early retirement incentive for each eligible employee was \$21,000 in the 2013-2014 year. The prorated benefits are calculated by numbers of years of service times \$750. The insurance coverage will cease when the employee reaches age sixty-five, secures other employment in which the employer insurance coverage, or becomes deceased. Early retirement benefits paid during the year ended June 30, 2014, totaled \$29,167. A liability has been recorded in the Statement of Net Position representing the District's commitment to fund non-current early retirement.

Note 7. Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$771,846, \$713,989, and \$629,464 respectively, equal to the required contributions for each year.

Note 8. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 132 active and 8 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

Actual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, 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, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	94,661
Interest on net OPEB obligation		6,701
Adjustment to annual required contribution		(19,096)
Annual OPEB cost		82,266
Contributions made		(6,768)
Increase in net OPEB obligation		75,498
Net OPEB obligation beginning of year		268,036
Net OPEB obligation end of year	\$	343,534

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$6,768 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 78,105	9.70%	\$ 193,871
2013	83,836	11.54%	268,036
2014	82,266	8.23%	343,534

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$567,447, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$567,447. The covered payroll (annual payroll of active employees covered by the plan) was \$7,276,625 and the ratio of the UAAL to covered payroll was 7.80%. As of June 30, 2014, there were no trust fund assets.

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

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

As of July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the 2006 Society of Actuaries Study.

Projected claim costs of the medical plan are \$411 per employee. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. Risk Management

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$513,598 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Deficit Unrestricted Net Position/Unassigned Fund Balance

The District had a deficit unassigned balance of \$3,482 in the Student Activity Fund at June 30, 2014. The District's Nutrition Fund also had a deficit unrestricted net position balance of \$202,473 and a deficit net position balance of \$27,774 at June 30, 2014.

Note 12. Construction Commitments

At June 30, 2014, the District had incurred architectural costs of \$170,544 for remodeling projects at the middle school and intermediate school.

Note 13. Categorical Funding

The District's ending restricted balances for categorical funding as of June 30, 2014 are for the following projects:

Project	Amount
Home school assistance program	\$ 9,721
Gifted and talented	179,260
Teacher salary supplement	12,661
Four-year old preschool state aid	179,317
Successful progression for early readers	22,627
Total	<u>\$ 403,586</u>

Note 14. Assigned Fund Balances

The District's General Fund assigned fund balance at June 30, 2014 is comprised of the following projects:

Project	Amount
Parent teacher organization	\$ 33,594
School cents	6,352
Playground	3,024
DVD account	2,413
Service learning	218
Total	<u>\$ 45,601</u>

Note 15. Reconciliation of Governmental Fund Balances to Net Position

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

	Net Investment in Capital Assets	Debt Service	Management Levy	School Infrastructure	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	2,331,048	12,952	8,065,675	1,741,325
Capital assets, net of accumulated depreciation	23,131,213	-	-	-	-
General obligation bond capitalized indebtedness	(5,687,511)	-	-	-	-
Unspent general obligation bond proceeds	-	-	-	(7,767,489)	-
Revenue bond capitalized indebtedness	(6,605,000)	-	-	-	-
Qualified school construction bond capitalized indebtedness	(3,700,000)	-	-	-	-
Revenue BANs payable	(1,650,000)	-	-	-	-
Capital loan note capitalized indebtedness	(1,200,000)	-	-	-	-
Bus lease capitalized indebtedness	(193,988)	-	-	-	-
Bus loan capitalized indebtedness	(164,813)	-	-	-	-
Termination benefits payable	-	-	(12,952)	-	(52,731)
Compensated absences payable	-	-	-	-	(129,288)
Net OPEB liability	-	-	-	-	(335,049)
Income surtax receivable	-	-	-	-	444,584
Accrued interest payable	-	(223,702)	-	-	-
Internal service fund	-	-	-	-	194,938
General fund assigned fund balances	-	-	-	-	45,601
Unassigned student activities balances	-	-	-	-	(3,482)
Net position (Exhibit A)	<u>\$ 3,929,901</u>	<u>2,107,346</u>	<u>-</u>	<u>298,186</u>	<u>1,905,898</u>

Note 16. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB No. 27. This Statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employees' pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 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, 2014

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 6,859,048	558,272	7,417,320	8,395,043	8,395,043	(977,723)
State sources	9,493,613	5,832	9,499,445	8,120,850	8,120,850	1,378,595
Federal sources	240,794	206,327	447,121	463,000	463,000	(15,879)
Total revenues	16,593,455	770,431	17,363,886	16,978,893	16,978,893	384,993
Expenditures/expenses:						
Instruction	10,097,842	-	10,097,842	9,769,512	11,100,000	1,002,158
Support services	4,516,966	22,578	4,539,544	5,145,017	5,145,017	605,473
Non-instructional programs	2,980	802,701	805,681	845,000	1,000,000	194,319
Other expenditures	6,599,782	-	6,599,782	15,056,460	15,056,460	8,456,678
Total expenditures/expenses	21,217,570	825,279	22,042,849	30,815,989	32,301,477	10,258,628
Excess(Deficiency) of revenues (over)under expenditures/expenses	(4,624,115)	(54,848)	(4,678,963)	(13,837,096)	(15,322,584)	10,643,621
Other financing sources, net	9,850,365	-	9,850,365	11,600,635	11,600,635	(1,750,270)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	5,226,250	(54,848)	5,171,402	(2,236,461)	(3,721,949)	8,893,351
Balances beginning of year	7,600,848	27,074	7,627,922	7,805,745	7,805,745	(177,823)
Balances end of year	\$ 12,827,098	(27,774)	12,799,324	5,569,284	4,083,796	8,715,528

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2014

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 functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. 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 \$1,485,488.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
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 (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 571,095	\$ 571,095	0.0%	\$ 6,250,442	9.14%
2011	July 1, 2009	\$ -	\$ 571,095	\$ 571,095	0.0%	\$ 6,580,404	8.68%
2012	July 1, 2009	\$ -	\$ 571,095	\$ 571,095	0.0%	\$ 6,585,599	8.67%
2013	July 1, 2012	\$ -	\$ 574,572	\$ 574,572	0.0%	\$ 6,860,909	8.37%
2014	July 1, 2012	\$ -	\$ 567,447	\$ 567,447	0.0%	\$ 7,276,625	7.80%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs, net OPEB obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014

	Special Revenue		
	Student Activity	Management Levy	Total
ASSETS			
Cash and pooled investments	\$ 231,453	10,926	242,379
Receivables:			
Property tax:			
Delinquent	-	2,026	2,026
Succeeding year	-	300,000	300,000
Accounts	6,634	-	6,634
TOTAL ASSETS	\$ 238,087	312,952	551,039
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	13,296	-	13,296
Salaries and benefits payable	945	-	945
Total liabilities	14,241	-	14,241
Deferred revenue:			
Succeeding year property tax	-	300,000	300,000
Fund balances:			
Restricted for:			
Student activities	227,328	-	227,328
Management levy purposes	-	12,952	12,952
Unassigned	(3,482)	-	(3,482)
Total fund balances	223,846	12,952	236,798
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 238,087	312,952	551,039

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2014

	Special Revenue		
	Student Activity	Management Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	200,318	200,318
Other	513,736	9,805	523,541
TOTAL REVENUES	513,736	210,123	723,859
EXPENDITURES:			
Current:			
Instruction:			
Regular	-	29,167	29,167
Other	469,842	-	469,842
Support services:			
Student	1,700	-	1,700
Administration	-	152,944	152,944
Operation and maintenance of plant	-	82,302	82,302
Student transportation	-	16,915	16,915
TOTAL EXPENDITURES	471,542	281,328	752,870
Change in fund balances	42,194	(71,205)	(29,011)
Fund balances beginning of year	181,652	84,157	265,809
Fund balances end of year	\$ 223,846	12,952	236,798

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2014

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	General Obligation Bond Construction	
ASSETS				
Cash and pooled investments	\$ 967,216	546	7,869,190	8,836,952
Receivables:				
Property tax:				
Delinquent	-	2,519	-	2,519
Succeeding year	-	268,794	-	268,794
Due from other governments	351,329	-	-	351,329
TOTAL ASSETS	\$ 1,318,545	271,859	7,869,190	9,459,594
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 286,078	-	101,701	387,779
Deferred revenue:				
Unavailable revenues:				
Succeeding year property tax	-	268,794	-	268,794
Fund balances:				
Restricted for:				
Debt service	734,281	-	-	734,281
School infrastructure	298,186	-	7,767,489	8,065,675
Physical plant and equipment	-	3,065	-	3,065
Total fund balances	1,032,467	3,065	7,767,489	8,803,021
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,318,545	271,859	7,869,190	9,459,594

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2014

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	General Obligation Bond Construction	
REVENUES:				
Local sources:				
Local tax	\$ -	254,439	-	254,439
Other	2,694	88	-	2,782
State sources	1,149,037	-	-	1,149,037
TOTAL REVENUES	1,151,731	254,527	-	1,406,258
EXPENDITURES:				
Current:				
Administration	13,504	-	40,152	53,656
Transportation	262,332	-	-	262,332
Capital outlay	197,051	24,973	130,392	352,416
TOTAL EXPENDITURES	472,887	24,973	170,544	668,404
Excess(Deficiency) of revenues over(under) expenditures	678,844	229,554	(170,544)	737,854
OTHER FINANCING SOURCES(USES)				
Transfer in	82,451	-	-	82,451
Transfer out	(2,629,177)	(233,073)	-	(2,862,250)
Revenue BANs issuance	1,650,000	-	-	1,650,000
General obligation bond issuance	-	-	8,025,000	8,025,000
Premium on general obligation bond issuance	-	-	61,847	61,847
Discount on general obligation bond issuance	-	-	(148,814)	(148,814)
Proceeds from bus leases	262,332	-	-	262,332
TOTAL OTHER FINANCING SOURCES(USES)	(634,394)	(233,073)	7,938,033	7,070,566
Change in fund balances	44,450	(3,519)	7,767,489	7,808,420
Fund balances beginning of year	988,017	6,584	-	994,601
Fund balances end of year	\$ 1,032,467	3,065	7,767,489	8,803,021

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>District Wide</u>				
General athletics	\$ 706	13,465	9,850	4,321
Annual	212	5,956	7,764	(1,596)
Canstruction	1,439	-	-	1,439
	<u>2,357</u>	<u>19,421</u>	<u>17,614</u>	<u>4,164</u>
<u>Jr/Sr High Activity</u>				
Wellness	3,425	-	1,700	1,725
Robotics club	66	2,578	3,382	(738)
Students in need	303	1,050	542	811
Pep club	696	13,057	12,685	1,068
MS choir	1,435	2,322	-	3,757
MS band	2,306	2,414	4,169	551
Drama	1,993	591	1,271	1,313
Musical	361	4,108	2,301	2,168
Childrens theatre	3,366	453	193	3,626
Speech	-	3,269	3,226	43
Show choir	3,679	31,424	30,485	4,618
Cross country	1,725	4,590	5,854	461
Golf	1,802	5,088	3,503	3,387
Boys basketball	5,557	19,189	18,650	6,096
Football	10,929	24,420	20,618	14,731
Boys soccer	1,737	5,039	5,464	1,312
Boys baseball	4,203	15,267	13,520	5,950
Boys track	65	7,596	7,546	115
Boys wrestling	(859)	9,256	9,545	(1,148)
Girls basketball	3,523	15,965	15,264	4,224
Volleyball	6,814	19,663	18,473	8,004
Girls soccer	1,975	2,368	3,406	937
Softball	6,639	18,679	16,827	8,491
Girls track	66	5,656	5,607	115
Storm troopers	223	269	-	492
Computer Club	724	-	291	433
FCCLA	1,430	-	-	1,430
Pop Fund	4,441	3,229	3,062	4,608
Senior science trip	1,703	12,489	12,734	1,458
Art club	26	-	-	26
Home economics	1,235	1,262	1,194	1,303
National honor society	206	268	427	47
Student council	1,069	9,665	10,094	640
Spanish club	6,361	10,335	12,477	4,219
Biology club	350	-	-	350
Cheerleaders	2,631	9,879	10,058	2,452
Drill team	8,953	19,959	18,839	10,073
Class of 2013	2,710	-	-	2,710
Class of 2014	7,991	3,218	10,020	1,189
Class of 2015	-	24,168	14,966	9,202
Class of 2016	-	80	-	80
Class of 2017	-	361	163	198
HS band/jazz band	739	11,156	7,677	4,218
CPU music parents	53,346	67,821	62,162	59,005
Booster club	23,351	106,114	85,533	43,932
	<u>179,295</u>	<u>494,315</u>	<u>453,928</u>	<u>219,682</u>
Total	<u>\$ 181,652</u>	<u>513,736</u>	<u>471,542</u>	<u>223,846</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST
 JUNE 30, 2014

	Private Purpose Trust							
	Denison Scholarship	Wyckoff Scholarship	Bowers Scholarship	Mrs. C Scholarship	W. Andrews Memorial	Stallman Memorial	Other Scholarships	Total
ASSETS								
Cash and pooled investments	\$ 329	600	6,637	6,466	6,165	301	7,228	27,726
LIABILITIES								
	-	-	-	-	-	-	-	-
NET POSITION								
Restricted for scholarships	\$ 329	600	6,637	6,466	6,165	301	7,228	27,726

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST
 YEAR ENDED JUNE 30, 2014

	Private Purpose Trust							Total
	Denison Scholarship	Wyckoff Scholarship	Bowers Scholarship	Mrs. C Scholarship	W. Andrews Memorial	Stallman Memorial	Other Scholarships	
Additions:								
Local sources:								
Interest	\$ -	-	24	46	-	-	21	91
Gifts and contributions	-	500	-	-	-	-	5,625	6,125
Total additions	-	500	24	46	-	-	5,646	6,216
Deductions:								
Instruction:								
Other	-	200	500	500	-	-	2,875	4,075
Change in net position	-	300	(476)	(454)	-	-	2,771	2,141
Net position beginning of year	329	300	7,113	6,920	6,165	301	4,457	25,585
Net position end of year	\$ 329	600	6,637	6,466	6,165	301	7,228	27,726

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 4,693,773	5,768,643	5,703,394	5,391,957	5,186,801	4,649,023	4,347,649	3,575,835	3,234,742	3,168,824
Tuition	1,269,890	1,191,695	1,048,600	1,006,673	1,014,968	892,508	806,991	706,255	799,047	648,293
Other	895,385	923,961	1,447,692	807,489	750,738	790,033	1,024,595	756,948	549,533	495,114
State sources	9,493,613	8,020,063	8,030,439	7,495,087	6,613,909	7,059,694	6,802,555	5,818,628	5,249,603	4,788,783
Federal sources	240,794	218,122	284,515	1,320,113	895,797	291,452	152,056	157,791	236,046	194,351
Total	\$ 16,593,455	16,122,484	16,514,640	16,021,319	14,462,213	13,682,710	13,133,846	11,015,457	10,068,971	9,295,365
Expenditures:										
Current:										
Instruction:										
Regular	\$ 6,673,324	6,100,816	5,709,992	5,335,294	5,833,806	5,774,940	5,189,594	4,712,334	4,307,045	4,094,228
Special	1,601,555	1,505,463	1,504,078	1,447,366	1,312,584	1,329,432	1,260,668	1,185,672	1,214,103	1,247,292
Other	1,822,963	1,846,716	1,768,856	1,578,589	1,093,601	982,601	996,817	899,698	775,325	726,625
Support services:										
Student	351,625	333,130	288,350	275,878	268,361	289,696	283,934	279,601	261,587	227,799
Instructional staff	429,581	382,020	307,818	312,053	299,694	259,524	250,050	195,609	181,220	178,849
Administration	1,599,508	1,491,242	1,629,024	1,336,756	1,227,169	1,280,601	1,320,989	1,178,454	1,286,724	1,038,110
Operation and maintenance of plant	1,293,418	1,074,706	1,542,179	847,385	941,042	975,746	1,015,733	891,442	904,531	858,577
Transportation	842,834	749,940	599,810	410,806	363,347	781,409	347,964	442,407	353,667	424,126
Non-instructional programs	2,980	-	-	26,802	-	-	-	-	-	-
Capital outlay	352,416	588,756	2,695,037	12,473,465	2,185,255	391,154	532,939	2,449,914	156,450	94,194
Long-term debt:										
Principal	5,001,460	986,312	837,295	432,358	416,018	402,693	370,000	405,000	365,000	395,007
Interest and fiscal charges	732,308	744,411	676,708	641,426	299,457	310,659	322,176	349,251	272,930	271,256
Other expenditures:										
AEA flow-through	513,598	491,690	485,277	514,852	499,411	429,285	398,409	365,632	325,981	304,335
Total	\$ 21,217,570	16,295,202	18,044,424	25,633,030	14,739,745	13,207,740	12,289,273	13,355,014	10,404,563	9,860,398

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of the Center Point-Urbana Community School District:

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 Center Point-Urbana Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Center Point-Urbana Community School District'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 Center Point-Urbana Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Center Point-Urbana Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as items I-A-14 to be a material weakness.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center Point-Urbana Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 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.

Center Point-Urbana Community School District's Responses to Findings

Center Point-Urbana Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Center Point-Urbana Community School District'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 Center Point-Urbana Community School District 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.

March 24, 2015
Newton, Iowa

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Payroll - recordkeeping, preparation, posting and distribution.
- 5) Financial reporting - preparing, reconciling and approving.
- 6) Computer systems - performing all general accounting functions and controlling all data input and output.
- 7) School lunch program - collecting and recording; posting and depositing; purchase order processing, check preparation, and reconciling.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing current personnel, including elected officials.

Response - The district will continue to modify internal controls in order to improve segregation of duties

Conclusion - Response accepted

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - District expenditures for the year ended June 30, 2014, did not exceed the amounts budgeted

II-B-14 Questionable Disbursements - We noted no disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-14 Travel Expenses - No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

However, we noted that there was an instance of reimbursements made to an employee for meals while traveling which lacked a detailed receipt. According to Board Policy 401.7, employees and officers using credit card must submit a detailed receipt in addition to a credit card receipt when requesting reimbursement. Failure to do so makes the expense the employees' expense.

Recommendation - The District should review procedures in place with personnel to give detailed receipts to the District office when seeking travel reimbursements to be in compliance with Board Policy 401.7.

Response - The district will review current practice to ensure that all travel reimbursements are reviewed to guarantee proper documentation.

Conclusion - Response accepted

II-D-14 Business Transactions - Business transactions between the District and District officials or employees are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Bill Wright, Bus Driver Owns WSA Promotions, LLC	Supplies	\$18,138
Doug Arnold, Bus Driver Owns Arnold's Outdoor Equipment	Purchased services & supplies	\$1,143
Jennifer Burkhart, Curriculum Director Owns Emmy Dooles Too	Supplies	\$272

In accordance with the Attorney's general's opinion dated July 2, 1990, the above transaction with the District employees does not appear to represent a conflict of interest.

II-E-14 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.

II-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

Closed Session - We noted during our audit that the district was not referencing Iowa Code when entering into close session.

Recommendation - The District should reference that they are going into closed session and cite the exemption under Iowa Code 21.5.

Response - The district has published proper language when entering into closed section, but will make sure to cite the actual Iowa code section numbers.

Conclusion - Response accepted

Depositories - We noted during our audit that the district did not approve Bankers Trust as an official depository.

Recommendation - The District's depositories should be approve and entered in to the Board minutes in accordance with Chapter 12C.2 of the Code of Iowa. Chapter 12C.2 States that "The approval of a financial institution as a depository of public funds for a public body shall be written resolution or order that shall be entered of record in the minutes of the approving board , and that shall distinctly name each depository approved, and specify the maximum amount that may be kept on deposit in each depository."

Response - The District will approve all depositories at the yearly reorganizational meeting.

Conclusion - Response accepted

- II-G-14 Certified Enrollment - No variance in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-14 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.
- II-J-14 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.
- II-K-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-14 Statewide Sales, Services and Use Tax - No instance 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, 2014, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2014 audit:

Beginning balance		\$ 988,017
Revenues/transfer in:		
Sales tax revenues	\$ 1,149,037	
Other local revenues	2,694	
Proceeds from bus loan	262,332	
Proceeds from revenue BANs	1,650,000	
Transfer from another fund	82,451	3,146,514
		4,134,531
Expenditures/transfer out:		
School infrastructure	\$ 114,256	
Equipment	262,332	
Other	96,299	
Transfers to another fund:		
Debt service fund	2,629,177	3,102,064
		1,032,467
Ending balance		\$ 1,032,467

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-14 Financial Condition - The District had a deficit unassigned balance of \$3,482 in the Student Activity Fund at June 30, 2014. The District's Nutrition Fund also had a deficit unrestricted net position balance of \$202,473 and a deficit net position balance of \$27,774 at June 30, 2014.

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

Response - The District continues to review negative accounts and work towards positive balances in all school funds.

Conclusion – Response accepted