

CENTRAL CITY COMMUNITY SCHOOL DISTRICT  
CENTRAL CITY, IOWA

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

JUNE 30, 2014

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CENTRAL CITY COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2013 election)		
Jonn Betzer	President	2013
Shelly Kellogg	Vice President	2013
Neal Matthias	Board Member	2013
Leanna Palmer	Board Member	2015
Craig Martinson	Board Member	2015
(After September 2013 election)		
Jonn Betzer	President	2017
Shelly Kellogg	Vice President	2017
Leanna Palmer	Board Member	2015
Craig Martinson	Board Member	2015
Christy Arthur	Board Member	2017
<u>School Officials</u>		
Tim Cronin	Superintendent	2017
Karla Hogan	District Secretary/Treasurer and Business Manager	2014
Brian Gruhn	Attorney	Indefinite

DOUGLAS T. HUNT, CPA  
DONALD D. KAIN  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
MICHAEL G. STANLEY, CPA  
DEE A.A. HOKE, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Central City 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 Central City Community School District, Central City Iowa, 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 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Central City 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.

Other*Required Supplementary Information*

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

The District has omitted the Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central City 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 nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 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 financials 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2014 on our consideration of Central City Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central City Community School District's internal control over financial reporting and compliance.

Oskaloosa, Iowa  
December 16, 2014

*Hunt + Associates, P.C.*

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## Basic Financial Statements

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 6,830,282	\$ 105,091	\$ 6,935,373
Receivables:			
Property tax:			
Current year	19,029	-	19,029
Succeeding year	2,174,660	-	2,174,660
Accounts	797	17,069	17,866
Due from other governments	238,677	1,011	239,688
Inventories	-	2,462	2,462
Capital assets, net of accumulated depreciation (note 4)	8,439,688	677,946	9,117,634
<b>Total assets</b>	<b>17,703,133</b>	<b>803,579</b>	<b>18,506,712</b>
<b>Liabilities</b>			
Accounts payable	426,666	3,636	430,302
Salaries and benefits payable	515,013	42,968	557,981
Unearned revenue	-	4,801	4,801
Accrued interest payable	41,006	-	41,006
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	10,614	-	10,614
Bonds payable	195,000	-	195,000
Notes payable	33,088	-	33,088
Capital lease purchase agreement	-	12,329	12,329
Portion due after one year:			
Early retirement	28,364	-	28,364
Bonds payable	8,510,000	-	8,510,000
Notes payable	469,732	-	469,732
Net OPEB liability	61,000	-	61,000
Capital lease purchase agreement	-	687,876	687,876
<b>Total liabilities</b>	<b>10,290,483</b>	<b>751,610</b>	<b>11,042,093</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	2,174,660	-	2,174,660

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position			
Net investment in capital assets	\$ 1,900,528	\$ (22,259)	\$ 1,878,269
Restricted for:			
Categorical funding	257,831	-	257,831
Debt service	2,143,518	-	2,143,518
Capital projects	432,050	-	432,050
Physical plant and equipment levy purposes	16,030	-	16,030
Management levy purposes	78,349	-	78,349
Student activities	83,136	-	83,136
Unrestricted	<u>326,548</u>	<u>74,228</u>	<u>400,776</u>
Total net position	<u>\$ 5,237,990</u>	<u>\$ 51,969</u>	<u>\$ 5,289,959</u>

See notes to financial statements.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 3,730,659	\$ 450,935	\$ 526,351
Support services:			
Student	62,236	-	-
Instructional staff	275,901	-	-
Administration	572,842	-	-
Operation and maintenance of plant	462,255	62,921	-
Transportation	195,703	-	1,909
	<u>1,568,937</u>	<u>62,921</u>	<u>1,909</u>
Other expenditures:			
Facilities acquisition	67,402	-	19,488
Long-term debt interest and fiscal charges	210,275	-	31,636
AEA flowthrough	184,961	-	184,961
Depreciation (unallocated) *	151,555	-	-
	<u>614,193</u>	<u>-</u>	<u>236,085</u>
Total governmental activities	<u>5,913,789</u>	<u>513,856</u>	<u>764,345</u>

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,753,373)	\$ -	\$ (2,753,373)
(62,236)	-	(62,236)
(275,901)	-	(275,901)
(572,842)	-	(572,842)
(399,334)	-	(399,334)
(193,794)	-	(193,794)
(1,504,107)	-	(1,504,107)
(47,914)	-	(47,914)
(178,639)	-	(178,639)
-	-	-
(151,555)	-	(151,555)
(378,108)	-	(378,108)
(4,635,588)	-	(4,635,588)

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Business-Type Activities:			
Support services:			
Administration	\$ 34,657	\$ -	\$ -
Operation and maintenance of plant	15,754	-	-
	<u>50,411</u>	<u>-</u>	<u>-</u>
Non-instructional programs:			
Food service operations	238,155	134,515	114,098
Daycare operations	307,542	278,662	52,355
	<u>545,697</u>	<u>413,177</u>	<u>166,453</u>
Total business-type activities	<u>596,108</u>	<u>413,177</u>	<u>166,453</u>
Total	<u>\$ 6,509,897</u>	<u>\$ 927,033</u>	<u>\$ 930,798</u>

General revenues:

Property tax levied for:  
    General purposes  
    Debt service  
    Capital outlay  
Statewide sales, services and use tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

\* = This amount excludes the depreciation included  
in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (34,657)	\$ (34,657)
-	(15,754)	(15,754)
-	(50,411)	(50,411)
-	10,458	10,458
-	23,475	23,475
-	33,933	33,933
-	(16,478)	(16,478)
(4,635,588)	(16,478)	(4,652,066)
\$ 1,483,410	\$ -	\$ 1,483,410
409,447	-	409,447
119,613	-	119,613
425,633	-	425,633
2,492,312	-	2,492,312
6,178	47	6,225
21,800	-	21,800
4,958,393	47	4,958,440
322,805	(16,431)	306,374
4,915,185	68,400	4,983,585
\$ 5,237,990	\$ 51,969	\$ 5,289,959

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 1,151,527	\$ 1,875,308	\$ 3,601,255	\$ 202,192	\$ 6,830,282
Receivables:					
Property tax:					
Current year	13,028	3,989	1,172	840	19,029
Succeeding year	1,657,744	266,249	130,667	120,000	2,174,660
Accounts	797	-	-	-	797
Due from other governments	171,325	-	67,352	-	238,677
 Total assets	 <u>\$ 2,994,421</u>	 <u>\$ 2,145,546</u>	 <u>\$ 3,800,446</u>	 <u>\$ 323,032</u>	 <u>\$ 9,263,445</u>

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 172,933	\$ -	\$ 251,164	\$ 2,569	\$ 426,666
Salaries and benefits payable	515,013	-	-	-	515,013
Total liabilities	<u>687,946</u>	<u>-</u>	<u>251,164</u>	<u>2,569</u>	<u>941,679</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,657,744	266,249	130,667	120,000	2,174,660
Fund balances:					
Restricted for:					
Categorical funding (note 11)	257,831	-	-	-	257,831
Revenue bonds	-	-	301,875	-	301,875
Revenue bonds sinking fund	-	2,748	-	-	2,748
Debt service	-	1,876,549	-	-	1,876,549
School infrastructure	-	-	3,100,710	-	3,100,710
Physical plant and equipment	-	-	16,030	-	16,030
Management levy purposes	-	-	-	117,327	117,327
Student activities	-	-	-	83,136	83,136
Unassigned	390,900	-	-	-	390,900
Total fund balances	<u>648,731</u>	<u>1,879,297</u>	<u>3,418,615</u>	<u>200,463</u>	<u>6,147,106</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,994,421</u>	<u>\$ 2,145,546</u>	<u>\$ 3,800,446</u>	<u>\$ 323,032</u>	<u>\$ 9,263,445</u>

See notes to financial statements.

CENTRAL CITY 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	\$ 6,147,106
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,439,688
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(41,006)
Long-term liabilities, including early retirement, bonds payable, capital loan notes payable, and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(9,307,798)</u>
Net position of governmental activities	<u><u>\$ 5,237,990</u></u>

See notes to financial statements.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 1,392,519	\$ 409,202	\$ 119,544	\$ 90,064	\$ 2,011,329
Tuition	281,310	-	-	-	281,310
Other	107,566	2,749	1,430	147,544	259,289
State sources	3,060,553	245	425,702	51	3,486,551
Federal sources	145,755	-	-	-	145,755
Total revenues	<u>4,987,703</u>	<u>412,196</u>	<u>546,676</u>	<u>237,659</u>	<u>6,184,234</u>
Expenditures:					
Current:					
Instruction	3,521,249	-	-	145,481	3,666,730
Support services:					
Student	62,236	-	-	-	62,236
Instructional staff	274,893	-	-	-	274,893
Administration	513,069	1,000	-	53,933	568,002
Operation and maintenance of plant	442,100	-	3,500	39,465	485,065
Transportation	182,084	-	116,823	5,617	304,524
	<u>1,474,382</u>	<u>1,000</u>	<u>120,323</u>	<u>99,015</u>	<u>1,694,720</u>
Other expenditures:					
Facilities acquisition	-	-	754,272	-	754,272
Long term debt:					
Principal	-	217,680	-	-	217,680
Interest and fiscal charges	-	198,323	40,339	-	238,662
AEA flowthrough	184,961	-	-	-	184,961
	<u>184,961</u>	<u>416,003</u>	<u>794,611</u>	<u>-</u>	<u>1,395,575</u>
Total expenditures	<u>5,180,592</u>	<u>417,003</u>	<u>914,934</u>	<u>244,496</u>	<u>6,757,025</u>
Deficiency of revenues under expenditures	<u>(192,889)</u>	<u>(4,807)</u>	<u>(368,258)</u>	<u>(6,837)</u>	<u>(572,791)</u>

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	\$ 1,236	\$ -	\$ -	\$ -	\$ 1,236
General obligation bonds issued	-	1,735,000	-	-	1,735,000
Revenue bonds issued	-	-	3,650,000	-	3,650,000
Premium on bonds issued	-	31,636	19,488	-	51,124
Interfund transfers in (note 3)	-	114,373	-	-	114,373
Interfund transfers out (note 3)	(39,373)	-	(75,000)	-	(114,373)
Total other financing sources (uses)	<u>(38,137)</u>	<u>1,881,009</u>	<u>3,594,488</u>	<u>-</u>	<u>5,437,360</u>
Net change in fund balances	(231,026)	1,876,202	3,226,230	(6,837)	4,864,569
Fund balances beginning of year	<u>879,757</u>	<u>3,095</u>	<u>192,385</u>	<u>207,300</u>	<u>1,282,537</u>
Fund balances end of year	<u>\$ 648,731</u>	<u>\$ 1,879,297</u>	<u>\$ 3,418,615</u>	<u>\$ 200,463</u>	<u>\$ 6,147,106</u>

See notes to financial statements.

CENTRAL CITY 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

Net change in fund balances - total governmental funds \$ 4,864,569

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

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

Capital outlays	\$ 871,036	
Depreciation expense	<u>(175,550)</u>	695,486

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 and does not affect the Statement of Activities. (5,385,000)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 217,680

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 governmental funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (11,952)

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, as follows:

Early retirement	(38,978)	
Net OPEB liability	<u>(19,000)</u>	<u>(57,978)</u>

Change in net position of governmental activities \$ 322,805

See notes to financial statements.

## CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS

June 30, 2014

	ABC Childcare	Nonmajor- School Nutrition	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 49,555	\$ 33,996	\$ 83,551
Cash with fiscal agent	21,540	-	21,540
Accounts receivable	13,109	3,960	17,069
Due from other governments	1,011	-	1,011
Inventories	-	2,462	2,462
Capital assets, net of accumulated depreciation (note 4)	616,053	61,893	677,946
<b>Total assets</b>	<b>701,268</b>	<b>102,311</b>	<b>803,579</b>
<b>Liabilities</b>			
Accounts payable	3,621	15	3,636
Salaries and benefits payable	33,266	9,702	42,968
Unearned revenue	1,505	3,296	4,801
Capital lease purchase agreement (note 5)	700,205	-	700,205
<b>Total liabilities</b>	<b>738,597</b>	<b>13,013</b>	<b>751,610</b>
<b>Fund Net Position</b>			
Net investment in capital assets	(84,152)	61,893	(22,259)
Unrestricted	46,823	27,405	74,228
<b>Total fund net position</b>	<b>\$ (37,329)</b>	<b>\$ 89,298</b>	<b>\$ 51,969</b>

See notes to financial statements.

## CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2014

	ABC Childcare	Nonmajor- School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 278,662	\$ 134,515	\$ 413,177
Operating expenses:			
Support services:			
Administration	34,657	-	34,657
Operation and maintenance of plant	15,754	-	15,754
Non-instructional programs	307,542	238,155	545,697
	<u>357,953</u>	<u>238,155</u>	<u>596,108</u>
Operating loss	(79,291)	(103,640)	(182,931)
Non-operating revenues:			
Interest on investments	37	10	47
State sources	-	2,194	2,194
Federal sources	52,355	111,904	164,259
Total non-operating revenues	<u>52,392</u>	<u>114,108</u>	<u>166,500</u>
Change in fund net position	(26,899)	10,468	(16,431)
Fund net position beginning of year	<u>(10,430)</u>	<u>78,830</u>	<u>68,400</u>
Fund net position end of year	<u>\$ (37,329)</u>	<u>\$ 89,298</u>	<u>\$ 51,969</u>

See notes to financial statements.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2014

	ABC Childcare	Nonmajor- School Nutrition	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ -	\$ 135,765	\$ 135,765
Cash received from miscellaneous operating activities	270,452	651	271,103
Cash payments to employees for services	(249,843)	(72,544)	(322,387)
Cash payments to suppliers for goods or services	(89,711)	(132,537)	(222,248)
Net cash used by operating activities	<u>(69,102)</u>	<u>(68,665)</u>	<u>(137,767)</u>
Cash flows from non-capital financing activities:			
State grants received	-	2,194	2,194
Federal grants received	52,622	92,673	145,295
Net cash provided by non-capital financing activities	<u>52,622</u>	<u>94,867</u>	<u>147,489</u>
Cash flows from capital and related financing activities:			
Principal paid on capital lease	(11,850)	-	(11,850)
Cash flows from investing activities:			
Interest on investments	37	10	47
Net increase (decrease) in cash and cash equivalents	(28,293)	26,212	(2,081)
Cash and cash equivalents beginning of year	<u>99,388</u>	<u>7,784</u>	<u>107,172</u>
Cash and cash equivalents end of year	<u>\$ 71,095</u>	<u>\$ 33,996</u>	<u>\$ 105,091</u>

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2014

	ABC Childcare	Nonmajor- School Nutrition	Total
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (79,291)	\$ (103,640)	\$ (182,931)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	15,796	14,546	30,342
Commodities used	-	19,231	19,231
Decrease (increase) in accounts receivable	(6,041)	1,718	(4,323)
Decrease in inventories	-	2,712	2,712
Increase in accounts payable	2,095	15	2,110
Increase (decrease) in salaries and benefits payable	508	(3,430)	(2,922)
Increase (decrease) in unearned revenue	(2,169)	183	(1,986)
Net cash used by operating activities	<u>\$ (69,102)</u>	<u>\$ (68,665)</u>	<u>\$ (137,767)</u>

Non-cash financing activities:

During the year ended June 30, 2014, the District received \$19,231 of federal commodities.

See notes to financial statements.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2014

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>69,174</u>
Fiduciary Net Position:	
Restricted for scholarships	\$ <u><u>69,174</u></u>

See notes to financial statements.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2014

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Interest	\$	696
Fiduciary net position beginning of year		<u>68,478</u>
Fiduciary net position end of year	\$	<u><u>69,174</u></u>

See notes to financial statements.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

Central City 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. The geographic area served includes the City of Central City, portions of the Cities of Prairieburg, Waubeek, and Paris, Iowa, and agricultural territory in Linn County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Central City 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. Central City 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 County Assessor's Conference Board.

B. Basis of Presentation

District-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 three 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.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net position consists of net position not meeting 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 are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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 nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the main operating fund of the District. All general tax revenues and other revenues 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 expenditures, including instructional, support and other costs.

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

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

The District reports the following major proprietary fund:

The Enterprise, ABC Childcare Fund is used to account for the daycare operations of the District.

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 with restrictions of income earned to be used to benefit individuals through scholarship awards.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the 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 District 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 the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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, in that order.

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

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

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 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, have a maturity date no longer than three months.

Property Tax Receivable – Property tax receivable is recognized in the governmental funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. 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.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2012 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.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	25,000
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture 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.

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.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District’s policy is not to reimburse for sick leave or vacation. Vacation can only be used by the employee in the year it is earned. The District has no compensated absences liability at June 30, 2014.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collectible within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of the succeeding year property tax receivable.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures/expenses exceeded the amount budgeted in the other expenditures function.

Note 2. Cash and Pooled Investments

The District’s deposits in banks 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 ensure there will be no loss of public funds.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Cash and Pooled Investments (continued)

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 as follows:

	Amortized Cost/ Fair Value
Iowa Schools Joint Investment Trust, Diversified Portfolio	\$ 268
U.S. Treasury Notes	1,868,208
	\$ 1,868,476

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The U.S. Treasury notes are stated at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated AAAm by Standard & Poor’s Financial Services.

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 75,000
Debt Service	General	39,373
		\$ 114,373

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

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 396,830	\$ -	\$ -	\$ 396,830
Construction in progress	833,023	642,166	833,023	642,166
Total capital assets not being depreciated	<u>1,229,853</u>	<u>642,166</u>	<u>833,023</u>	<u>1,038,996</u>
Capital assets being depreciated:				
Buildings	7,877,803	871,947	-	8,749,750
Improvements other than buildings	94,875	23,232	-	118,107
Furniture and equipment	894,072	166,714	-	1,060,786
Total capital assets being depreciated	<u>8,866,750</u>	<u>1,061,893</u>	<u>-</u>	<u>9,928,643</u>
Less accumulated depreciation for:				
Buildings	1,688,222	149,744	-	1,837,966
Improvements other than buildings	3,963	1,898	-	5,861
Furniture and equipment	660,216	23,908	-	684,124
Total accumulated depreciation	<u>2,352,401</u>	<u>175,550</u>	<u>-</u>	<u>2,527,951</u>
Total capital assets being depreciated, net	<u>6,514,349</u>	<u>886,343</u>	<u>-</u>	<u>7,400,692</u>
Governmental activities capital assets, net	<u>\$ 7,744,202</u>	<u>\$ 1,528,509</u>	<u>\$ 833,023</u>	<u>\$ 8,439,688</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings	\$ 789,809	\$ -	\$ -	\$ 789,809
Furniture and equipment	174,555	-	-	174,555
Total capital assets being depreciated	<u>964,364</u>	<u>-</u>	<u>-</u>	<u>964,364</u>
Less accumulated depreciation for:				
Buildings	157,960	15,796	-	173,756
Furniture and equipment	98,116	14,546	-	112,662
Total accumulated depreciation	<u>256,076</u>	<u>30,342</u>	<u>-</u>	<u>286,418</u>
Business-type activities capital assets, net	<u>\$ 708,288</u>	<u>\$ (30,342)</u>	<u>\$ -</u>	<u>\$ 677,946</u>

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction	\$ 11,662
Support services:	
Administration	1,412
Operation and maintenance of plant	2,919
Transportation	8,002
	<u>23,995</u>
Unallocated depreciation	<u>151,555</u>

Total depreciation expense - governmental activities \$ 175,550

Business-type activities:

Food service operations	\$ 14,546
Daycare operations	<u>15,796</u>

Total depreciation expense - business-type activities \$ 30,342

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities

Changes in governmental activities long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Early Retirement	General Obligation Bonds	Revenue Bonds	Iowa Energy Management Improvement Capital Loan Notes	Net OPEB Liability	Total
Balance beginning of year	\$ -	\$ 3,505,000	\$ -	\$ 535,500	\$ 42,000	\$ 4,082,500
Additions	38,978	1,735,000	3,650,000	-	19,000	5,442,978
Reductions	-	185,000	-	32,680	-	217,680
Balance end of year	<u>\$ 38,978</u>	<u>\$ 5,055,000</u>	<u>\$ 3,650,000</u>	<u>\$ 502,820</u>	<u>\$ 61,000</u>	<u>\$ 9,307,798</u>
Due within one year	<u>\$ 10,614</u>	<u>\$ 195,000</u>	<u>\$ -</u>	<u>\$ 33,088</u>	<u>\$ -</u>	<u>\$ 238,702</u>

Early Retirement

The District offered a voluntary early retirement plan to its certified employees. Eligible employees had to be at least age fifty-five on or before June 30, 2014 and must have completed five years of full-time contracted service with the District. Employees had to complete an application which was required to be approved by the Board of Education.

The first option for the early retirement benefit for each eligible certified employee is equal to \$27,000 paid in four equal annual installments plus a payment towards single health insurance up to \$400 per month. The insurance benefit will end after 48 months, when the employee becomes eligible for Medicare, or when the employee dies, whichever occurs first. The second option is an immediate one-time cash payment of \$25,000.

At June 30, 2014, the District has early retirement obligations to one participant with a total liability of \$38,978. There were no actual early retirement expenditures for the year ended June 30, 2014. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

General Obligation Bonds Payable

On May 1, 2014, the District issued \$1,735,000 of refunding bonds with interest rates from 1.95% to 2.30% to refund the May 1, 2005 bonds with interest rates from 3.95% to 4.55%. As a result of the crossover refunding, the District reduced its total debt service requirements over the life of the bonds by \$245,373, which resulted in a net present value economic gain of \$191,275.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

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

Year Ending June 30,	Issue dated May 1, 2005			
	Interest Rates	Principal	Interest	Total
2015	3.875 %	\$ 145,000	\$ 84,556	\$ 229,556
2016	3.950	150,000	78,938	228,938
2017	4.050	160,000	73,012	233,012
2018	4.150	165,000	66,532	231,532
2019	4.200	170,000	59,686	229,686
2020-2024	4.250-4.500	970,000	182,201	1,152,201
2025	4.550	220,000	10,010	230,010
		<u>\$ 1,980,000</u>	<u>\$ 554,935</u>	<u>\$ 2,534,935</u>

Year Ending June 30,	Issue dated November 1, 2007			
	Interest Rates	Principal	Interest	Total
2015	4.75 %	\$ 50,000	\$ 60,962	\$ 110,962
2016	4.75	55,000	58,588	113,588
2017	4.75	55,000	55,976	110,976
2018	4.75	55,000	53,362	108,362
2019	4.20	60,000	50,750	110,750
2020-2024	4.25-4.45	345,000	213,176	558,176
2025-2027	4.50-4.65	720,000	77,916	797,916
		<u>\$ 1,340,000</u>	<u>\$ 570,730</u>	<u>\$ 1,910,730</u>

CENTRAL CITY COMMUNITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2014

Note 5. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

Year Ending June 30,	Issue dated May 1, 2014			
	Interest Rates	Principal	Interest	Total
2015	- %	\$ -	\$ 35,435	\$ 35,435
2016	2.00	180,000	35,435	215,435
2017	2.00	180,000	31,835	211,835
2018	2.00	185,000	28,235	213,235
2019	2.00	190,000	24,535	214,535
2020-2024	1.95-2.30	1,000,000	64,670	1,064,670
		<u>\$ 1,735,000</u>	<u>\$ 220,145</u>	<u>\$ 1,955,145</u>
		<u>Total</u>		
Year Ending June 30,	Principal	Interest	Total	
2015	\$ 195,000	\$ 180,953	\$ 375,953	
2016	385,000	172,961	557,961	
2017	395,000	160,823	555,823	
2018	405,000	148,129	553,129	
2019	420,000	134,971	554,971	
2020-2024	2,315,000	460,047	2,775,047	
2025-2027	940,000	87,926	1,027,926	
	<u>\$ 5,055,000</u>	<u>\$ 1,345,810</u>	<u>\$ 6,400,810</u>	

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	- %	\$ -	\$ 89,943	\$ 89,943
2016	2.000	210,000	87,844	297,844
2017	2.000	210,000	83,644	293,644
2018	2.000	215,000	79,394	294,394
2019	2.000	220,000	75,044	295,044
2020-2024	2.000-2.375	1,175,000	305,559	1,480,559
2025-2029	2.500-3.250	1,330,000	150,675	1,480,675
2030	3.250	290,000	4,713	294,713
		<u>\$ 3,650,000</u>	<u>\$ 876,816</u>	<u>\$ 4,526,816</u>

The District pledged future statewide sales, services and use tax revenues to repay the \$3,650,000 bonds issued in June 2014. The bonds were issued for the purpose of financing the costs of school infrastructure projects including improvements to athletic facilities, construction of a transportation facility, and HVAC improvements to the elementary area. 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 2029. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 20 to 70 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,526,816. For the current year, no principal or interest was paid on the bonds and total statewide sales, services and use tax revenues were \$425,633.

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

- a) \$301,875 of the proceeds from the issuance of the revenue bonds shall be deposited to a Reserve Fund to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Fund. \$2,748 of the proceeds shall be deposited to the Sinking Fund and the balance of the proceeds shall be deposited to the Project Fund.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Fund.
- c) Sufficient monthly deposits amounting to one twelfth of the next principal payment and one sixth of the next interest payment shall be made to the Sinking Fund for the purpose of making the bond principal and interest payments when due.
- d) Any monies remaining in the Revenue Fund after the required transfer to the Sinking Fund may be transferred to the Project Fund to be used for any lawful purpose.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities (continued)

Capital Loan Notes

Details of the District's June 30, 2014 Iowa energy management improvement capital loan note indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 33,088	\$ 6,285	\$ 39,373
2016	33,502	5,872	39,374
2017	33,921	5,453	39,374
2018	34,345	5,029	39,374
2019	34,774	4,599	39,373
2020-2024	180,498	16,368	196,866
2025-2028	152,692	4,801	157,493
	<u>\$ 502,820</u>	<u>\$ 48,407</u>	<u>\$ 551,227</u>

Changes in business-type activities long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	<u>Capital Lease Purchase Agreement</u>
Balance beginning of year	\$ 712,055
Additions	-
Reductions	<u>11,850</u>
Balance end of year	<u>\$ 700,205</u>
Due within one year	<u>\$ 12,329</u>

During the year ended June 30, 2004, the District entered into an agreement with the City of Central City for the lease purchase of the daycare building.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities (continued)

Capital Lease Purchase Agreement

Details of the District's June 30, 2014 capital lease purchase agreement indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 12,329	\$ 30,631	\$ 42,960
2016	12,800	30,160	42,960
2017	13,459	29,501	42,960
2018	14,064	28,896	42,960
2019	14,697	28,263	42,960
2020-2024	83,854	130,946	214,800
2025-2029	104,584	110,216	214,800
2030-2034	130,333	84,467	214,800
2035-2039	162,426	52,374	214,800
2040-2043	151,659	13,550	165,209
	<u>\$ 700,205</u>	<u>\$ 539,004</u>	<u>\$ 1,239,209</u>

Note 6. 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 45 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Other Postemployment Benefits (OPEB) (continued)

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	\$ 26,000
Interest on net OPEB obligation	1,100
Adjustment to annual required contribution	<u>(4,100)</u>
Annual OPEB cost	23,000
Contributions made	<u>(4,000)</u>
Increase in net OPEB obligation	19,000
Net OPEB obligation beginning of year	<u>42,000</u>
Net OPEB obligation end of year	<u><u>\$ 61,000</u></u>

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 \$4,000 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 are summarized as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2012	\$ 18,000	50.0%	\$ 23,000
2013	26,000	26.9%	42,000
2014	23,000	17.4%	61,000

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 \$130,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$130,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,759,000, and the ratio of the UAAL to covered payroll was 4.7%. 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Other Postemployment Benefits (OPEB) (continued)

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis. The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

Note 7. Short-Term Debt Activity

During the year ended June 30, 2014, the District entered into a short-term interfund loan from the General Fund to the Debt Service Fund. The loan was necessary to provide temporary financing during periods of low cash flows due to timing differences between expenditures and expected property tax revenues.

A summary of the short-term debt activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Interfund Loans Received	Interfund Loans Repaid	Balance End of Year
Debt Service Fund	\$ -	\$ 65,225	\$ 65,225	\$ -

Note 8. 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 contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$261,130, \$248,831, and \$229,186, respectively, equal to the required contributions for each year.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Risk Management

The 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 \$184,961 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. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2014 is comprised of the following programs:

Program	Amount
Gifted and talented programs	\$ 22,739
Returning dropouts and dropout prevention programs	122
Four year old preschool state aid	205,556
Teacher salary supplement	23,865
Teacher leadership grants	5,549
Total	\$ 257,831

Note 12. Construction Commitments

The District has entered into various contracts totaling \$2,975,988 for HVAC improvements in the elementary building and improvements to the track and football stadium. As of June 30, 2014, costs of \$325,885 had been incurred against the contracts. The balance of \$2,650,103 remaining at June 30, 2014 will be paid as work on the projects progresses.

Note 13. 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 establish 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 employee pension plan.

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Required Supplementary Information

CENTRAL CITY 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 Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
<b>REVENUES:</b>					
Local sources	\$ 2,551,928	\$ 413,224	\$ 2,965,152	\$ 3,609,415	\$ (644,263)
State sources	3,486,551	2,194	3,488,745	2,979,910	508,835
Federal sources	145,755	164,259	310,014	255,000	55,014
<b>Total revenues</b>	<b>6,184,234</b>	<b>579,677</b>	<b>6,763,911</b>	<b>6,844,325</b>	<b>(80,414)</b>
<b>EXPENDITURES/EXPENSES:</b>					
Instruction	3,666,730	-	3,666,730	3,745,000	78,270
Support services	1,694,720	50,411	1,745,131	2,021,000	275,869
Non-instructional programs	-	545,697	545,697	632,000	86,303
Other expenditures	1,395,575	-	1,395,575	846,719	(548,856)
<b>Total expenditures/expenses</b>	<b>6,757,025</b>	<b>596,108</b>	<b>7,353,133</b>	<b>7,244,719</b>	<b>(108,414)</b>
Excess (deficiency) of revenues over (under) expenditures/expenses	(572,791)	(16,431)	(589,222)	(400,394)	(188,828)
Other financing sources, net	5,437,360	-	5,437,360	-	5,437,360
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	4,864,569	(16,431)	4,848,138	(400,394)	5,248,532
Balance beginning of year	1,282,537	68,400	1,350,937	960,931	390,006
Balance end of year	<u>\$ 6,147,106</u>	<u>\$ 51,969</u>	<u>\$ 6,199,075</u>	<u>\$ 560,537</u>	<u>\$ 5,638,538</u>

See accompanying independent auditor's report.

CENTRAL CITY 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 comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated 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 ended June 30, 2014, expenditures/expenses in the other expenditures function exceeded the amount budgeted.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
(In Thousands)

Required Supplementary Information  
Year Ended June 30, 2014

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	\$ -	\$ 133	\$ 133	0.0%	\$ 2,414	5.5%
2011	July 1, 2009	-	124	124	0.0%	2,737	4.5%
2012	July 1, 2009	-	99	99	0.0%	2,659	3.7%
2013	July 1, 2012	-	131	131	0.0%	2,676	4.9%
2014	July 1, 2012	-	130	130	0.0%	2,759	4.7%

See note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

## CENTRAL CITY COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 116,487	\$ 85,705	\$ 202,192
Receivables:			
Property tax:			
Current year	840	-	840
Succeeding year	120,000	-	120,000
Total assets	\$ 237,327	\$ 85,705	\$ 323,032
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 2,569	\$ 2,569
<b>Deferred inflows of resources:</b>			
Unavailable revenues:			
Succeeding year property tax	120,000	-	120,000
<b>Fund balances:</b>			
Restricted for:			
Management levy purposes	117,327	-	117,327
Student activities	-	83,136	83,136
Total fund balances	117,327	83,136	200,463
Total liabilities, deferred inflows of resources and fund balances	\$ 237,327	\$ 85,705	\$ 323,032

See accompanying independent auditor's report.

## CENTRAL CITY COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	Special Revenue		Total
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 90,064	\$ -	\$ 90,064
Other	4,268	143,276	147,544
State sources	51	-	51
Total revenues	<u>94,383</u>	<u>143,276</u>	<u>237,659</u>
Expenditures:			
Current:			
Instruction	-	145,481	145,481
Support services:			
Administration	53,933	-	53,933
Operation and maintenance of plant	39,322	143	39,465
Transportation	5,617	-	5,617
Total expenditures	<u>98,872</u>	<u>145,624</u>	<u>244,496</u>
Deficiency of revenues under expenditures	(4,489)	(2,348)	(6,837)
Fund balances beginning of year	<u>121,816</u>	<u>85,484</u>	<u>207,300</u>
Fund balances end of year	<u>\$ 117,327</u>	<u>\$ 83,136</u>	<u>\$ 200,463</u>

See accompanying independent auditor's report.

## CENTRAL CITY COMMUNITY SCHOOL DISTRICT

 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS ACCOUNTS  
 June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 646,714	\$ 14,858	\$ 2,939,683	\$ 3,601,255
Receivables:				
Property tax:				
Current year	-	1,172	-	1,172
Succeeding year	-	130,667	-	130,667
Due from other governments	67,352	-	-	67,352
 Total assets	 <u>\$ 714,066</u>	 <u>\$ 146,697</u>	 <u>\$ 2,939,683</u>	 <u>\$ 3,800,446</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 251,164	\$ 251,164
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	130,667	-	130,667
Fund balances:				
Restricted for:				
Revenue bonds	301,875	-	-	301,875
School infrastructure	412,191	-	2,688,519	3,100,710
Physical plant and equipment	-	16,030	-	16,030
Total fund balances	<u>714,066</u>	<u>16,030</u>	<u>2,688,519</u>	<u>3,418,615</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 714,066</u>	 <u>\$ 146,697</u>	 <u>\$ 2,939,683</u>	 <u>\$ 3,800,446</u>

See accompanying independent auditor's report.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 Year Ended June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 119,544	\$ -	\$ 119,544
Other	121	1,000	309	1,430
State sources	425,633	69	-	425,702
Total revenues	<u>425,754</u>	<u>120,613</u>	<u>309</u>	<u>546,676</u>
Expenditures:				
Current:				
Support services:				
Operation and maintenance of plant	-	3,500	-	3,500
Transportation	79,781	37,042	-	116,823
Other expenditures:				
Facilities acquisition	45,188	69,752	639,332	754,272
Long-term debt:				
Interest and fiscal charges	40,339	-	-	40,339
Total expenditures	<u>165,308</u>	<u>110,294</u>	<u>639,332</u>	<u>914,934</u>
Excess (deficiency) of revenues over (under) expenditures	260,446	10,319	(639,023)	(368,258)
Other financing sources (uses):				
Revenue bonds issued	3,650,000	-	-	3,650,000
Premium on bonds issued	19,488	-	-	19,488
Intrafund transfers in	-	-	3,327,274	3,327,274
Intrafund transfers out	(3,327,274)	-	-	(3,327,274)
Interfund transfers out	(75,000)	-	-	(75,000)
Total other financing sources (uses)	<u>267,214</u>	<u>-</u>	<u>3,327,274</u>	<u>3,594,488</u>
Net change in fund balances	527,660	10,319	2,688,251	3,226,230
Fund balances beginning of year	<u>186,406</u>	<u>5,711</u>	<u>268</u>	<u>192,385</u>
Fund balances end of year	<u>\$ 714,066</u>	<u>\$ 16,030</u>	<u>\$ 2,688,519</u>	<u>\$ 3,418,615</u>

See accompanying independent auditor's report.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Speech	\$ 2,354	\$ 250	\$ 479	\$ 2,125
Vocal Music	52	2,359	2,411	-
Musical	1,363	1,365	1,565	1,163
Music Trip	-	2,405	-	2,405
Shared Music	-	7,756	6,642	1,114
Variety Show	1,229	380	-	1,609
Instrumental Music	-	1,479	1,479	-
Athletic Gate Receipts	1,442	10,418	10,633	1,227
Athletic Pop Sales	245	-	-	245
Pop Sales All	453	430	-	883
Golf	-	1,040	1,040	-
Boys Basketball	-	3,466	3,466	-
Boys Basketball Fundraising	5,655	8,457	9,527	4,585
Football	-	7,646	7,646	-
District Football	997	400	653	744
Football Fundraising	1,358	1,016	798	1,576
Baseball	-	5,478	5,868	(390)
Boys Track	-	761	761	-
Boys Track Fundraising	865	649	1,514	-
Wrestling	-	1,671	1,671	-
Wrestling Fundraising	350	-	-	350
Girls Basketball	-	2,741	2,741	-
Girls Basketball Fundraising	3,771	5,019	2,200	6,590
Volleyball	-	1,525	1,525	-
Volleyball Fundraising	1,798	1,531	473	2,856
Softball	1,851	2,477	3,251	1,077
Girls Track	-	972	972	-
Library Book Fair	1,334	3,164	3,164	1,334
Pictures	583	-	-	583
Playground	18	-	-	18
Ice Cream Machine	908	-	-	908
Middle School Publications	52	-	-	52
CSB Student Projects	733	1,000	-	1,733
Conference Leadership	89	-	-	89
Football Cheerleading	1,382	3,991	2,915	2,458
Basketball Cheerleading	311	732	896	147
Wrestling Cheerleading	-	463	394	69
Sassmeisters	558	20,348	21,008	(102)

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Class of 2010	\$ 1,393	\$ -	\$ -	\$ 1,393
Class of 2011	1,213	-	-	1,213
Class of 2012	288	-	-	288
Class of 2013	236	-	570	(334)
Class of 2014	933	579	989	523
Class of 2015	839	400	920	319
Class of 2016	240	-	55	185
Class of 2018	260	522	782	-
Class of 2019	-	2,107	1,954	153
FFA	620	20,074	16,689	4,005
National Honor Society	2,967	2,003	2,833	2,137
Student Council	812	714	1,526	-
Art Club	1,640	-	-	1,640
Foods Club	140	-	-	140
MS Student Council	1,046	-	-	1,046
Larry Whiting Memorial	162	-	-	162
Elementary Pictures	10,774	2,012	512	12,274
High School Pictures	2,102	605	30	2,677
Robotics	781	425	867	339
School Cents	8,349	3,437	6,339	5,447
Jeans Day	3,247	516	30	3,733
Student Projects	2,496	-	1,439	1,057
Greenhouse	4,664	1,380	6,044	-
Yearbook	1,370	2,348	2,616	1,102
Pep Bus	335	-	-	335
General Courtesy Account	8,717	4,765	5,737	7,745
Padlocks	34	-	-	34
Greenhouse Facility	75	-	-	75
<b>Total</b>	<b>\$ 85,484</b>	<b>\$ 143,276</b>	<b>\$ 145,624</b>	<b>\$ 83,136</b>

See accompanying independent auditor's report.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2014	2013	2012	2011
Revenues:				
Local sources:				
Local tax	\$ 2,011,329	\$ 2,293,926	\$ 2,363,568	\$ 2,161,241
Tuition	281,310	281,200	265,564	328,433
Other	259,289	224,565	323,688	336,305
State sources	3,486,551	2,885,569	2,968,590	2,874,591
Federal sources	145,755	115,272	264,982	185,530
Total revenues	<u>\$ 6,184,234</u>	<u>\$ 5,800,532</u>	<u>\$ 6,186,392</u>	<u>\$ 5,886,100</u>
Expenditures:				
Instruction	\$ 3,666,730	\$ 3,452,033	\$ 3,427,469	\$ 3,400,723
Support services:				
Student	62,236	51,102	47,714	57,163
Instructional staff	274,893	186,284	189,940	290,252
Administration	568,002	630,115	561,843	485,719
Operation and maintenance of plant	485,065	452,027	532,635	446,357
Transportation	304,524	154,565	173,499	235,891
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	754,272	886,633	738,840	392,372
Long-term debt:				
Principal	217,680	205,169	194,129	396,410
Interest and fiscal charges	238,662	162,203	170,994	177,293
AEA flowthrough	184,961	175,048	174,264	191,867
Total expenditures	<u>\$ 6,757,025</u>	<u>\$ 6,355,179</u>	<u>\$ 6,211,327</u>	<u>\$ 6,074,047</u>

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006	2005
\$	2,004,352	\$ 1,819,915	\$ 1,796,806	\$ 1,361,071	\$ 1,336,164	\$ 1,169,740
	256,005	229,423	231,913	171,375	176,263	157,642
	396,971	423,369	301,551	316,899	377,208	323,758
	2,348,444	2,762,031	2,802,687	2,551,932	2,444,228	2,301,520
	408,468	182,472	196,649	584,754	137,321	151,637
\$	<u>5,414,240</u>	<u>5,417,210</u>	<u>5,329,606</u>	<u>4,986,031</u>	<u>4,471,184</u>	<u>4,104,297</u>
\$	3,223,652	\$ 3,084,727	\$ 2,892,389	\$ 2,690,255	\$ 2,535,433	\$ 2,391,619
	75,411	112,231	108,379	101,494	84,274	111,030
	267,525	215,205	716,225	168,569	133,947	127,729
	415,673	575,858	557,999	507,777	485,724	527,429
	454,856	400,090	369,323	393,700	349,764	281,444
	167,222	136,170	160,948	139,881	129,801	207,612
	-	-	-	142	2,837	-
	183,447	2,168,579	454,210	1,852,386	1,365,909	187,343
	291,770	251,770	178,385	105,000	100,000	50,419
	183,857	224,881	123,392	127,811	132,512	3,605
	181,727	167,849	164,956	159,667	149,095	143,928
\$	<u>5,445,140</u>	<u>7,337,360</u>	<u>5,726,206</u>	<u>6,246,682</u>	<u>5,469,296</u>	<u>4,032,158</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Central City Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Central City 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 December 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central City 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 Central City Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central City Community School District's internal control over financial reporting.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control over financial reporting, described in Part I of the accompanying Schedule of Findings as I-A-14, that we consider to be a significant deficiency.

Compliance

As part of obtaining reasonable assurance about whether Central City Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 that 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.

Central City Community School District's Responses to Findings

Central City Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Central City 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 report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central City 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.

Oskaloosa, Iowa  
December 16, 2014

*Hunt + Associates, P.C.*

CENTRAL CITY 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 reported.

Internal Control Deficiencies:

I-A-14 Bank Reconciliation – We noted that bank reconciliations were prepared for each bank account. However, the June bank reconciliation for the bond proceeds bank account was not completed until during audit field work in September.

Recommendation – All bank accounts should be reconciled and tied to the general ledger each month. Any differences should be investigated and corrected. This would allow the District to timely detect and correct errors or omissions and would provide accurate and reliable financial information of the District throughout the year for the Board of Education’s management decisions.

Response – Bank reconciliations for all accounts will be performed timely in the future.

Conclusion – Response accepted.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2014

Part II: Other Findings Related to Statutory Reporting:

II-A-14 Certified Budget – Expenditures/expenses for the year ended June 30, 2014, exceeded the amount budgeted in the other expenditures function.

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

Response – We will amend our budget in sufficient amounts before expenditures exceed the budget in the future.

Conclusion – Response accepted.

II-B-14 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Terri Betzer, Spouse of Board President	Associate and bus driver wages	\$20,259
Arden Betzer, Daughter of Board President	Summer day care wages	\$1,615
Chris Betzer, Brother of Board President Owner of Consultexs	IT Support	\$60,032
Don Hogan, Spouse of Business Manager Owner of Don Hogan Construction	Construction services	\$14,850

In accordance with an Attorney General’s opinion dated November 9, 1976, the transactions do not appear to represent any 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 ensure that the coverage is adequate for current operations.

II-F-14 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2014

Part II: Other Findings Related to Statutory Reporting (continued):

- II-G-14 Certified Enrollment – No variances 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 – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-14 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-14 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- II-L-14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in 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 District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$	186,406
Revenues:			
Interest	\$	121	
Statewide sales, services and use tax		425,633	
Issuance of long-term debt		<u>3,669,488</u>	4,095,242
Expenditures/transfers out:			
School infrastructure construction		45,188	
Bond issuance costs		40,339	
Equipment		79,781	
Transfers to other funds:			
Debt Service Fund		75,000	
Other Capital Projects Fund		<u>3,327,274</u>	<u>3,567,582</u>
Ending balance		\$	<u><u>714,066</u></u>

CENTRAL CITY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2014

Part II: Other Findings Related to Statutory Reporting (continued):

II-L-14 Statewide Sales, Services and Use Tax (continued)

For the year ended June 30, 2014, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 0.62787	\$ 75,000

II-M-14 Financial Condition – At June 30, 2014, the District had a deficit net position of \$37,329 in the Enterprise, ABC Childcare Fund.

Recommendation – The District needs to continue to explore alternatives to restore the ABC Childcare Fund to a sound financial condition.

Response – We are continuing to work on this.

Conclusion – Response accepted.

II-N-14 Approval of Contracts with Vendor – The District had entered into a written agreement with Consultexs, LLC for monthly IT services. However, the contract with Consultexs has not been renewed timely and does not reflect the actual monthly service cost. In addition, in accordance with its purchasing and bidding policy, the District should have taken competitive sealed bids for the IT services.

Recommendation – The Board should approve a written agreement with Consultexs annually that reflects the current monthly fees and services to be provided. Competitive sealed bids should also be required for the annual IT services.

Response – The District will go through the RFP bid process for the IT services to be provided. The FY 2015 contract with Consultexs was approved by the Board on September 17, 2014.

Conclusion – Response accepted.