

COLLEGE COMMUNITY SCHOOL DISTRICT
Cedar Rapids, Iowa

**INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014**

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COLLEGE COMMUNITY SCHOOL DISTRICT

OFFICIALS

June 30, 2014

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before 2013 Election)		
Randy Bauer	President	2015
Greg Kelsey	Board Member	2015
Jed Peterson	Board Member	2013
Dorothy Pospischil	Board Member	2015
Kristie Fisher	Board Member	2013
Angela Ehle	Board Member	2015
John Titler	Board Member	2013
(After 2013 Election)		
Randy Bauer	President	2015
Greg Kelsey	Board Member	2015
Jed Peterson	Board Member	2017
Dorothy Pospischil	Board Member	2015
Kristie Fisher	Board Member	2017
Angela Ehle	Board Member	2015
Jim Hodina	Board Member	2017
<u>School Officials</u>		
John Speer	Superintendent	2015
James A. Rotter, Jr.	District Secretary - Treasurer and Director of Business Services	Indefinite



Independent Auditors' Report

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

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 the College Community School District (the District), Cedar Rapids, 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 as 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 accounting principles generally accepted in the United States of America. 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 that 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 the College 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 accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the retiree health plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 the College Community School District's basic financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as required by the State of Iowa, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the College Community School District's financial statements for the nine years ended June 30, 2013, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate

remaining fund information. Those audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College Community School District's basic financial statements as a whole. The supplementary information included in Schedule 8 for the nine years ending June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements for those nine years ending June 30, 2013. 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 auditing standards generally accepted in the United States of America. In our opinion, the nine years ending June 30, 2013 presented in schedule 8 is fairly stated, in all material respects, in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of College 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College Community School District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
December 11, 2014

Management Discussion and Analysis

This section of the College Community School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

Financial Highlights

- The State of Iowa allowed a 2% + (2% one time) growth for the 2013-14 school year. This followed the 2% allowable growth in 2012-13. This, with the addition of 60.1 resident students formulated an increase in revenue of \$1,270,837 to the General Fund regular formula. These increased dollars were made up of a combination of state aid, and local taxes. The 60.1 student increase represents a 1.33% increase in the District's resident enrollment.
- The District spent a little over \$11.00 million on construction projects. This is considerably more than previous year's expenditures as the District constructed its 5th Elementary. The majority of General obligation Bonds (\$15M) were spent during the fiscal year on construction and furnishing of the building. Total general obligation bond principal totaled \$65.98 million as of June 30, 2014.
- The General Fund balance decreased from \$10.27 million on June 30, 2013 to \$6.45 million on June 30, 2014. This equates to a 13.51% solvency ratio which is down from a 21.16% ratio one year ago. Solvency ratios between 5 – 15% are considered "good" or "excellent" according to the Iowa School Board Association. This decrease in ratio is the result of the District's initial hiring in preparation of staff for the new elementary school. Additional spending and another decrease in the ratio is expected in 2014-15.
- Interest rates remained at record lows during the course of the year with a public fund investment rate of 0.05% in July, 2013 remaining at 0.05% in June, 2014. These rates yielded only \$4,158 in revenue compared to \$5,885 in 2013, \$15,232 in fiscal year 2012, \$11,305 in fiscal year 2011, \$17,789 in fiscal year 2010, \$52,059 in fiscal year 2009 and \$177,368 in fiscal year 2008.
- The District was unable to levy cash reserve dollars due to its strong solvency ratio at the end of 2012-13 & 2013-14 fiscal years. This statutory restriction has effectively reduced the District's Cash position from \$10.16M in June, 2012 to \$6.45M in June, 2014. The District plans to levy for cash reserve dollars in the 2015-16 school year as is permitted by Iowa Code to replenish the General fund cash position.

Overview of the Financial Statements

This annual report consists of three parts: required supplementary information which includes Management's Discussion and Analysis (this section), budgetary comparison schedules and schedule of funding progress for the retiree health plan, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related 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. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

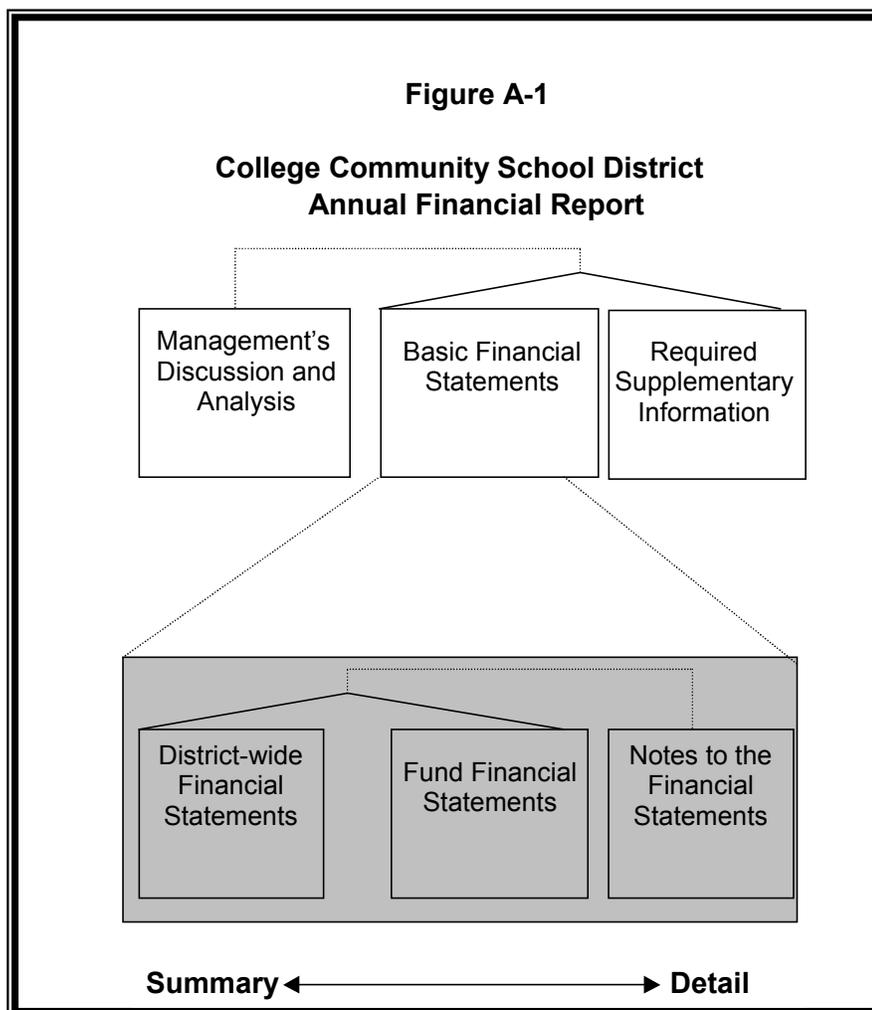


Figure A-2: Major Features of the District Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	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 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 focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

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

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District utilizes a print shop fund for this purpose.

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

Financial Analysis of the District as a Whole

Net position; The District's net position is evidenced below in Figure A-3. Combined total net position has decreased by 5.9% percent. This is almost identical to the Districts positive increase (+5.2%) in the 2012-13 fiscal year. Both assets and obligations decreased due to the expenditure of bond proceeds for the new elementary building and increased staff costs.

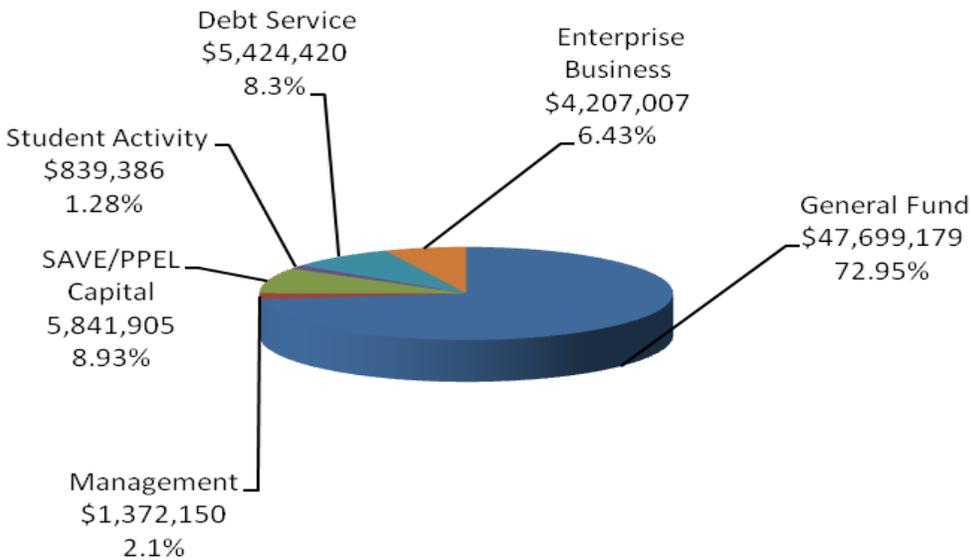
	CONDENSED STATEMENT OF NET POSITION (EXPRESSED IN THOUSANDS)						
	Governmental Activities		Business-Type Activities		Total School District		Total Change 2013-2014
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 42,782	\$ 55,858	\$ 338	\$ 1,481	\$ 43,120	\$ 57,339	-24.8%
Capital assets	<u>93,153</u>	<u>84,631</u>	<u>862</u>	<u>612</u>	<u>94,015</u>	<u>85,243</u>	10.3%
Total assets	<u>\$135,935</u>	<u>\$140,489</u>	<u>\$ 1,200</u>	<u>\$ 2,093</u>	<u>\$137,135</u>	<u>\$142,582</u>	-3.8%
Long-term obligations	\$ 72,399	\$ 77,485	\$ -	\$ -	\$ 72,399	\$ 77,485	-6.6%
Other liabilities	<u>4,115</u>	<u>2,892</u>	<u>162</u>	<u>163</u>	<u>3,055</u>	<u>26,095</u>	40.0%
Total Liabilities	<u>76,514</u>	<u>80,377</u>	<u>162</u>	<u>163</u>	<u>76,676</u>	<u>80,540</u>	-4.8%
Deferred Inflows of Resources	<u>\$ 23,764</u>	<u>\$ 23,040</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,764</u>	<u>\$ 23,040</u>	3.1%
Net position:							
Net investment in capital assets	\$ 29,972	\$ 27,353	\$ 862	\$ 612	\$ 30,834	\$ 27,965	10.3%
Non-spendable			-	-			0%
Restricted	2,475	2,374	-	-	2,475	2,374	4.3%
Unrestricted	<u>3,210</u>	<u>7,345</u>	<u>176</u>	<u>1,318</u>	<u>3,386</u>	<u>8,663</u>	-60.9%
Total net position	<u>\$ 35,657</u>	<u>\$ 37,072</u>	<u>\$ 1,038</u>	<u>\$ 1,930</u>	<u>\$ 36,695</u>	<u>\$ 39,002</u>	-5.9%

Figure A-4 below reflects totals from the 2012-13 fiscal year ended June 30, 2013.

	CHANGES IN NET POSITION (EXPRESSED IN THOUSANDS)					
	Governmental Activities		Business-Type Activities		Total School District	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for service and sales	\$ 6,343	\$ 6,492	\$ 2,985	\$ 3,334	\$ 9,328	\$ 9,826
Operating grants, contributions, and restricted interest	6,268	6,007	1,060	1,001	7,328	7,008
Capital grants, contributions, and restricted interest	100	100	-	-	100	100
General revenues:						
Property tax	29,290	28,791	-	-	29,290	28,791
Unrestricted state grants	19,127	17,818	-	-	19,127	17,818
Unrestricted investment earnings	21	4	1	2	22	6
Other	<u>129</u>	<u>155</u>	<u>-</u>	<u>5</u>	<u>129</u>	<u>160</u>
Total revenues	<u>61,278</u>	<u>59,367</u>	<u>4,046</u>	<u>4,342</u>	<u>65,324</u>	<u>63,709</u>
Program expenses:						
Governmental activities:						
Instruction	37,034	34,001	-	-	37,034	34,001
Support services	16,612	15,660	245	208	16,857	15,868
Non-instructional programs	-	-	4,416	4,258	4,416	4,258
Other expenses	<u>9,324</u>	<u>7,644</u>	<u>-</u>	<u>-</u>	<u>9,324</u>	<u>7,644</u>
Total expenses	<u>62,970</u>	<u>57,305</u>	<u>4,661</u>	<u>4,466</u>	<u>67,631</u>	<u>61,771</u>
Capital contribution	-	-	-	-	-	-
Changes in net position	<u>\$ (1,692)</u>	<u>\$ 2,062</u>	<u>\$ (615)</u>	<u>\$ (124)</u>	<u>\$ (2,307)</u>	<u>\$ 1,938</u>

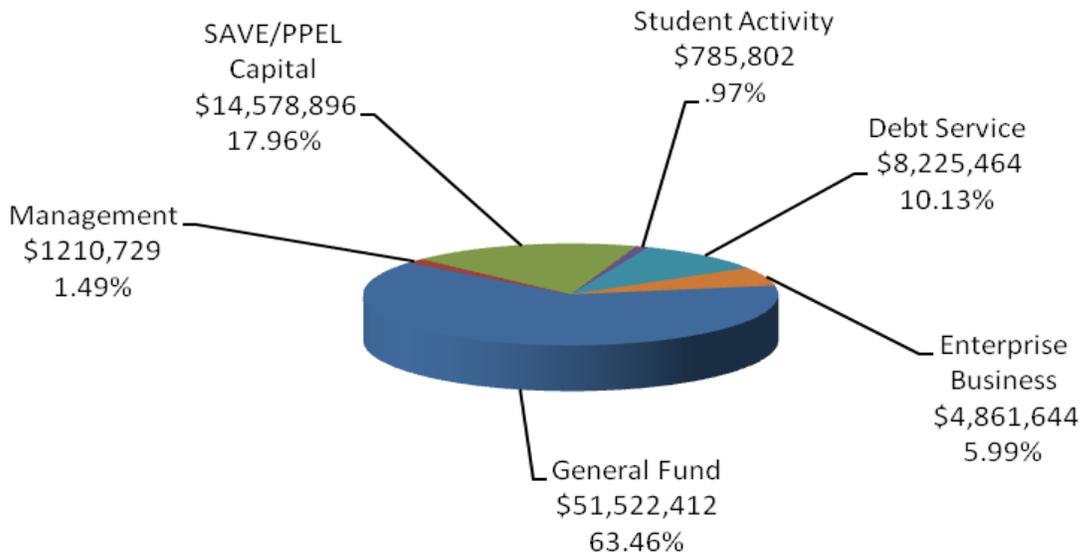
District's total revenues increased \$1.62M from the previous year, while total expenditures increased \$5.86M. Total net position decreased \$2.3 million. This decrease is attributed to both the District's governmental and business activities. The District's governmental activity shows increased costs for staff positions added for the 2013-14 fiscal year. Property tax collections increased only slightly as the District did not levy cash reserve dollars per Iowa Code restrictions and the funding formula changes resulting in a larger % of revenues provided through the State. Student enrollment, net open enrollment, and allowable growth have a significant role on revenues generated by the District. During the past 5 years, open enrollment and tuition generated revenue are as follows: fiscal year 2010 \$3.68M, fiscal year 2011 \$4.30M, fiscal year 2012 \$4.48M, fiscal year 2013 \$4.94M, fiscal year 2014 \$4.82M Business activities had a decrease in revenue and an increase in expenditures with a resulting decrease of net position. Business activity numbers reflect activity primarily in the Nutrition and Daycare programs. Enrollment, not including 4 year old preschool students, increased from 3,525 in September 2004 to 4,838 in September 2014. This calculates to an average of 131.3 students per year.

Revenues for Fiscal Year 2013-2014



The chart above illustrates total Revenues for the 2013-14 school year. The General Fund accounts for the largest portion of Revenues. The chart below illustrates total Expenses which indicates the greatest portion of dollars were spent in the General Fund followed by Capital Projects and Debt Service.

Expenses for Fiscal Year 2013-2014



Governmental Activities

Governmental activities are primarily supported through the state aid formula and local property taxes. Overall property tax base (taxable valuation) have increased from \$1,149,137,777 in 2003 to \$1,678,145,044 in 2013. This 46.04% increase over the ten year period averages to 4.60% per year. The increase from 2012 to 2013 was 5.35%.

The overall District tax rate was \$15.21 per thousand in the 2014 fiscal year which was \$.59 (per thousand) less than the levy in the 2013 school year. Despite the 2% allowable growth, +2% state funded growth, the levy decreased due to the District not levying cash reserve dollars, increase in valuations per pupil, & the State funding the "Supplemental State Aid" (formerly known as Allowable Growth).

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

Figure A-5	TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 37,034	\$ 29,458
Support services	16,612	13,415
Non-Instructional	-	-
Other Expenses	<u>9,324</u>	<u>7,385</u>
Totals	<u>\$ 62,970</u>	<u>\$ 50,258</u>

- The cost of all governmental activities this year was \$62.97 million compared to \$57.31 million a year ago.
- Some of the cost (non-resident tuition, fees, rentals) was financed by the users of the District's programs. This accounted for \$6.19 million in revenue to help offset the above costs.
- Most of the District's Governmental Activities costs were financed by District and state taxpayers. This portion of governmental activities was financed with \$31.78 million in Local Sources (including property taxes and fees) and \$29.38 million in state and federal aid.

Business-Type Activities

Revenues of the District's business-type activities were \$4.05 million while expenses were \$4.66 million. (Refer to Figure A-4) Although these activities are not in place to make a profit, they are organized and structured to operate at a revenue/expenditure neutral position. The loss in cash balance is due to the Nutritional funds expenditures to buy equipment for the Prairie Hill Kitchen, fund balance decrease is due to increased food cost and increased staff costs. This was planned as the fund balanced had exceeded the 3 month operation expense threshold. Additionally, the Daycare fund spent dollars to enhance and expand their playground equipment at two elementary buildings.

Financial Analysis of the District's Funds

Business-Type Fund Highlights

- The Nutrition and Daycare Fund balances are both in positive territory at \$1,119,287 and \$20,102 respectively. The additional planned expenditures for an Assistant to the Director position and capital costs associated with the new elementary school have reduced the cash position of the Nutrition fund to \$459,373 which is now less than three months operating expenditures as is required by the Department of Education guidelines. The Daycare Fund remained in positive territory although two expansive capital outlay playground projects were installed to meet current safety standards with rubberized surfacing and new equipment.
- The Student Built House Fund balance closed with all expenditures listed on the balance sheet as the 2013-14 house was not sold as of June 30th. Each year the timing of selling the house, and the desired profit vs. selling the house at something less is a struggle. At the time of this report, the 2013-14 house has been sold and the fund balance was back in positive territory.

Governmental Fund Highlights

The District's Governmental Fund balances are each in good position moving forward to meet the District's ever growing needs. The decrease in the General Fund was a result of the District hiring an additional 16.5 FTE certified staff and expanding it's Central Office staff with the establishment of a Human Resources office and an additional Curriculum and Instruction position. This was done while the District endured a second year of having the inability to levy cash reserve due to the previous years strong reserve balances.

- The Capital Projects fund (SAVE and 5th Elementary Fund) balances decreased substantially from \$15.7 million to \$4.8 million. This large decrease is primarily due to the construction of Prairie Hill Elementary. School Infrastructure Local Option (SAVE) funds are primarily utilized for various projects approved by the Board and an annual \$2.0 million payment on District debt. Additionally, the District pre-paid debt with SAVE funds in the amount of \$615,000 to retire it's note with Hills Bank for the 80 acre land purchased in 2012.
- The Management Fund balance remains strong and adequate with a closing balance of \$1.64 million. The District pays for its liability, property, fleet, workers compensation insurance, and early separation programs out of the Management Fund. The balance remains adequate moving forward although the District is mindful of increased Insurance costs. Data continues to show that the early separation program results in savings to the General Fund through the hiring of less expensive staff overall while helping older staff

transition into retirement. The District currently has 28 certified employees eligible for early separation. 6 certified staff members took advantage of the program in fiscal year 2014.

- The Physical Plant and Equipment Levy, (PPEL) Fund balance decreased from \$1.22M to \$529,980. PPEL Fund dollars are utilized to purchase technology and complete general maintenance projects. Funds are also utilized to replace old busses and vans in the District fleet. The carryover balance remains strong and excess funds will be utilized to pay off technology debt and building repairs. With its current assessed valuation, the district is able to generate approximately \$1.93 million annually in this fund. This is achieved with the current voter approved \$.67 levy per \$1,000 valuation and Board approved \$.33 per \$1,000. This is less than the maximum allowed voter approved levy of \$1.34 per \$1,000.
- The Other Governmental Funds balance (the Activity Fund), increased slightly from \$540,241 to \$593,825 from the previous fiscal year. The primary activities in this fund include the athletic accounts and building level student activities other than athletics.
- The General Fund overall balance decreased from \$10.27 million to \$6.45 million during the fiscal year. The District utilized a substantial portion of it's reserves to hire 16.5 fte certified staff, 4 Central Office positions (HR and Curriculum support), and additional Buildings and Grounds staff. Additionally, the District was unable to levy any additional cash in 2013-14 as it's reserves were greater than 20% of it's revenue in the preceeding year. The balance will decrease again during the 2014-15 fiscal year as 30 fte positions were hired with the opening of the new Elementary. The District will again be able to levy cash reserve in the 2015-16 budget up to \$3.96M. In addition to replenishing cash, the District will request spending authority from the School Budget Review Committee due to the unusual circumstances of opening a new school building.

General Fund Budgetary Highlights

Of all Governmental Funds, the General Fund is by far the largest, comprising 70% of all Governmental Fund expenses in the fiscal year. All other Governmental funds combined account for a little less than half of the General Fund Expenditures in a typical year. That remained true in the 2013-14 fiscal year even though large sums of dollars were spent on the construction of the Districts 5th Elementary building.

The General Fund expenditures are updated monthly to monitor expenditures and reflect any changes in staffing and non-staffing costs. A comparison of General Fund budgeted to actual expenditures shows actual expenditures of \$51.52 million, which was less than the original budgeted line item amount of \$52.51 million approved in the certified budget in April, 2013.

The General Fund balance at year-end was 13.51% of fund revenues, down from 21.58% from a year ago. The Board of Education has supported action to ensure that District General Fund cash reserves are adequate utilizing local property taxes as necessary to fund the growth of the District. Another important aspect of the General fund balance is the actual "spending authority" that accompanies the cash reserve. At the time of this report, it's estimated that the carry over authority is approximately \$7.48 million, down from \$8.94 million a year ago. The current condition of not having the same amount of cash to back up authority has been described earlier in this report. The District's Board is committed to replenish the cash reserve through the cash reserve levy which will now be available to the District as explained earlier. Ensuring there is adequate cash to meet the District's authority to spend is a critical measure as the District continues to grow and must plan for future building and expansion of it's facilities.

Capital Asset and Debt Administration

Capital Assets

By the end of 2014, the District had invested net of depreciation, \$94.02 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) This amount represents a net increase of 10.3% from a year ago. Note the large increase in Construction in progress which primarily represents the new Elementary building which was not complete on June 30, 2014.

Governmental Funds account for all of these assets with the exception of \$862,000 which is accounted for in the Food and Nutritional Fund, Print Shop Fund and Student Built House Fund.

Figure A-6 will continually change as the depreciation of current assets will continue to reduce/offset totals.

	Figure A-6							CAPITAL ASSETS, NET OF DEPRECIATION (EXPRESSED IN THOUSANDS)						
	Governmental Activities		Business-Type Activities		Total School District		Total Change 2013-2014							
	2014	2013	2014	2013	2014	2013								
Land	\$ 3,973	\$ 3,973	\$ -	\$ -	\$ 3,973	\$ 3,973	0.0%							
Construction in progress	11,119	748	-	-	11,119	748	1386.5%							
Buildings	68,002	69,905	-	-	68,002	69,905	-2.7%							
Improvements other than buildings	8,439	8,508	-	-	8,439	8,508	-.08%							
Furniture and equipment	<u>1,620</u>	<u>1,497</u>	<u>862</u>	<u>579</u>	<u>2,482</u>	<u>2,109</u>	17.7%							
Totals	<u>\$ 93,153</u>	<u>\$ 84,631</u>	<u>\$ 862</u>	<u>\$ 579</u>	<u>\$ 94,015</u>	<u>\$ 85,210</u>	10.3%							

Long-Term Debt

At year-end, the District had \$72.39 million in general obligation bonds and other long-term debt outstanding. This represents a decrease of \$5.09 million over the previous fiscal year as can be seen in Figure A-7 below. Fiscal year 2014 marks the Sixth year that the District is reporting the Other Post Employment Benefits (OPEB) per GASB-45. The current actuarially determined liability is \$4.96 million. OPEB liabilities are a combination of early retirement incentives offered by the District and implicit benefits guaranteed public employees by state code which allows them to take advantage of group health insurance rates until the age of 65. In other words, the District would not be able to eliminate OPEB liabilities by simply not offering early separation benefits. The District utilizes a "pay as you go" approach to meeting these obligations.

Figure A-7

**OUTSTANDING LONG-TERM
OBLIGATIONS
(EXPRESSED IN THOUSANDS)**

	<u>Total School District</u>		<u>Total Change</u>
	<u>2014</u>	<u>2013</u>	<u>2013-14</u>
General obligation bonds	\$ 67,192	\$ 72,840	-7.8%
Notes payable	-	-	0.0%
Bond Premiums Payable	128	136	-6.3%
OPEB Liability	4,956	4,307	15.1%
Early retirement	<u>123</u>	<u>202</u>	-39.1%
Totals	<u>\$ 72,399</u>	<u>\$ 77,485</u>	-6.6%

Changes in the debt schedule are primarily due to the payment on general obligation bonds and the sale of new bonds. The District did not incur new debt during the fiscal year and retired one of its obligations a year early. Early payment is also planned during the 14-15 school year of its 1.8M note for its one/one computer initiative. Also, as of the time of this report, the District has refinanced in 2014-15 \$25M general obligation bonds at a savings to the District of \$3.4M.

Factors Bearing on the District's Future

- The District remains mindful of the work ahead and financial planning necessary to meet its needs. Financial solvency from both a cash and authority perspective are key to the District's financial position after opening and staffing our new building this fall. Enrollment is up again with an increase of 114 resident students at the time of this report. Staff populations continue to grow with the addition of 30 full time certified staff and support staff for a total employee base of 886 persons.
- State funding growth for public schools for fiscal year 2014 was 2%, with an additional one time 2% additional funding. This was the result of a State Legislative compromise which included the addition of targeted certified teacher funding state wide in the form of a Teacher Leadership Implementation model. This new funding source will be utilized to enhance and offset some costs the District has already incurred with the hiring of curriculum specialists and building facilitators at each of our elementary buildings. Although the District did not receive the leadership funding in 2014-15, it is re-submitting its grant application for the 15-16 school year, and will again in 16-17 if not awarded in 15-16. Net cash and authority from the grant will be ongoing additional funding of \$1.4M per year.
- School Infrastructure Local Option (SAVE) funds continue to be utilized to offset the District's tax levy with \$2.0 million per year pledged to be utilized for District debt. Fiscal year 2014 marks the second year that the District was not allowed to keep all revenues from this funding source from Linn and Johnson Counties due to the State Legislature making this a statewide program. This has turned out to be less impactful than was previously thought as sales revenues have increased in the state while student populations have not changed significantly. With District enrollment increasing, the \$880+ per student receipts in 2014 resulted in revenue of \$3.99M. Future revenues will be based on District student

population and statewide sales tax figures. Fortunately, at the time of this report, both of those numbers continue to move up.

- District certified enrollment increased by 1,143 students over the past ten years. Under Iowa's school funding formula, this places upward pressure on the District tax levy. During the same time, property valuations have grown which helps offset this pressure. The most recent year valuation increase of 5.35% for the fiscal year 2015 school year, Supplemental Aid from the state, and the current year's enrollment increase of 114 students will all play a role on the levy. The State continues its initiative to balance property tax rates through an increase in the roll back percentage on residential property which also provides upward pressure on the local levy rate.
- During the 2014 fiscal year, the District Utilized the majority of the \$15 million General Obligation bonds for the construction of Prairie Hill elementary building. The building opened on schedule in the fall. The District hired 30 additional full time employees for the 2015 school year plus an additional 24.84 FTE support staff. While this will strain the District's reserves until full funding is realized through additional student growth, the District will need to be careful in its planning of additional expenditures over the next 2-3 fiscal years.
- For fiscal year 2014, the fiscal position of the District shows that the cost of adding staff, along with the inability to generate cash through the cash reserve levy, has placed downward pressure on spending authority and cash. The District expected this pressure as it is a normal pattern when a new building is opened. The District went through this same cycle when Prairie Ridge was opened in 2002 and Prairie Point was opened in 2009. Salary negotiations, the new State Teacher Leadership initiative, and the State's commitment to fully funding education will all continue to play a role in the District's ability to meet its obligations. Despite these pressures and unknowns, the District will remain committed to delivering the most effective instructional methodology possible.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and pooled investments	\$ 15,735,896	\$ 559,215	\$ 16,295,111
Receivables:			
Property tax:			
Delinquent	162,184	-	162,184
Succeeding year	23,763,870	-	23,763,870
Accounts	50,266	17,622	67,888
Accrued interest	671	37	708
Internal balances	250,000	(250,000)	-
Due from other governments	2,791,367	(24)	2,791,343
Inventories	23,363	10,328	33,691
Prepaid items	4,275	1,157	5,432
Nondepreciable capital assets	15,091,960	-	15,091,960
Depreciable capital assets, net of accumulated depreciation	<u>78,061,243</u>	<u>861,794</u>	<u>78,923,037</u>
Total assets	<u>135,935,095</u>	<u>1,200,129</u>	<u>137,135,224</u>
LIABILITIES			
Accounts payable	1,227,104	40,526	1,267,630
Accrued expenses	1,580,741	58,895	1,639,636
Salaries and benefits payable	521,815	62,719	584,534
Due to other governments	587,124	173	587,297
Accrued interest payable	199,126	-	199,126
Long-term liabilities:			
Portion due within one year:			
Bonds payable	4,516,434	-	4,516,434
Bond premiums	7,879	-	7,879
Early retirement	123,033	-	123,033
Portion due after one year:			
Bonds payable	62,675,454	-	62,675,454
Bond premiums	119,784	-	119,784
Net OPEB liability	<u>4,955,995</u>	<u>-</u>	<u>4,955,995</u>
Total liabilities	<u>76,514,489</u>	<u>162,313</u>	<u>76,676,802</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - succeeding year property tax	\$ 23,763,870	\$ -	\$ 23,763,870
Total deferred inflows of resources	<u>23,763,870</u>	<u>-</u>	<u>23,763,870</u>
NET POSITION			
Net investment in capital assets	29,972,247	861,794	30,834,041
Restricted for:			
Categorical funding and other reserves	99,530	-	99,530
Debt service	566,115	-	566,115
Physical plant and equipment levy	529,981	-	529,981
Student activity purposes	589,550	-	589,550
Capital projects	689,769	-	689,769
Unrestricted	<u>3,209,544</u>	<u>176,022</u>	<u>3,385,566</u>
TOTAL NET POSITION	<u>\$ 35,656,736</u>	<u>\$ 1,037,816</u>	<u>\$ 36,694,552</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>
Governmental activities:				
Instruction:				
Regular instruction	\$ 24,513,977	\$ 2,458,921	\$ 781,584	\$ -
Special instruction	7,868,184	2,613,460	-	-
Other instruction	4,651,677	1,140,877	580,609	-
	<u>37,033,838</u>	<u>6,213,258</u>	<u>1,362,193</u>	<u>-</u>
Support services:				
Student	1,646,829	-	353,915	-
Instructional staff	2,622,372	-	2,657,474	-
Administration	4,675,634	-	-	-
Operation and maintenance of plant	4,667,051	54,685	10,369	-
Transportation	3,000,060	74,948	45,056	-
	<u>16,611,946</u>	<u>129,633</u>	<u>3,066,814</u>	<u>-</u>
Non-instructional programs	-	-	-	-
Other expenses:				
Facilities acquisition	2,272,067	-	-	100,030
Long-term debt interest	2,641,120	-	1,130	-
AEA flowthrough	1,837,962	-	1,837,962	-
Amortization (unallocated)	-	-	-	-
Depreciation (unallocated)	2,572,600	-	-	-
	<u>9,323,749</u>	<u>-</u>	<u>1,839,092</u>	<u>100,030</u>
Total governmental activities	<u>62,969,533</u>	<u>6,342,891</u>	<u>6,268,099</u>	<u>100,030</u>
Business-type activities:				
Support services:				
Administrative services	193,389	-	-	-
Operation and maintenance of plant	51,245	-	-	-
Non-instructional programs:				
Nutrition services	2,383,612	1,314,793	992,112	-
Daycare services	1,643,694	1,516,509	67,983	-
Concession services	142,773	153,910	-	-
Student built house	246,137	-	-	-
	<u>4,660,850</u>	<u>2,985,212</u>	<u>1,060,095</u>	<u>-</u>
Total business-type activities	<u>4,660,850</u>	<u>2,985,212</u>	<u>1,060,095</u>	<u>-</u>
Total	<u>\$ 67,630,383</u>	<u>\$ 9,328,103</u>	<u>\$ 7,328,194</u>	<u>\$ 100,030</u>

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

Governmental Activities	Business-type Activities	Total
\$ (21,273,472)	\$ -	\$ (21,273,472)
(5,254,724)	-	(5,254,724)
(2,930,191)	-	(2,930,191)
<u>(29,458,387)</u>	<u>-</u>	<u>(29,458,387)</u>
(1,292,914)	-	(1,292,914)
35,102	-	35,102
(4,675,634)	-	(4,675,634)
(4,601,997)	-	(4,601,997)
(2,880,056)	-	(2,880,056)
<u>(13,415,499)</u>	<u>-</u>	<u>(13,415,499)</u>
-	-	-
(2,172,037)	-	(2,172,037)
(2,639,990)	-	(2,639,990)
-	-	-
-	-	-
<u>(2,572,600)</u>	<u>-</u>	<u>(2,572,600)</u>
<u>(7,384,627)</u>	<u>-</u>	<u>(7,384,627)</u>
<u>(50,258,513)</u>	<u>-</u>	<u>(50,258,513)</u>
-	(193,389)	(193,389)
-	(51,245)	(51,245)
-	(76,707)	(76,707)
-	(59,202)	(59,202)
-	11,137	11,137
-	(246,137)	(246,137)
<u>-</u>	<u>(615,543)</u>	<u>(615,543)</u>
<u>\$ (50,258,513)</u>	<u>\$ (615,543)</u>	<u>\$ (50,874,056)</u>

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2014

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

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

Governmental Activities	Business-type Activities	Total
\$ 22,048,939	\$ -	\$ 22,048,939
5,423,290	-	5,423,290
1,817,317	-	1,817,317
19,126,989	-	19,126,989
20,753	595	21,348
<u>128,762</u>	<u>34</u>	<u>128,796</u>
<u>48,566,050</u>	<u>629</u>	<u>48,566,679</u>
(1,692,463)	(614,914)	(2,307,377)
<u>37,349,199</u>	<u>1,652,730</u>	<u>39,001,929</u>
<u>\$ 35,656,736</u>	<u>\$ 1,037,816</u>	<u>\$ 36,694,552</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2014

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
ASSETS			
Cash and pooled investments	\$ 6,261,280	\$ 1,760,957	\$ 732,051
Receivables:			
Property tax:			
Delinquent	109,437	8,579	33,030
Succeeding year	15,814,088	1,279,357	4,927,644
Accounts	46,728	-	-
Accrued interest	343	68	160
Due from other funds	250,000	-	-
Due from other governments	2,058,287	-	-
Inventories	2,369	-	-
Prepaid items	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 24,542,532</u>	<u>\$ 3,048,961</u>	<u>\$ 5,692,885</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 179,136	\$ -	\$ -
Accrued expenses	1,002,546	-	-
Salaries and benefits payable	521,317	123,033	-
Due to other governments	579,415	4,416	-
	<hr/>	<hr/>	<hr/>
Total liabilities	2,282,414	127,449	-
Deferred inflows of resources - succeeding year property tax	<hr/>	<hr/>	<hr/>
	15,814,088	1,279,357	4,927,644
Fund balances:			
Nonspendable	2,369	-	-
Restricted for:			
Categorical funding and other reserves	99,530	-	-
Debt service	-	-	765,241
Management levy purposes	-	1,642,155	-
Student activities	-	-	-
School infrastructure	-	-	-
Physical plant and equipment	-	-	-
Assignable for automotive resale	78,623	-	-
Unassigned	6,265,508	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	6,446,030	1,642,155	765,241
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,542,532</u>	<u>\$ 3,048,961</u>	<u>\$ 5,692,885</u>

Exhibit C

<u>SAVE</u>	<u>5th Elementary Fund</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 35,964	\$ 5,574,164	\$ 1,220,305	\$ 15,584,721
-	-	11,138	162,184
-	-	1,742,781	23,763,870
-	-	-	46,728
-	44	56	671
-	-	-	250,000
722,541	-	10,539	2,791,367
-	-	-	2,369
-	-	4,275	4,275
<u>\$ 758,505</u>	<u>\$ 5,574,208</u>	<u>\$ 2,989,094</u>	<u>\$ 42,606,185</u>
\$ 68,736	\$ 857,418	\$ 118,716	\$ 1,224,006
-	578,195	-	1,580,741
-	-	498	644,848
-	-	3,293	587,124
<u>68,736</u>	<u>1,435,613</u>	<u>122,507</u>	<u>4,036,719</u>
-	-	1,742,781	23,763,870
-	-	4,275	6,644
-	-	-	99,530
-	-	-	765,241
-	-	-	1,642,155
-	-	589,550	589,550
689,769	4,138,595	-	4,828,364
-	-	529,981	529,981
-	-	-	78,623
-	-	-	6,265,508
<u>689,769</u>	<u>4,138,595</u>	<u>1,123,806</u>	<u>14,805,596</u>
<u>\$ 758,505</u>	<u>\$ 5,574,208</u>	<u>\$ 2,989,094</u>	<u>\$ 42,606,185</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

June 30, 2014

Total fund balances of governmental funds (page 28) \$ 14,805,596

***Amounts reported for governmental activities in the statement
of net position is different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 93,088,374

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. (199,126)

Long-term liabilities, including bonds payable, compensated absences, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (72,275,546)

The Internal Service Funds are utilized to account for the financing of goods or services provided by one department or agency to other department or agencies of a government on a cost reimbursement basis. The change in net position of the Internal Service Fund is reported with governmental activities. 237,438

Net position of governmental activities (page 26) \$ 35,656,736

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2014

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Revenues:			
Local sources:			
Local tax	\$ 16,762,094	\$ 1,309,674	\$ 5,422,083
Tuition	4,948,495	-	-
Other	592,386	62,167	1,130
State sources	23,996,011	309	1,207
Federal sources	<u>1,400,193</u>	<u>-</u>	<u>-</u>
Total revenues	<u>47,699,179</u>	<u>1,372,150</u>	<u>5,424,420</u>
Expenditures:			
Instruction:			
Regular instruction	23,139,499	647,539	-
Special instruction	7,865,920	-	-
Other instruction	<u>3,854,209</u>	<u>-</u>	<u>-</u>
	<u>34,859,628</u>	<u>647,539</u>	<u>-</u>
Support services:			
Student services	1,646,829	-	-
Instructional staff services	2,385,674	-	-
Administrative services	4,399,745	67,634	-
Operation and maintenance of plant services	4,301,008	363,760	-
Transportation services	<u>2,091,566</u>	<u>131,796</u>	<u>-</u>
	<u>14,824,822</u>	<u>563,190</u>	<u>-</u>
Non-Instructional programs:	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	-	-	-
Long-term debt:			
Principal	-	-	5,648,112
Interest and fiscal charges	-	-	2,577,352
AEA flowthrough	<u>1,837,962</u>	<u>-</u>	<u>-</u>
	<u>1,837,962</u>	<u>-</u>	<u>8,225,464</u>
Total expenditures	<u>51,522,412</u>	<u>1,210,729</u>	<u>8,225,464</u>
Excess (deficiency) of revenues over expenditures	<u>(3,823,233)</u>	<u>161,421</u>	<u>(2,801,044)</u>

Exhibit E

<u>SAVE</u>	<u>5th Elementary Fund</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ 1,816,913	\$ 25,310,764
-	-	-	4,948,495
3,999,535	14,521	839,549	5,509,288
-	-	404	23,997,931
-	-	10,369	1,410,562
<u>3,999,535</u>	<u>14,521</u>	<u>2,667,235</u>	<u>61,177,040</u>
-	-	155,610	23,942,648
-	-	-	7,865,920
-	-	768,427	4,622,636
-	-	924,037	36,431,204
-	-	-	1,646,829
-	-	232,985	2,618,659
-	-	7	4,467,386
-	-	-	4,664,768
-	-	473,665	2,697,027
-	-	706,657	16,094,669
-	-	-	-
693,257	11,570,491	1,470,256	13,734,004
-	-	-	5,648,112
-	-	-	2,577,352
-	-	-	1,837,962
<u>693,257</u>	<u>11,570,491</u>	<u>1,470,256</u>	<u>23,797,430</u>
<u>693,257</u>	<u>11,570,491</u>	<u>3,100,950</u>	<u>76,323,303</u>
<u>3,306,278</u>	<u>(11,555,970)</u>	<u>(433,715)</u>	<u>(15,146,263)</u>

(continued)

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2014

	<u>General</u>	<u>Special Revenue- Management</u>	<u>Debt Service</u>
Other financing sources (uses):			
General obligation bonds issued	\$ -	\$ -	\$ -
Premiums on bonds issued	-	-	-
Insurance proceeds	-	-	-
Transfers in	-	-	2,926,107
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	2,926,107
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(3,823,233)	161,421	125,063
Fund balances beginning of year	<u>10,269,263</u>	<u>1,480,734</u>	<u>640,178</u>
Fund balances end of year	<u>\$ 6,446,030</u>	<u>\$ 1,642,155</u>	<u>\$ 765,241</u>

Exhibit E

<u>SAVE</u>	<u>5th Elementary Fund</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	100,030	100,030
-	2,500,000	-	5,426,107
<u>(5,119,612)</u>	<u>-</u>	<u>(306,495)</u>	<u>(5,426,107)</u>
<u>(5,119,612)</u>	<u>2,500,000</u>	<u>(206,465)</u>	<u>100,030</u>
(1,813,334)	(9,055,970)	(640,180)	(15,046,233)
<u>2,503,103</u>	<u>13,194,565</u>	<u>1,763,986</u>	<u>29,851,829</u>
<u>\$ 689,769</u>	<u>\$ 4,138,595</u>	<u>\$ 1,123,806</u>	<u>\$ 14,805,596</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2014

Net change in fund balances - total governmental funds (page 33) \$ (15,046,233)

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

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

Capital outlays	\$ 11,461,937	
Depreciation expense	<u>(3,004,227)</u>	8,457,710

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, interest expense is recognized as the interest accrues, regardless of when it is due. (63,768)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position as follows:

Bonds payable	5,648,112
Other post employment benefits payable	(648,561)

The Internal Service Funds are utilized to account for the financing of goods or services provided by one department or agency to other department or agencies of a government on a cost reimbursement basis. The change in net position of the Internal Service Fund is reported with governmental activities. (39,723)

Change in net position of governmental activities (page 26) \$ (1,692,463)

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Net Position

Proprietary Funds

June 30, 2014

	Nonmajor Proprietary Funds	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 559,215	\$ 151,175
Accounts receivable	17,622	3,538
Accrued interest receivable	37	-
Inventories	10,328	20,994
Prepays	1,157	-
Due from other funds	(24)	-
Capital assets, net of accumulated depreciation	<u>861,794</u>	<u>64,829</u>
Total assets	<u><u>\$ 1,450,129</u></u>	<u><u>\$ 240,536</u></u>
LIABILITIES		
Accounts payable	\$ 40,526	\$ 3,098
Accrued expenses	58,895	-
Salaries and benefits payable	62,719	-
Due to other governments	173	-
Due to other funds	<u>250,000</u>	<u>-</u>
Total liabilities	<u>412,313</u>	<u>3,098</u>
NET POSITION		
Net investment in capital assets	861,794	64,829
Unrestricted	<u>176,022</u>	<u>172,609</u>
Total net position	<u><u>\$ 1,037,816</u></u>	<u><u>\$ 237,438</u></u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2014

	Nonmajor Proprietary Funds	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Operating revenues:		
Local sources:		
Charges for services	\$ 2,985,247	\$ 164,766
State sources	<u>67,983</u>	<u>-</u>
Total operating revenues	<u>3,053,230</u>	<u>164,766</u>
Operating expenses:		
Support services:		
Administrative services	193,390	-
Operation and maintenance of plant services	<u>51,245</u>	<u>-</u>
Total support services	<u>244,635</u>	<u>-</u>
Non-instructional programs:		
Salaries	1,834,747	-
Benefits	522,230	-
Purchased supplies	13,371	-
Supplies	1,952,645	180,880
Depreciation	<u>93,223</u>	<u>19,913</u>
Total non-instructional programs	<u>4,416,216</u>	<u>200,793</u>
Total operating expenses	<u>4,660,851</u>	<u>200,793</u>
Operating loss	<u>(1,607,621)</u>	<u>(36,027)</u>
Nonoperating revenues:		
State sources	19,229	-
Federal sources	972,883	-
Interest income	595	-
Sale of capital assets	<u>-</u>	<u>(3,696)</u>
Total nonoperating revenues	<u>992,707</u>	<u>(3,696)</u>
Net loss	<u>(614,914)</u>	<u>(39,723)</u>
Net position, beginning of year	<u>1,652,730</u>	<u>277,161</u>
Net position, end of year	<u>\$ 1,037,816</u>	<u>\$ 237,438</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2014

	Nonmajor Proprietary Funds	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 1,315,849	\$ -
Cash received from day care activities	1,584,527	-
Cash received from printing	-	161,228
Cash received from concession sales	146,240	-
Cash received from student-built houses	264,117	-
Cash payments to employees for services	(2,349,792)	-
Cash payments to suppliers for goods or services	<u>(2,237,341)</u>	<u>(179,197)</u>
Net cash used in operating activities	<u>(1,276,400)</u>	<u>(17,969)</u>
Cash flows from non-capital financing activities:		
State grants received	19,229	-
Federal grants received	<u>972,883</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>992,112</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(375,946)	(55,450)
Cash flows from investing activities:		
Interest on investments	<u>617</u>	<u>-</u>
Net decrease in cash and cash equivalents	(659,617)	(73,419)
Cash and cash equivalents, beginning of year	<u>1,218,832</u>	<u>224,594</u>
Cash and cash equivalents, end of year	<u>\$ 559,215</u>	<u>\$ 151,175</u>

Exhibit I

	Nonmajor Proprietary Funds	Governmental Activities - Internal Service Funds
	<u> </u>	<u> </u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,607,621)	\$ (36,027)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	93,223	19,913
Decrease in inventories	2,631	7,877
Increase in accounts receivable	257,503	(3,538)
Decrease in prepaid expenses	(1,157)	-
Decrease in accounts payable	1,924	(6,194)
Increase in salaries and benefits payable	7,185	-
Decrease in due to other funds	(29,827)	-
Increase in due from other funds	24	-
Increase in accrued expenses	<u>(285)</u>	<u>-</u>
Net cash used in operating activities	<u>\$ (1,276,400)</u>	<u>\$ (17,969)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, the District received \$156,682 of federal commodities.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

	<u>Agency</u>
ASSETS	
Cash	\$ 260,525
Receivables:	
Accrued interest and other receivables	<u>-</u>
Total assets	<u><u>\$ 260,525</u></u>
LIABILITIES	
Other payables	<u><u>\$ 260,525</u></u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, College Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include (1) appointing a voting majority of an organization's governing body, (2) significantly influencing the programs, projects, activities or level of services performed by the organization, (3) the ability of the District to impose its will on that organization or (4) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. College Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

District-wide financial statements - The Statement of Net 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 and liabilities, with the difference reported as net position. Net position are 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 that are attributed 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.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

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

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

5th Elementary Capital Projects Fund - This Capital Projects Fund is used to account for all resources received to be used in the construction of the 5th Elementary School.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (continued)

D. Use of Estimates in Preparing Financial Statements

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

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

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

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

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

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

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 1 1/2% 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. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

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

Furniture and equipment:

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

No threshold exists for land, buildings, or improvements.

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the district-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the Management Fund.

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Equity (continued)

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means 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 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 there after to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable.

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

F. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, no expenditures exceeded the amounts budgeted.

(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 insure there will be no loss of public funds.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(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 in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$ 12,007,867 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

Custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy over custodial credit risk is to comply with Chapter 12C of the Code of Iowa. At June 30, 2014, all investments and collateral were listed in the name of the District.

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District's policy over credit risk is to comply with Chapter 12C of the Code of Iowa. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, which was Aaa.

Concentration of credit risk. The District does not have a formal policy limiting the amount of the total portfolio that may be invested with any one depository. All of the District's investments were with the ISJIT.

(3) Due From and Due to Other Funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major fund - Student Built House	<u>\$ 250,000</u>

The interfund receivable to the General Fund is for expenses related to a house that was built by the students. The house was approved for sale at the end of the year.

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	SAVE	\$ 2,619,612
Debt Service	PPEL	306,495
5th Elementary	SAVE	<u>2,500,000</u>
		<u>\$ 5,426,107</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(4) Interfund Transfers (continued)

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

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,972,734	\$ -	\$ -	\$ 3,972,734
Construction in progress	748,646	10,425,271	54,691	11,119,226
Total capital assets not being depreciated	<u>4,721,380</u>	<u>10,425,271</u>	<u>54,691</u>	<u>15,091,960</u>
Capital assets being depreciated:				
Buildings	95,561,825	54,691	-	95,616,516
Improvements other than buildings	11,372,170	542,680	-	11,914,850
Furniture and equipment	6,193,275	549,436	386,278	6,356,433
Total capital assets being depreciated	<u>113,127,270</u>	<u>1,146,807</u>	<u>386,278</u>	<u>113,887,799</u>
Less accumulated depreciation for:				
Buildings	25,657,215	1,957,950	-	27,615,165
Improvements other than buildings	2,864,160	612,116	-	3,476,276
Furniture and equipment	4,663,623	454,073	382,581	4,735,115
Total accumulated depreciation	<u>33,184,998</u>	<u>3,024,139</u>	<u>382,581</u>	<u>35,826,556</u>
Governmental activities capital assets, net	<u>\$ 84,663,652</u>	<u>\$ 8,547,939</u>	<u>\$ 58,388</u>	<u>\$ 93,153,203</u>
Business-type activities:				
Furniture and equipment	\$ 1,721,100	\$ 375,946	\$ -	\$ 2,097,046
Less accumulated depreciation	1,142,029	93,223	-	1,235,252
Business-type activities capital assets, net	<u>\$ 579,071</u>	<u>\$ 282,723</u>	<u>\$ -</u>	<u>\$ 861,794</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(5) Capital Assets (continued)

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

Governmental Activities:

Instruction:

Regular	\$ 77,613
Special	2,264
Other	29,041

Support Services:

Instructional staff	3,713
Administration	33,592
Operations and maintenance	2,283
Transportation	303,033

451,539

Unallocated depreciation

2,572,600

Total depreciation expense - governmental activities

\$ 3,024,139

Business-type activities:

Daycare	\$ 5,155
Student-built house	1,164
Enterprise/resale	-
Nutrition services	86,904

86,904

Total depreciation expense - business type activities

\$ 93,223

(6) Long-term Liabilities

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

	Balance			Balance End	Due Within
	Beginning of	Additions	Reductions	of Year	One Year
	Year				
Early retirement	\$ 202,334	\$ 123,033	\$ 202,334	\$ 123,033	\$ 123,033
General obligation bonds	71,040,000	-	5,060,000	65,980,000	3,915,000
Bonds premiums payable	135,542	-	7,879	127,663	7,879
Revenue bonds	1,800,000	-	588,112	1,211,888	601,434
Net OBEB liability	4,307,434	911,594	263,033	4,955,995	-
Total	<u>\$77,485,310</u>	<u>\$ 1,034,627</u>	<u>\$ 6,121,358</u>	<u>\$72,398,579</u>	<u>\$ 4,647,346</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(6) Long-term Liabilities (continued)

A. Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are available for all employees except bus drivers and are based on classification of employee. At June 30, 2014, the District has obligations to six participants with a total liability of \$123,033. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$333,441. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund.

B. General Obligation Bonds

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

Year Ending June 30,	Bond Issue of 2006			Bond issue of 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	4.50%	\$ 480,000	\$ 1,161,800	3.75%	\$ 255,000	\$ 331,234
2016	4.50%	515,000	1,140,200	3.75%	260,000	321,671
2017	4.50%	485,000	1,117,025	3.75%	260,000	311,921
2018	4.50%	520,000	1,095,200	3.80%	255,000	302,171
2019	4.50%	580,000	1,071,800	3.85%	265,000	292,481
2020-2024	4.50%	13,725,000	4,476,775	3.85-4.00%	1,325,000	1,308,348
2025-2027	4.50-4.75%	9,250,000	652,750	4.00%	5,750,000	658,600
Total		\$25,555,000	\$ 10,715,550		\$ 8,370,000	\$ 3,526,426

Year Ending June 30,	Bond Issue of 2008			Bond Issue of 2009 A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	4.00%	\$ -	\$ 375,950	3.10%	\$ 1,900,000	\$ 148,120
2016	4.00%	115,000	375,950	3.30%	2,300,000	89,220
2017	4.00%	2,190,000	371,350	3.60%	370,000	13,320
2018	4.25%	1,415,000	283,750	-	-	-
2019	3.50%	1,600,000	223,612	-	-	-
2020-2021	3.55-3.66%	4,680,000	273,632	-	-	-
Total		\$10,000,000	\$ 1,904,244		\$ 4,570,000	\$ 250,660

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

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

B. General Obligation Bonds (continued)

Year Ending June 30,	Bond Issue of 2009 B			Bond Issue of 2012 C		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	3.00%	\$ 400,000	\$ 143,100	2.00%	\$ 180,000	\$ 126,375
2016	3.25%	100,000	131,100	2.00%	185,000	122,775
2017	3.50%	100,000	127,850	2.00%	185,000	119,075
2018	3.75%	1,100,000	124,350	2.00%	185,000	115,375
2019	3.90%	1,100,000	83,100	2.00%	190,000	111,675
2020-2024	4.00%	1,005,000	40,200	0.00-2.00%	805,000	499,575
2025-2029	-	-	-	0.00-2.50%	1,385,000	412,900
2030-2032	-	-	-	2.625-2.875%	2,140,000	139,288
Total		\$ 3,805,000	\$ 649,700		\$ 5,255,000	\$ 1,647,038

Year Ending June 30,	Bond Issue of 2013			General Obligation Bonds Total	
	Interest Rates	Principal	Interest	Principal	Interest
2015	1.25%	\$ 700,000	\$ 132,118	\$ 3,915,000	\$ 2,418,696
2016	1.25%	560,000	123,368	4,035,000	2,304,284
2017	1.25%	570,000	116,368	4,160,000	2,176,909
2018	1.25%	825,000	109,243	4,300,000	2,030,089
2019	1.30%	725,000	98,930	4,460,000	1,881,598
2020-2024	1.30-1.90%	3,080,000	351,875	24,620,000	6,950,405
2025-2029	2.00-2.25%	1,965,000	91,800	18,350,000	1,816,050
2030-2032	-	-	-	2,140,000	139,288
Total		\$ 8,425,000	\$ 1,023,700	\$ 65,980,000	\$ 19,717,318

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(6) Long-term Liabilities (continued)

On May 1, 2007, the District issued \$16,000,000 of General Obligation School Bonds, Series 2007. The proceeds of the issue were used for the construction and furnishing of a new middle school.

On May 1, 2008, the District issued \$10,000,000 of General Obligation School Refunding Bonds. The proceeds of the issue were used to refund, in advance of maturity, \$10,000,000 of outstanding maturities of the District's General Obligation School Bonds, Series 2001.

On July 1, 2009, the District issued \$9,920,000 and \$6,265,000 in General Obligation School Refunding Bonds, Series 2009A and 2009B, respectively. The proceeds were used to refund, in advance of maturity, outstanding maturities of the District's General Obligation School Building Bonds, Series 2002A, 2003A, 2003C, and 2004.

On April 24, 2012, the District issued \$28,500,000 of General Obligation School Bonds, Series 2006. The proceeds of the issue were used for the purchase of land, construction and furnishings of a new middle school.

On April 24, 2012, the District issued \$1,500,000 in General Obligation School Capital Loan Note, Series 2012A. The proceeds of the issue were used to purchase laptops for the students.

On August 15, 2012, the District issued \$6,000,000 of General Obligation School Bonds, Series 2012C. The proceeds of the issue will be used for the new elementary school.

On April 23, 2013, the District issued \$9,000,000 of General Obligation School Bonds, Series 2013. The proceeds of the issue will be used for the new elementary school.

C. 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,	Bond Issue of 2012B		
	Interest Rates	Principal	Interest
2015	1.50%	\$ 601,434	\$ 13,667
2016	1.50%	610,454	4,578

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(6) Long-term Liabilities (continued)

C. Revenue Bonds (continued)

The District has pledged future statewide sales, services, and use tax revenues to repay the \$1,800,000 of bonds issued in April 2012. The bonds were issued for the purpose of financing a portion of the costs of new equipment. The bonds are payable solely from the proceeds of the statewide sales, services, and use tax revenues received by the District and are payable through 2016. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 15% of the statewide sales, services and use tax revenues. The total principal or interest to be paid on the notes is \$1,230,133. For the current year, only interest of \$22,589 was paid on the bonds and total statewide sales, services and use tax revenues was \$3,973,428.

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

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds. The required amount to be deposited in the sinking fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding bonds plus the equal monthly amount necessary to pay in full the installment of principal coming due on such bonds on the next succeeding principal payment date until the full amount of such installment is on hand. As of June 30, 2013, there was \$609,132 reserved for in the sinking fund. The District is in its second year in making deposits into the sinking fund of the amount necessary for the principal and interest payment, due January 1st of each year.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$3,116,752, \$2,498,928, and \$2,091,872, respectively, equal to the required contributions for each year.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District participates in an Iowa Chapter 28E plan with five other schools, called the Metro Interagency Insurance Program (MIIP), which provides medical and prescription drug benefits for retirees and their spouses. There are 702 active and 43 retired members in the plan. Participants must be age 55 and older at retirement.

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

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

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

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	\$ 1,151,689
Interest on net OPEB obligation	107,686
Adjustment to annual required contribution	(347,781)
Annual OPEB	<u>911,594</u>
Contributions made	<u>263,033</u>
Increase in net OPEB obligation	648,561
Net OPEB obligation, beginning of year	<u>4,307,434</u>
Net OPEB obligation, end of year	<u><u>\$ 4,955,995</u></u>

For the year ended June 30, 2014, the District contributed \$263,033 to the medical plan.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

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

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	\$ 1,380,189	17.6%	\$ 3,765,192
2013	790,949	31.4%	4,307,434
2014	911,594	28.9%	4,955,995

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 \$5,889,908, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,889,908. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$33,892,984, and the ratio of the UAAL to covered payroll was 17.38%.

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 for the Retiree Health Plan, 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 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 frozen entry age actuarial cost method was used. The actuarial assumption includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 5%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis.

The UAAL is being amortized as a level dollar cost on an open basis over 30 years.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$1,837,962 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(11) Categorical Funding

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

Program	Amount
Teacher Leadership Grant	\$ 10,863
Statewide volunteer 4 year old preschool program	814
Summer Drivers Education	<u>981</u>
	<u>12,658</u>

(12) Deficit Balances

The Student Built House proprietary fund had a deficit balance of \$(248,163) at June 30, 2014. The deficit balance was the result of the expenses recorded for a house sold after June 30, 2014.

(13) Commitments

In August 2013, the District passed a resolution to help fund an Elementary School sidewalk and parking lot expansion as part of the City of Cedar Rapids, Iowa street project, with estimated costs to the District of approximately \$540,000.

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

(14) Reclassification

For purposes of financial reporting in the 2014 financial statements, the Print Fund was reclassified from an Enterprise Fund to an Internal Service Fund. The effect of the reclassification is as follows:

	<u>Net Position July 1, 2013 as Previously Reported</u>	<u>Reclassification of Print Fund</u>	<u>Net Position July 1, 2013 after Reclassification</u>
Governmental Activities	\$ 37,072,038	\$ 277,161	\$ 37,349,199
Business-type Activities	<u>1,929,891</u>	<u>(277,161)</u>	<u>1,652,730</u>
Total District-wide	<u>\$ 39,001,929</u>	<u>\$ -</u>	<u>\$ 39,001,929</u>

(15) Subsequent Event

Management evaluated subsequent events through December 11, 2014, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to December 11, 2014 that provided additional evidence about conditions that existed at June 30, 2014, have been recognized in the financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2014.

In July 2014 the District issued General Obligation bonds of \$25,880,000 to redeem the Series 2006 GO Bonds.

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

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
REVENUES:			
Local sources	\$ 35,768,547	\$ 2,985,842	\$ 38,754,389
State sources	23,997,931	87,212	24,085,143
Federal sources	<u>1,410,562</u>	<u>972,883</u>	<u>2,383,445</u>
Total revenues	<u>61,177,040</u>	<u>4,045,937</u>	<u>65,222,977</u>
 EXPENDITURES:			
Instruction	36,431,204	-	36,431,204
Support services	16,094,669	244,635	16,339,304
Non-instructional programs	-	4,416,216	4,416,216
Other expenditures	<u>23,797,430</u>	<u>-</u>	<u>23,797,430</u>
Total expenditures	<u>76,323,303</u>	<u>4,660,851</u>	<u>80,984,154</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (15,146,263)	 (614,914)	 (15,761,177)
 OTHER FINANCING SOURCES, NET	 <u>100,030</u>	 <u>-</u>	 <u>100,030</u>
 EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	 (15,046,233)	 (614,914)	 (15,661,147)
 BALANCES, BEGINNING OF YEAR	 <u>29,851,829</u>	 <u>1,652,730</u>	 <u>31,504,559</u>
 BALANCES, END OF YEAR	 <u>\$ 14,805,596</u>	 <u>\$ 1,037,816</u>	 <u>\$ 15,843,412</u>

<u>Budgeted Amounts</u>		Final to Variance Positive/ (Negative)
<u>Original</u>	<u>Final</u>	
\$ 39,595,914	\$ 39,595,914	\$ (841,525)
24,261,251	24,261,251	(176,108)
<u>2,416,666</u>	<u>2,416,666</u>	<u>(33,221)</u>
<u>66,273,831</u>	<u>66,273,831</u>	<u>(1,050,854)</u>
37,860,169	38,520,977	2,089,773
16,554,012	18,014,494	1,675,190
4,444,370	4,111,584	(304,632)
<u>22,309,369</u>	<u>26,672,063</u>	<u>2,874,633</u>
<u>81,167,920</u>	<u>87,319,118</u>	<u>6,334,964</u>
(14,894,089)	(21,045,287)	5,284,110
<u>-</u>	<u>-</u>	<u>100,030</u>
(14,894,089)	(21,045,287)	5,384,140
<u>24,524,022</u>	<u>24,524,022</u>	<u>6,980,537</u>
<u>\$ 9,629,933</u>	<u>\$ 3,478,735</u>	<u>\$ 12,364,677</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

**Notes to Required Supplementary Information-
Budgetary Reporting**

Year Ended June 30, 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 the Print Fund and Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$6,151,198.

During the year ended June 30, 2014, no expenditures exceeded the amounts budgeted.

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b- a)/c)
2012	July 1, 2010	\$ -	\$ 8,592	\$ 8,592	0%	\$ 30,155	28.5%
2013	July 1, 2012	-	6,362	6,362	0%	31,730	20.1%
2014	July 1, 2012	-	5,890	5,890	0%	33,893	17.4%

SUPPLEMENTARY INFORMATION

COLLEGE COMMUNITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 611,180	\$ 609,125	\$ 1,220,305
Receivables:			
Property tax:			
Delinquent	-	11,138	11,138
Succeeding year	-	1,742,781	1,742,781
Accrued interest	25	31	56
Due from other governments	170	10,369	10,539
Prepaid items	<u>4,275</u>	<u>-</u>	<u>4,275</u>
Total assets	<u>\$ 615,650</u>	<u>\$ 2,373,444</u>	<u>\$ 2,989,094</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 18,034	\$ 100,682	\$ 118,716
Salary and benefits payable	498	-	498
Due to other governments	3,293	-	3,293
Total Liabilities	<u>21,825</u>	<u>100,682</u>	<u>122,507</u>
Deferred inflows of resources - succeeding year property taxes:	<u>-</u>	<u>1,742,781</u>	<u>1,742,781</u>
Fund balances:			
Nonspendable	4,275	-	4,275
Restricted for:			
Student activities	589,550	-	589,550
Physical plant and equipment	-	529,981	529,981
Total fund balances	<u>593,825</u>	<u>529,981</u>	<u>1,123,806</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 615,650</u>	<u>\$ 2,373,444</u>	<u>\$ 2,989,094</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ -	\$ 1,816,913	\$ 1,816,913
Other	839,386	163	839,549
State sources	-	404	404
Federal sources	-	10,369	10,369
	<u>839,386</u>	<u>1,827,849</u>	<u>2,667,235</u>
Expenditures:			
Instruction:			
Regular instruction	-	155,610	155,610
Other instruction	768,427	-	768,427
Support services:			
Instructional staff services	-	232,985	232,985
Administrative services	-	7	7
Transportation services	17,375	456,290	473,665
Other expenditures:			
Facilities acquisition	-	1,470,256	1,470,256
	<u>785,802</u>	<u>2,315,148</u>	<u>3,100,950</u>
Excess (deficiency) of revenues over expenditures	53,584	(487,299)	(433,715)
Other financing sources (uses):			
Insurance proceeds	-	100,030	100,030
Transfers out	-	(306,495)	(306,495)
	<u>-</u>	<u>(206,465)</u>	<u>(206,465)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	53,584	(693,764)	(640,180)
Fund balances, beginning of year	<u>540,241</u>	<u>1,223,745</u>	<u>1,763,986</u>
Fund balances, end of year	<u>\$ 593,825</u>	<u>\$ 529,981</u>	<u>\$ 1,123,806</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Student Activity Accounts

Year Ended June 30, 2014

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student activity account:				
Athletic:				
General	\$ 80,045	\$ 129,925	\$ 145,844	\$ 64,126
Student clubs:				
Advisory	77,372	17,158	10,370	84,160
Co-curricular activities:				
High school	1,271	42,032	43,303	-
Prairie Crest	7,943	3,143	7,283	3,803
Prairie Heights	15,188	16,087	14,477	16,798
Prairie Ridge	2,935	14,217	13,373	3,779
Prairie View	422	5,726	4,671	1,477
Prairie Edge	4,262	3,799	933	7,128
Prairie Point	40,955	12,678	19,899	33,734
Prairie Creek	-	4,284	3,852	432
Student Council	14,608	12,917	13,027	14,498
Class of:				
2011	1	-	1	-
2012	1,990	-	1,597	393
2013	1,314	-	1,000	314
2014	4,067	25	1,053	3,039
2015	224	12,939	7,402	5,761
Baseball Club	9,303	22,487	27,739	4,051
Softball Club	914	5,388	5,389	913
Performing Arts Club	483	258	741	-
Special Olympics	759	1,566	1,389	936
12-13 Yearbook	3,810	429	6,173	(1,934)
13-14 Yearbook	1,198	556	-	1,754
SADD Organization	140	-	140	-
Spring and Fall Plays	1,009	2,123	2,509	623
German Club	5,838	2,233	5,132	2,939
Student Vending	-	4,459	1,850	2,609
Letterman's Club	6,687	10,423	14,093	3,017
Girls Track Club	5,083	8,005	10,954	2,134
Boys Track Club	294	13,703	13,682	315
Volleyball Club	11,773	32,172	25,710	18,235
Art Activity	315	345	600	60
Ashby Activity	-	214	126	88
Keimig Activity	1,480	256	240	1,496
Competition Cheerleading	519	-	519	-
Instrumental Music	4,403	23,136	21,552	5,987
Cheerleading	7,990	29,885	18,240	19,635
Football Club	1,208	7,393	5,119	3,482
Business Prof./America	13,275	26,034	22,095	17,214

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule 3

Schedule of Changes in Student Activity Accounts

Year Ended June 30, 2014

	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Student clubs (continued):				
Boys Tennis Club	\$ 190	\$ 725	\$ 835	\$ 80
Girls Tennis Club	498	3,430	3,459	469
Girls CCountry Club	531	625	420	736
Long Activity	414	912	41	1,285
Dalton Activity	344	-	-	344
Bowling Club	292	1,392	1,267	417
Kean Activity	3	25	-	28
Boys Soccer Club	2,951	19,224	9,948	12,227
Girls Soccer Club	17,188	11,144	11,513	16,819
Wrestling Club	7,763	19,069	13,230	13,602
Music Trip	123,719	72,066	42,541	153,244
SAVE	1,832	-	1,832	-
Prairie Dance Team Club	7,586	32,414	30,748	9,252
Instrumental Activity	(196)	18,353	18,157	-
Hawk Talk - General	1,887	396	1,737	546
Skills USA	-	1,328	1,328	-
Electric Car Club	1,941	2,950	1,848	3,043
Washington Trip	599	54,998	52,226	3,371
International Club	-	100	-	100
Girls Basketball Club	2,431	6,977	6,744	2,664
Boys Basketball Club	4,449	23,632	22,488	5,593
Vocal Music	26,945	57,980	49,707	35,218
Musical	688	733	577	844
National Honor Society	-	775	775	-
One and Two Act Plays	644	570	255	959
Girls Golf Club	-	1,853	1,566	287
Boys Golf Club	1,294	1,932	1,953	1,273
PE Club	466	-	466	-
Student mentors	217	-	217	-
Best Buddies	796	1,276	1,538	534
Graphics Club	556	162	(44)	762
Family Career Community Leaders	2,764	5,624	3,207	5,181
Band Uniforms	832	-	-	832
Drama	263	2,801	2,776	288
Speech	-	900	900	-
Performance Club	807	-	807	-
Key Club	311	1,511	1,302	520
State Tournaments	-	27,156	27,156	-
Science National Honor Society	158	358	205	311
Total student clubs	<u>460,196</u>	<u>709,461</u>	<u>639,959</u>	<u>529,699</u>
Total	<u>\$ 540,241</u>	<u>\$ 839,386</u>	<u>\$ 785,803</u>	<u>\$ 593,825</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Statement of Position

Proprietary Funds

June 30, 2014

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Resale</u>	<u>Student Built House</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
ASSETS						
Cash and cash equivalents	\$ 459,373	\$ (53,272)	\$ 140,736	\$ 12,378	\$ 559,215	\$ 151,175
Accounts receivable	9,952	-	7,670	-	17,622	3,538
Accrued interest receivable	28	4	5	-	37	-
Inventories	10,328	-	-	-	10,328	20,994
Prepaid expenses	1,050	65	42	-	1,157	-
Due from other funds	-	-	(24)	-	(24)	-
Capital assets, net of accumulated depreciation	<u>714,100</u>	<u>144,783</u>	<u>-</u>	<u>2,911</u>	<u>861,794</u>	<u>64,829</u>
Total assets	<u>\$ 1,194,831</u>	<u>\$ 91,580</u>	<u>\$ 148,429</u>	<u>\$ 15,289</u>	<u>\$ 1,450,129</u>	<u>\$ 240,536</u>
LIABILITIES						
Accounts payable	\$ 9,120	\$ 16,115	\$ 1,839	\$ 13,452	\$ 40,526	\$ 3,098
Accrued expenses	58,895	-	-	-	58,895	-
Salaries and benefits payable	7,357	55,362	-	-	62,719	-
Due to other funds	<u>173</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,173</u>	<u>-</u>
Total liabilities	<u>75,545</u>	<u>71,477</u>	<u>1,839</u>	<u>263,452</u>	<u>412,313</u>	<u>3,098</u>
NET POSITION						
Net investment in capital assets	714,100	144,783	-	2,911	861,794	64,829
Unrestricted	<u>405,186</u>	<u>(124,680)</u>	<u>146,590</u>	<u>(251,074)</u>	<u>176,022</u>	<u>172,609</u>
Total net position	<u>\$ 1,119,286</u>	<u>\$ 20,103</u>	<u>\$ 146,590</u>	<u>\$ (248,163)</u>	<u>\$ 1,037,816</u>	<u>\$ 237,438</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Proprietary Funds

Year Ended June 30, 2014

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Resale</u>	<u>Student Built House</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:						
Local sources:						
Charges for services	\$ 1,314,793	1,516,544	\$ 153,910	\$ -	\$ 2,985,247	\$ 164,766
State sources	<u>-</u>	<u>67,983</u>	<u>-</u>	<u>-</u>	<u>67,983</u>	<u>-</u>
Total operating revenues	<u>1,314,793</u>	<u>1,584,527</u>	<u>153,910</u>	<u>-</u>	<u>3,053,230</u>	<u>164,766</u>
Operating expenses:						
Support services:						
Administrative services	120,407	72,983	-	-	193,390	-
Operation and maintenance of plant services	<u>51,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,245</u>	<u>-</u>
Total support services	<u>171,652</u>	<u>72,983</u>	<u>-</u>	<u>-</u>	<u>244,635</u>	<u>-</u>
Non-instructional programs:						
Salaries	719,336	1,102,786	12,625	-	1,834,747	-
Benefits	289,886	230,319	2,025	-	522,230	-
Purchased supplies	-	5,962	7,409	-	13,371	-
Supplies	1,287,486	299,472	120,714	244,973	1,952,645	180,880
Depreciation	86,904	5,155	-	1,164	93,223	19,913
Total non-instructional programs	<u>2,383,612</u>	<u>1,643,694</u>	<u>142,773</u>	<u>246,137</u>	<u>4,416,216</u>	<u>200,793</u>
Total operating expenses	<u>2,555,264</u>	<u>1,716,677</u>	<u>142,773</u>	<u>246,137</u>	<u>4,660,851</u>	<u>200,793</u>
Operating income (loss)	<u>(1,240,471)</u>	<u>(132,150)</u>	<u>11,137</u>	<u>(246,137)</u>	<u>(1,607,621)</u>	<u>(36,027)</u>
Nonoperating revenues:						
State sources	19,229	-	-	-	19,229	-
Federal sources	972,883	-	-	-	972,883	-
Interest income	463	70	62	-	595	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,696)</u>
Total nonoperating revenues	<u>992,575</u>	<u>70</u>	<u>62</u>	<u>-</u>	<u>992,707</u>	<u>(3,696)</u>
Net income (loss)	<u>(247,896)</u>	<u>(132,080)</u>	<u>11,199</u>	<u>(246,137)</u>	<u>(614,914)</u>	<u>(39,723)</u>
Net position, beginning of year	<u>1,367,182</u>	<u>152,183</u>	<u>135,391</u>	<u>(2,026)</u>	<u>1,652,730</u>	<u>277,161</u>
Net position, end of year	<u>\$ 1,119,286</u>	<u>\$ 20,103</u>	<u>\$ 146,590</u>	<u>\$ (248,163)</u>	<u>\$ 1,037,816</u>	<u>\$ 237,438</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Combining Statement of Cash Flows

Nonmajor Proprietary Funds

Year Ended June 30, 2014

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Resale</u>	<u>Student Built House</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:						
Cash received from sale of lunches and breakfasts	\$ 1,315,849	\$ -	\$ -	\$ -	\$ 1,315,849	\$ -
Cash received from day care activities	-	1,584,527	-	-	1,584,527	-
Cash received from printing	-	-	-	-	-	161,228
Cash received from concession sales	-	-	146,240	-	146,240	-
Cash received from student-built houses	-	-	-	264,117	264,117	-
Cash payments to employees for services	(1,005,471)	(1,329,671)	(14,650)	-	(2,349,792)	-
Cash payments to suppliers for goods or services	<u>(1,452,463)</u>	<u>(382,612)</u>	<u>(126,441)</u>	<u>(275,825)</u>	<u>(2,237,341)</u>	<u>(179,197)</u>
Net cash provided by (used in) operating activities	<u>(1,142,085)</u>	<u>(127,756)</u>	<u>5,149</u>	<u>(11,708)</u>	<u>(1,276,400)</u>	<u>(17,969)</u>
Cash flows from non-capital financing activities:						
State grants received	19,229	-	-	-	19,229	-
Federal grants received	<u>972,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>972,883</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>992,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>992,112</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	<u>(326,536)</u>	<u>(49,410)</u>	<u>-</u>	<u>-</u>	<u>(375,946)</u>	<u>(55,450)</u>
Cash flows from investing activities:						
Interest on investments	<u>480</u>	<u>76</u>	<u>61</u>	<u>-</u>	<u>617</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(476,029)	(177,090)	5,210	(11,708)	(659,617)	(73,419)
Cash and cash equivalents, beginning of year	<u>935,402</u>	<u>123,818</u>	<u>135,526</u>	<u>24,086</u>	<u>1,218,832</u>	<u>224,594</u>
Cash and cash equivalents, end of year	<u>\$ 459,373</u>	<u>\$ (53,272)</u>	<u>\$ 140,736</u>	<u>\$ 12,378</u>	<u>\$ 559,215</u>	<u>\$ 151,175</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (1,240,471)	\$ (132,150)	\$ 11,137	\$ (246,137)	\$ (1,607,621)	\$ (36,027)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	86,905	5,155	-	1,163	93,223	19,913
Decrease (increase) in inventories	2,631	-	-	-	2,631	7,877
Decrease (increase) in accounts receivable	1,056	-	(7,670)	264,117	257,503	(3,538)
Decrease (increase) in prepaid expenses	(1,050)	(65)	(42)	-	(1,157)	-
Increase (decrease) in accounts payable	5,205	(4,130)	1,700	(851)	1,924	(6,194)
Increase in salaries and benefits payable	3,751	3,434	-	-	7,185	-
Decrease (increase) in due to other funds	173	-	-	(30,000)	(29,827)	-
Decrease in due from other funds	-	-	24	-	24	-
Increase in accrued expenses	<u>(285)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(285)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (1,142,085)</u>	<u>\$ (127,756)</u>	<u>\$ 5,149</u>	<u>\$ (11,708)</u>	<u>\$ (1,276,400)</u>	<u>\$ (17,969)</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2014

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of Year</u>
ASSETS				
Cash	\$ 249,748	\$ 608,660	\$ 597,883	\$ 260,525
Accrued interest and other receivables	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>
Total assets	<u>\$ 249,755</u>	<u>\$ 608,660</u>	<u>\$ 597,890</u>	<u>\$ 260,525</u>
LIABILITIES				
Other payables	<u>\$ 249,755</u>	<u>\$ 608,660</u>	<u>\$ 597,890</u>	<u>\$ 260,525</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

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

For the Last Ten Years

	Modified Accrual Basis			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:				
Local sources:				
Local tax	\$ 25,310,764	\$ 25,023,351	\$ 26,041,452	\$ 24,219,102
Tuition	4,948,495	4,952,310	4,602,834	4,312,674
Other	5,509,288	5,448,161	6,295,538	5,905,077
Intermediate sources	-	-	-	-
State sources	23,997,931	22,472,151	21,312,839	19,794,883
Federal sources	<u>1,410,562</u>	<u>1,371,591</u>	<u>1,432,493</u>	<u>2,967,785</u>
Total revenues	<u>\$ 61,177,040</u>	<u>\$ 59,267,564</u>	<u>\$ 59,685,156</u>	<u>\$ 57,199,521</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 23,942,648	\$ 21,524,976	\$ 19,939,924	\$ 18,906,433
Special instruction	7,865,920	7,393,347	7,712,339	7,303,228
Other instruction	4,622,636	4,439,053	4,375,324	4,073,595
Support services:				
Student services	1,646,829	1,803,044	1,992,616	1,588,468
Instructional staff services	2,618,659	2,491,934	4,966,561	2,604,179
Administration services	4,467,386	4,002,873	3,876,552	3,743,217
Operation and maintenance of plant services	4,664,768	4,367,545	3,934,601	3,864,337
Transportation services	2,697,027	2,454,845	2,140,375	2,076,206
Non-instructional programs	-	193	48,084	32,611
Other expenditures:				
Facilities acquisition	13,734,004	2,512,455	5,932,980	2,737,713
Long-term debt:				
Principal	5,648,112	3,825,000	2,875,000	2,800,000
Debt issuance costs	-	-	-	-
Interest and other charges	2,577,352	2,638,424	2,457,999	2,503,471
AEA Flowthrough	<u>1,837,962</u>	<u>1,744,232</u>	<u>1,660,568</u>	<u>1,719,630</u>
Total expenditures	<u>\$ 76,323,303</u>	<u>\$ 59,197,921</u>	<u>\$ 61,912,923</u>	<u>\$ 53,953,088</u>

Schedule 8

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 22,093,711	\$ 20,945,968	\$ 20,361,901	\$ 20,086,865	\$ 16,951,789	\$ 16,822,033
3,663,733	3,333,102	3,549,899	3,490,482	3,716,232	3,668,389
5,999,103	5,736,360	6,659,201	3,385,477	1,891,034	1,655,059
-	-	-	-	-	-
17,314,281	18,005,005	17,104,669	14,985,960	13,320,215	11,996,479
<u>3,231,491</u>	<u>1,387,306</u>	<u>943,920</u>	<u>681,553</u>	<u>841,765</u>	<u>680,771</u>
<u>\$ 52,302,319</u>	<u>\$ 49,407,741</u>	<u>\$ 48,619,590</u>	<u>\$ 42,630,337</u>	<u>\$ 36,721,035</u>	<u>\$ 34,822,731</u>
\$ 19,208,996	\$ 16,819,529	\$ 16,265,900	\$ 14,419,478	\$ 13,299,906	\$ 12,114,110
6,752,971	6,448,388	5,829,626	5,549,502	5,236,403	6,383,557
4,051,048	3,925,508	3,186,826	3,146,535	2,899,110	2,026,955
1,417,533	1,148,780	894,530	914,795	970,198	997,383
2,450,988	2,393,970	1,842,438	1,798,291	1,959,626	2,004,418
3,809,772	3,321,006	3,148,693	3,159,628	3,024,768	2,743,755
3,667,250	3,158,914	3,169,968	2,907,370	2,833,886	2,709,306
1,994,335	1,733,199	1,561,871	1,645,811	1,592,256	1,329,826
-	-	-	-	-	-
1,837,000	12,971,023	23,729,926	5,096,572	2,157,313	619,704
3,110,000	3,596,000	12,638,000	2,096,000	1,939,000	12,340,000
147,134	-	-	-	-	-
2,651,037	2,968,168	3,153,022	2,760,324	1,565,105	2,204,667
<u>1,638,722</u>	<u>1,397,624</u>	<u>1,290,071</u>	<u>1,162,546</u>	<u>1,039,137</u>	<u>952,080</u>
<u>\$ 52,736,786</u>	<u>\$ 59,882,109</u>	<u>\$ 76,710,871</u>	<u>\$ 44,656,852</u>	<u>\$ 38,516,708</u>	<u>\$ 46,425,761</u>

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553		\$ 116,426
National School Lunch Program	10.555		<u>856,456</u>
Total U.S. Department of Agriculture			<u>972,882</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I – Grants to Local Educational Agencies	84.010		437,527
Education for Homeless Children and Youth Improving Teacher Quality	84.196		38,000
State Grants	84.367		69,281
Grants for State Assessments and Related Activities	84.369		26,752
Title – I for Delinquent Advanced Placement Program	84.013		19,518
Advanced Placement Program	84.330		1,029
Passed through Grant Wood Area Education Agency:			
Special Education – Grants to States Idea Part B Flowthrough	84.027	RKB29210571337	214,468
Career and Technical Education – Basic Grants to States	84.048A		12,060
Title III – English Acquisition State Grants	84.365		<u>779</u>
Total U.S. Department of Education			<u>819,414</u>
U.S. Department of Defense:			
Passed through Johnson County:			
Payments to States in Lieu of Real Estate Taxes (Flood Control Payments)	12.112		10,369
Department of Health and Human Services:			
School Health Surveys	93.938		<u>170</u>
Total			<u>\$1,802,835.</u>

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

COLLEGE COMMUNITY SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Note 1 - Basis of Presentation

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

Note 2 - Noncash Awards

The Child Nutrition Cluster, CFDA #10.555 includes \$156,682 of non-cash awards in the form of food commodities.

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



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

Board of Education
College Community School District
Cedar Rapids, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Community School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise College Community School District's basic financial statements, and have issued our report thereon dated December 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered College Community School District's internal control over financial reporting (internal control) to determine the audit procedures that are 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 College Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of College Community School District's internal control.

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

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

Compliance and Other Matters

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

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

College Community School District's Responses to Findings

College Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. College 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.

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
December 11, 2014

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

Board of Education
College Community School District
Cedar Rapids, Iowa

Report on Compliance for Each Major Federal Program

We have audited College Community School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of College Community School District's major federal programs for the year ended June 30, 2014. College Community School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of College Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, College Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, 2014-003, and 2014-004. Our opinion on each major federal program is not modified with respect to this matter.

College Community School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. College Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of College Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered College Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-004 to be material weaknesses.

Board of Education
College Community School District

College Community School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. College Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
December 11, 2014

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) There were no material weaknesses in internal control over financial reporting disclosed in the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Four material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major fund.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Child Nutrition Cluster
 - CFDA Number 10.553 School Breakfast Program (SBP)
 - CFDA Number 10.555 National School Lunch Program (NSLP)
 - CFDA Number 84.010 Title I Grants to local Educational Agencies
- (h) Dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) College Community School District qualified as a low risk auditee.

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Part II: Findings Related to the General Purpose Financial Statements

No matters were reported.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Part III: Findings and Questioned Costs for Federal Awards:

CFDA Number 10.553: School Breakfast Program and

CFDA Number 10.555: National School Lunch Program

Federal Award Year: 2014

U.S. Department of Agriculture

Passed through the Iowa Department of Education

2014-001: Internal Control and Compliance Over Cash Management

Criteria:

In accordance with A-133 requirements, the organization should have in place effective controls over compliance in regards to the cash management process.

Condition:

Cash reimbursements are prepared and submitted by the Director of Nutrition with no review by and individual independent of the preparation process.

Context:

During our audit over controls over compliance we noted that 2 of 2 cash reimbursements tested were not reviewed by anyone other than the Director of Nutrition, who is also the person responsible for preparing the report.

Effect:

As a result of this condition an error, whether fraudulent or erroneous could be submitted for reimbursement with no process in place to identify the error.

Cause:

All reimbursements for meals served are prepared and submitted by one individual, with no independent review to ensure accuracy.

Recommendation:

As a best practice we recommend that a person independent of the preparation of the meals submission prepared by the Director of Nutrition review the submission to meals served reports to verify accuracy, and sign off and date the submission report to indicate their review.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will implement the recommendation.

Official Responsible for Ensuring CAP:

James Rotter, District Secretary-Treasurer and Director of Business Operations, is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The planned completion date is December 31, 2014.

Plan to Monitor Completion of CAP:

The Board of Education and administration will monitor this corrective action plan.

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

**CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2014
U.S. Department of Agriculture
Passed through the Iowa Department of Education**

2014-002: Internal Control and Compliance Over Eligibility

Criteria:

In accordance with A-133 requirements, the organization should have in place effective controls over compliance in regards to eligibility requirements.

Condition:

There were not consistent second reviews performed on many of the free/reduced meal applications outside of the individual responsible for the intake.

Context:

12 of 40 free/reduced meal applications were not reviewed after completion by the intake person.

Effect:

As a result of this condition there is an increased risk that an error in intake would allow benefits to be given to non-eligible students.

Cause:

Eligibility is not regularly reviewed after the intake process is completed.

Recommendation:

As best practice we recommend that a standard review process be implemented to insure that all applications are reviewed and approved outside of the person performing the intake.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will implement the recommendation.

Official Responsible for Ensuring CAP:

James Rotter, District Secretary-Treasurer and Director of Business Operations, is the officials responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The planned completion date is December 31, 2014.

Plan to Monitor Completion of CAP:

The Board of Education and administration will monitor this corrective action plan.

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

**CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2014
U.S. Department of Agriculture
Passed through the Iowa Department of Education**

2014-003: Internal Control and Compliance Over Verification

Criteria:

In accordance with A-133 requirements, the organization should have in place effective controls over compliance in regards to special provisions verification procedures.

Condition:

There was only one person who performed verification procedures. There was no second review and approval by the Head Cook during FY13-14.

Context:

During testing of verification procedures, it was noted that the Head Cook did not review and verify the accuracy of the Director of Nutrition's verification procedures.

Effect:

As a result of this condition there is an increased risk that an error would cause an incorrect sample to test for verification, or for errors in eligibility not to be corrected at the Director of Nutrition discretion.

Cause:

Verification procedures were not reviewed and verified for accuracy by Head Cook.

Recommendation:

As best practice we recommend that the verification procedures be reviewed and approved by the Head Cook, and have that individual sign and date the verification reports as audit documentation of this.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will implement the recommendation.

Official Responsible for Ensuring CAP:

James Rotter, District Secretary-Treasurer and Director of Business Operations, is the officials responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The planned completion date is June 30, 2015.

Plan to Monitor Completion of CAP:

The Board of Education and administration will monitor this corrective action plan.

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

CFDA Number 84.010: Title – I

Federal Award Year: 2014

U.S. Department of Education

Passed through the Iowa Department of Education

2014-004: Internal Control and Compliance Over Reporting

Criteria:

In accordance with A-133 requirements, the organization should have in place effective controls over compliance in regards to preparing the Special Report - Average State per pupil Expenditure (SPPE)

Condition:

The supporting documentation reviewed for the FY13-14 application was hand written, with no signatures indicating who prepared or reviewed the documents.

Context:

During testing it was noted that the previous individual who prepared this data did not sign or date the report to indicate his preparation. There were no signs of second review.

Effect:

As a result of this condition, there is no audit support to verify that this data was completed by or reviewed by a knowledgeable individual.

Cause:

Controls over compliance were not documented.

Recommendation:

We recommend that the Director of Title I sign and date this documentation when completed, and have knowledgeable person review and approve the report, signing and dating to indicate the completion of their review.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will implement the recommendation.

Official Responsible for Ensuring CAP:

James Rotter, District Secretary-Treasurer and Director of Business Operations, is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The planned completion date is December 31, 2014.

Plan to Monitor Completion of CAP:

The Board of Education and administration will monitor this corrective action plan.

COLLEGE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-14 Certified Budget - No expenditures for the year ended June 30, 2014 exceeded the amended certified budget amounts.
- IV-B-14 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-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.
- IV-D-14 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-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.
- IV-F-14 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- IV-G-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Department of Education were noted.
- IV-H-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.
- IV-I-14 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-J-14 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-K-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-14 Statewide Sales, Services and Use Tax - For the year ended June 30, 2014, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

COLLEGE COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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

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		\$ 2,503,103
Revenues/transfers in:		
Sales tax revenues	\$ 3,973,428	
Other local revenues	<u>26,107</u>	<u>3,999,535</u>
		6,502,638
Expenditures/transfers out:		
School infrastructure construction	693,258	
Transfers to debt service fund	<u>2,926,107</u>	<u>3,619,365</u>
Ending balance		<u><u>\$ 2,883,273</u></u>

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.

IV-M-14 Deficit Balance - The District had a deficit balance in the Proprietary - Student Built House Fund.

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

Response - The District has sold the house during the 2015 fiscal year and returned the balance in the fund to a positive amount.

Conclusion - Response accepted.

COLLEGE COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Federal Audit Findings
Year Ended June 30, 2013

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not corrected, provide planned corrective action or other explanation.</u>
III-A-2013	Internal Control and Compliance Over Excess Cash	Corrected during FY 2014	