

**Iowa City Community School District
Iowa City, Iowa**

Comprehensive Annual Financial Report
Year Ended June 30, 2014

Iowa City Community School District Iowa City, Iowa

Comprehensive Annual Financial Report
Year Ended June 30, 2014

**Official Issuing Report:
Craig Hansel
Chief Financial Officer**

**Office Issuing Report:
Central Administration Office**

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Iowa City Community School District

Educational Services Center

Stephen F. Murley Superintendent of Schools

1725 North Dodge Street • Iowa City, IA 52245 • (319) 688-1000 • Fax (319) 688-1009 • www.iowacityschools.org

November 25, 2014

The Board of Education and Residents
Iowa City Community School District

I am pleased to submit the Comprehensive Annual Financial Report of the Iowa City Community School District (the District) for the fiscal year ended June 30, 2014. The report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada. The responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the officials of the District's Central Administration staff. We believe that the data is accurately presented, in all material respects; that the data is presented to fairly set forth the financial position and results of operations of the District as measured by the financial activity of the various funds; and that all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs.

McGladrey LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit compliance. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal District officials. The financial section includes the independent auditor's report, the Management's Discussion and Analysis, the basic financial statements, and the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The District was required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments and Nonprofit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, summary schedule of prior audit findings, the independent auditor's report on internal control over financial reporting and on compliance and other matters, independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance, a schedule of findings and questioned costs and corrective action plan are included in the single audit compliance section of this report.

This report includes all funds of the Iowa City Community School District. The District provides a full range of programs and services including instructional, administrative, transportation, food service, maintenance of sites and facilities, custodial, clerical, extra co-curricular and athletic activities and community education.

Profile of the Government

In Iowa, school districts operate in accordance with Dillon's Rule with local control and have fiscal independence from other governmental entities. The District operates in compliance with the accounting principles generally accepted in the United States of America (GAAP) and currently prepares its financial statements per the Governmental Accounting Standards Board (GASB) Statement No. 34.

The Iowa City Community School District is a political subdivision of the state of Iowa and operates public schools for children in grades pre-school through twelve. The District is governed by a seven member Board of Education whose members serve four year terms and are elected on a nonpartisan basis. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Iowa City Community School District serves nearly 110,000 people who live in Iowa City, Coralville, University Heights, Hills and North Liberty and the surrounding predominately agricultural territory in central Johnson County. Covering nearly 140 square miles, the District has developed around the City of Iowa City and The University of Iowa. The District has experienced consistent growth over the last 17 years, growing from 10,444 in 1997 to 13,328 in October 2014. The District is currently the fifth largest public school in the state of Iowa.

The District operates two comprehensive high schools, an alternative high school, three junior high schools, 19 elementary schools and center for offsite programs. The District also maintains a maintenance/warehouse facility, two athletic complexes and an administrative office/professional development center. The Iowa City Community School District provides a comprehensive educational program appropriate to students in early childhood and grades pre-school through twelve. These services include basic, regular and enriched academic education, special education, vocational education and numerous individualized programs such as instruction for students at-risk, gifted and talented or limited English proficiency (LEP).

Relevant financial policies

The Iowa City Community School District operates under the laws as defined in the Code of Iowa and policies as determined by the local Board of Directors. A comprehensive accounting system is promulgated by the Iowa Department of Education including account numbers for revenues and expenditures by function and object. The District additionally tracks revenues by source of funds and expenditures by location, curricular program and funding source. Annual budgets are provided to the Department of Management and annual financial reports are provided to the Iowa Department of Education in their prescribed formats. Periodic financial reports are submitted to the Iowa Department of Education or other granting agencies for many federal and state grants.

The Iowa City Community School District's Board of Education takes its fiduciary responsibility very seriously. It has adopted policies defining a budgeting process, quarterly financial reporting, purchasing, facilities planning, insurance and cash management. Idle cash is invested in Board approved allowable investments which include certificates of deposit, money markets, pooled investment trusts and obligations of the United States Treasury or its agencies. A quarterly investment report is provided indicating performance of investments to a comparative benchmark.

Economic Condition and Outlook

The District is located in the eastern part of the state, within the larger Iowa City metropolitan area and ranks as one of the top growth areas of the state. The economic condition and outlook of the District has remained strong during the past ten years despite some economic downturns experienced in many areas, including several years of high economic growth and steady enrollment growth in the local area. This growth has had a positive effect on employment and the District's tax base. The District has experienced steady increases in its tax base over the past 25 years and continued with an increase during 2014 at the rate of slightly more than four percent.

Major employers within the District include The University of Iowa and The University of Iowa Hospitals and Clinics, American College Testing and Pearson (formerly National Computer Systems) as well as two other hospitals. These employers provide a strong employment base in the education and health care industries. The unemployment rate of the Iowa City area is consistently one of the lowest in the state of Iowa and well below national averages even during periods of recessionary trends. In addition, the Iowa City area is served by two nearby regional airports and two major interstate highways. The economic development organizations of Johnson County have teamed with similar organizations in Linn County to the north to develop a "technology corridor" which combines the strong health care and education industries of Johnson County with numerous manufacturing and financial service organizations in Linn County for a wide range of economic and employment opportunities. Iowa City is also consistently promoted in major business publications as one of the best places in the United States for business, schools and quality of life. These recognitions include a 9th place ranking on Milken Institute list of best performing small cities in October 2010, Forbes Magazine "Best Places to Begin a Career" No. 5 in July 2009, "Sterling's Best Places to Live" 5th national ranking in March 2007 and "Expansion Magazines" ranking of #4 public schools in the nation.

The tax base for the area is estimated to continue to grow in the 2-5 percent range. The District has experienced an enrollment growth of over 1,500 students over the last six years. Future projections indicate a continued trend for enrollment increases at a similar annual rate over the next five years. The District has experienced an increase in its October 2014 official enrollment of 168 students.

Retail sales, building permits and population increases in the area continue to exceed that of most other areas in the state of Iowa during the past several years. Future increases are projected to continue, however current economic conditions on the national and state levels and several natural disasters in the area have slowed the level of local growth and recovery. A large percentage of the past area increases have occurred within the School District boundaries.

For the years 2001-2004, the state of Iowa experienced an economic downturn that hampered its ability to fund schools at the same level as in prior years. In 2005, the economy of the state of Iowa returned to positive growth conditions. However, the economic recession type conditions that have affected both state and national economies during the eight years resulted in the Governor of the state of Iowa issuing an executive order for an across the board reduction of state funding by 10 percent on October 8, 2009. The District experienced a reduction of \$5,600,000 during the fiscal year 2010 from this action and used its General Fund balance to absorb the reduction. The District also implemented a cash reserve levy for fiscal year 2011 to partially replenish the fund balance. The District maintained significantly all of its programs and services during these conditions. The impact of these economic conditions has impacted funding from the Iowa Legislature during these periods and the impact on future periods is unknown.

The District served the nearly 13,000 students in buildings built from 1917 to 2013. The District has maintained a building envelope and roof maintenance program for many years to monitor the physical considerations of its facilities. District officials have also developed a 10 year master facility plan for planning the maintenance and capital project needs of the district, including life cycle programs for major maintenance and equipment needs, remodeling and renovation of existing facilities and the construction of new facilities throughout the District.

The District has completed numerous construction projects during the last ten years. During 2004-2005, construction was completed on additions to both high schools. Elizabeth Tate High School, an alternative high school and Van Allen Elementary were also completed during this period and opened for classes in August 2005. In addition, renovations to five elementary school buildings were completed during the fiscal year 2006. North Central Junior High was completed in August 2006 and opened for classes that month. A large fine arts addition at Iowa City West High School was completed in January 2008. A new gymnasium and classroom addition at South East Junior High was completed and placed in service in October 2008. The District opened Buford Garner Elementary for classes in August 2010. The District completed a major addition on Horn Elementary that was opened in August 2011 and Norman Borlaug Elementary School was opened for classes in August 2012. The District has also completed construction of a \$6.4 million fine arts addition at City High School that opened in August 2013. Construction of Alexander Elementary School has started with completion anticipated in August 2015. In addition, the District has started major additions on three elementary schools and begun the design phase of a third comprehensive high school in North Liberty, Iowa.

During 2006, the U.S. Green Building Council awarded the District a silver certificate for Leadership in Energy and Environmental Design (LEED) in connection with the construction of James Van Allen Elementary School. In 2013, the district received an Excellence in Energy Efficient Design award for the efforts in reducing energy use for Norman Borlaug Elementary School.

The District owns 12.19 acres of land in the northern portion of the District for the future construction of an elementary school. During the year ending June 30, 2014, the District purchased land for two future elementary schools and a future comprehensive high school. The District also purchased the land and building utilized by the District's transportation provider. In July 2010, the District sold its former central administration office for \$4,500,000 to The University of Iowa and utilized these funds to purchase and remodel a new facility for its administrative offices and various support operations.

In February 2007, the residents of Johnson County approved a resolution and Revenue Purpose Statement for a 1 percent local option sales tax for a period of 10 years that began on July 1, 2007. The sales tax resulted in revenues of approximately \$13-14 million annually for the first five years and then \$10 million annually for the subsequent years. In February 2013, district voters approved the extension of the sales tax Revenue Purpose Statement through June 30, 2029. The District is using these sales tax revenues to fund various projects in the master facility plan as allowed in the Code of Iowa and the approved Revenue Purpose Statement.

The two comprehensive high schools offer athletic programs in 19 different sports. State championship honors have been earned in football, boys' soccer and basketball, wrestling, volleyball, and girls' cross country, soccer, basketball and track while state placing went to boys' cross country, track, golf, soccer and baseball and girls' basketball during the last four years.

The high schools also provide a full selection of opportunities in their music departments. Each year, the District has a high number of all-state musicians in addition to consistently earning Division I ratings at state contests. Each of the high schools has earned at least one Grammy Award for their music department in recent years.

The high schools also support strong programs in math, debate and journalism which regularly receive state, regional and national recognition.

Students of the District continue to achieve high rankings on college entrance exams and are recognized as National Merit Scholars. The composite averages on these exams are consistently in the top 5 percent of the state and significantly exceed the national averages. These students achieved a graduation rate of nearly 88 percent in 2013 with nearly 85 percent planning to continue their education at colleges and universities.

Other Financial Information

Management of the District is responsible for establishing and maintaining an internal control designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state and county financial assistance, the District also is responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and external auditors.

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control over financial reporting and its compliance with applicable laws and regulations, including those related to major federal awards programs. The results of the District's single audit for the fiscal year ended June 30, 2014 provided no violations of applicable laws and regulations.

Budgetary Controls. In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the General Fund, special revenue funds, Debt Service Fund, enterprise funds and Capital Projects Fund are included in the annual appropriated budget by program. Project length financial plans are adopted for the capital projects funds and budgeted accordingly on an annual basis. The level of statutory budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the function level for all funds combined rather than at the individual fund level.

Basis of Presentation. The charts and accounts used by the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records conform to the Uniform Accounting System for Iowa Schools, Chapter 11 of the Code of Iowa and Area Educational Agencies issued by the Department of Education, state of Iowa. The chart of accounts manual is updated annually and the District is in full compliance with these requirements.

Cash Management. Cash, while temporarily idle during the year, was invested in money market deposit accounts and other short term investments as allowed by law. Interest rates were primarily less than 1/2 percent during the year, compared to the rates of 1 - 2 percent in the previous years. This aspect of the District's finances has gained importance in recent years as the District has sought to maximize the yield on our investments in accordance with the Board approved investment policy without forfeiting the use of fund balances.

Risk Management. The District has initiated a program to lower the experience modification factor in workers' compensation claims by utilizing a single medical care facility for these claims. A safety committee has been operational for several years and meets periodically to review the District's facilities and programs. The District manages a self-funded health insurance plan for its employee medical and prescription program. The health plan is funded at the maximum expected claim levels and coverage for individual and aggregate stop loss coverage is purchased by the plan. The District is also managing the health plan in accordance with the provisions of the Affordable Care Act.

Awards and Acknowledgments

Independent Audit. The accounting firm of McGladrey LLP was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements, combining and individual fund statements and other schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement in Financial Reporting and the Association of School Business Officials International, (ASBO) awards a Certificate of Excellence in Financial Reporting. The Iowa City Community School District received both of these Certificates for its comprehensive annual financial report for the fiscal year ended June 30, 2013. Each Certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

In order to be eligible to receive the Certificates, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

These Certificates are valid for a period of one year only. The Iowa City Community School District has received these awards for the eight previous fiscal years Comprehensive Annual Financial Report. I believe that our current CAFR conforms to the requirements for both awards and, therefore, we are submitting to the GFOA and ASBO to determine its eligibility for each Certificate. The Iowa City Community School District had not applied for the Certificates in any years prior to 2006.

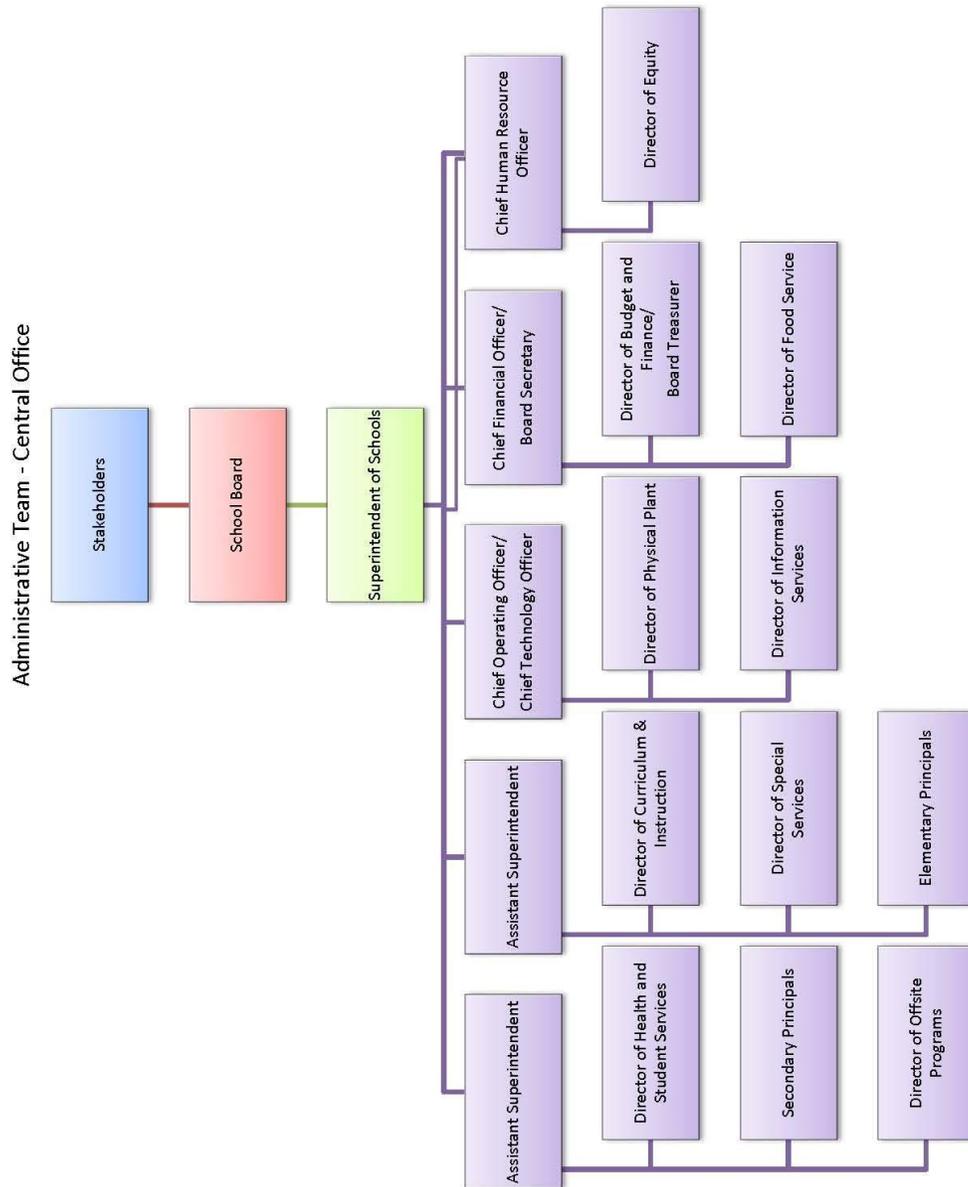
Acknowledgment: The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated efforts of the accounting staff and our auditors, McGladrey LLP. I would like to express my appreciation to all staff members who assisted and contributed to this report as well as members of city and county governments. Also, appreciation is expressed for the interest and support of the Board of Education in conducting the financial operations of the District in a most responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Leslie Finger". The signature is written in black ink and is positioned above the printed name and title.

Leslie J. Finger
Director of Budget and Finance, Treasurer

Iowa City Community School District Organizational Structure



Iowa City Community School District

**Board of Education and School District Officials
Year Ended June 30, 2014**

Name	Title	Term Expires
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Board of Education

For the Period September 11, 2013 through June 30, 2014

Sally Hoelscher *	President	September 2015
Marla Swesey	Vice President	September 2015
Tuyet Dorau	Board Member	September 2017
Patti Fields	Board Member	September 2015
Brian Kirschling	Board Member	September 2017
Chris Lynch	Board Member	September 2017
Jeff McGinness	Board Member	September 2015

* Resignation effective June 24, 2014 with subsequent appointment of Orville Townsend on July 22, 2014, to serve the remainder of the resigned term through September 2015.

For the Period July 1, 2013 through September 10, 2013

Marla Swesey	President	September 2015
Patti Fields	Vice President	September 2015
Karla Cook	Board Member	September 2013
Sally Hoelscher	Board Member	September 2015
Jeff McGinness	Board Member	September 2015
Tuyet Dorau	Board Member	September 2013
Sarah Swisher	Board Member	September 2013

School District Officials

Stephen Murley	Superintendent	
Craig Hansel	Secretary	Appointed
Leslie J. Finger	Treasurer	Appointed
Joe Holland	Attorney	Appointed

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Iowa City Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Terrie S. Simmons', written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Iowa City Community School District

Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



Independent Auditor's Report

To the Board of Education
Iowa City Community School District
Iowa City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Iowa City Community School District (the District) 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 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 on pages 3 through 14, other postemployment benefit plan schedule of funding progress on page 50, budgetary comparison information on pages 51 through 53 and 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining nonmajor governmental fund financial statements and the accompanying schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations* are presented for purposes of additional analysis and are 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. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion on or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance



Davenport, Iowa
November 21, 2014

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

Iowa City Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements.

Financial Highlights

Total net position increased \$5,906,881 from \$197,728,437 in 2013 to \$203,635,318 in 2014. Total revenues for the fiscal year 2014 increased \$2,611,971 from 2013. Total expenses increased from \$155,067,641 in 2013 to \$161,982,212 in 2014.

General Fund revenues increased from \$129,246,023 in fiscal year 2013 to \$132,896,223 in fiscal year 2014, while General Fund expenditures increased from \$130,983,308 in fiscal year 2013 to \$137,556,099 in fiscal year 2014. In addition, the District transferred \$182,000 to other funds during fiscal year 2014. This resulted in a decrease in the District's General Fund balance from \$18,580,730 in fiscal year 2013 to \$13,738,854 in fiscal year 2014.

The increase in General Fund revenues for fiscal year 2014 was attributable to an increase in property tax revenues and fully funded state foundation aid from the two percent supplemental state aid (formerly allowable growth) as provided in the state funding formula a and one-time two percent supplemental state aid allocation as provided by the Iowa Legislature. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits for all employee groups and the additional staffing to serve the increased enrollment of more than 700 students during the last two years.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-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 government-wide statements.
 - ✓ The governmental fund statements explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
 - ✓ The statements for proprietary funds offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
 - ✓ The statements for fiduciary funds provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

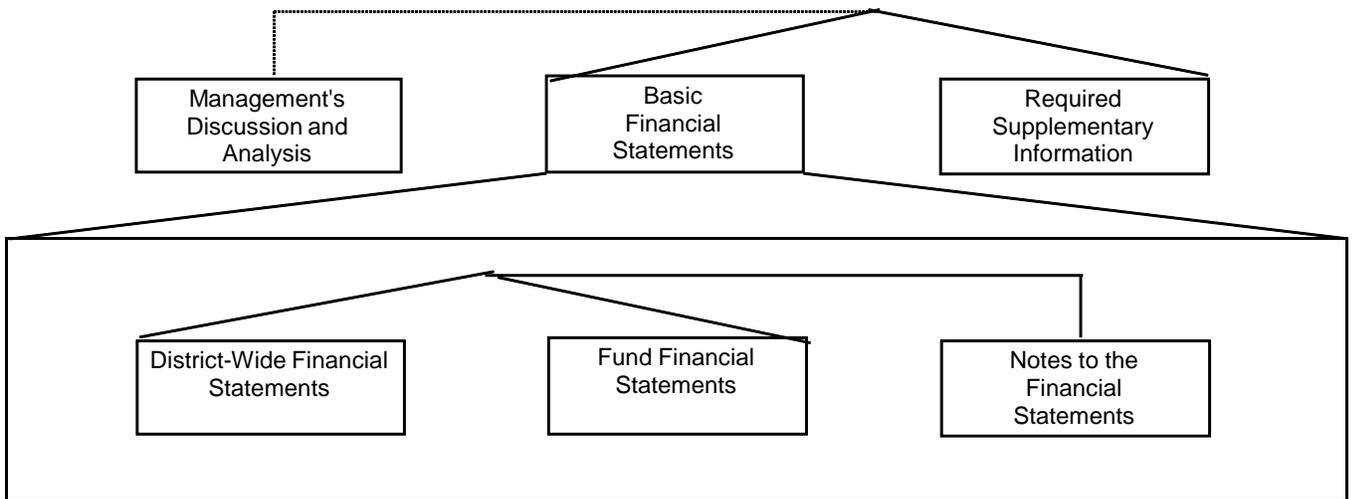
Iowa City Community School District

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2014**

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 relate to one another.

Figure A-1
Iowa City Community School District Annual Financial Report



Iowa City Community School District

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2014**

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 the management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
Government-Wide Statements		Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of fund net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

Government-Wide Statements

The government-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, liabilities and deferred inflows/outflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the District's financial health or position. To assess the District's overall health, you need to consider additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- **Business-type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included as a business-type activity.

Fund Financial Statements

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

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

The District has three kinds of funds:

- **Governmental funds.** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information following the governmental fund statements explains the relationship or differences between the two statements.
 - ✓ The District's governmental funds include the General Fund, Physical Plant and Equipment Levy Fund, Management Fund, Student Activity Fund, Debt Service Fund and Capital Projects Fund.
- **Proprietary funds.** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.
 - ✓ The District's enterprise fund, one type of proprietary fund, is encompassed in the District's business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

- ✓ Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently uses an Internal Service Fund to account for its self-insured health insurance and dental insurance funds.
- Fiduciary funds. The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
 - ✓ Private-Purpose Trust Fund – The District accounts for assets for scholarships for individual students in this fund according to the terms of the donor's request.
 - ✓ Agency Fund – These are funds for which the District administers and accounts for certain assets in a fiduciary capacity as an agent on behalf of others.

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

Financial Analysis of the District as a Whole

Net position: Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2014 compared to 2013:

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Change 2014-2013
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 156,861,607	\$159,737,229	\$ 3,246,698	\$ 3,465,333	\$ 160,108,305	\$ 163,202,562	\$ (3,094,257)
Capital assets	156,988,194	142,715,557	528,075	577,047	157,516,269	143,292,604	14,223,665
Total assets	313,849,801	302,452,786	3,774,773	4,042,380	317,624,574	306,495,166	11,129,408
Deferred outflows of resources, deferred amount on refunding	161,489	239,747	-	-	161,489	239,747	(78,258)
Long-term obligations	11,411,336	14,463,712	-	-	11,411,336	14,463,712	3,052,376
Other liabilities	27,288,925	22,118,126	262,734	237,982	27,551,659	22,356,108	(5,195,551)
Total liabilities	38,700,261	36,581,838	262,734	237,982	38,962,995	36,819,820	(2,143,175)
Deferred inflows of resources, unavailable revenue	75,187,750	72,186,656	-	-	75,187,750	72,186,656	(3,001,094)
Net position:							
Net investment in capital assets	144,275,207	127,010,427	528,075	577,047	144,803,282	127,587,474	17,215,808
Restricted	34,835,478	38,547,315	-	-	34,835,478	38,547,315	(3,711,837)
Unrestricted	21,012,594	28,366,297	2,983,964	3,227,351	23,996,558	31,593,648	(7,597,090)
Total net position	\$ 200,123,279	\$193,924,039	\$ 3,512,039	\$ 3,804,398	\$ 203,635,318	\$ 197,728,437	\$ 5,906,881

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

The District's total assets increased by 3.6 percent during the year ended June 30, 2014. The increase occurred primarily as a result of the investment in capital assets as detailed in Note 5. During the year ended June 30, 2014, the District placed in service a fine arts addition at one of its high schools, purchased several parcels of land for future school facilities, completed approximately \$2,000,000 of safety and security upgrades and expended nearly \$6,000,000 in construction in progress for additions as part of the ten year master facility plan.

The total net position of the District's business-type activities decreased by \$292,359 over the prior year. This decrease is due primarily to increased expenditures for staff and food to serve additional students and to comply with nutrition standards from federal and state regulations.

Changes in net position – Figure A-4 shows the changes in net position for the years ended June 30, 2014 and 2013:

**Figure A-4
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for service and sales	\$ 2,276,891	\$ 2,068,742	\$ 2,260,342	\$ 2,245,333	\$ 4,537,233	\$ 4,314,075
Operating grants and contributions	20,109,977	20,880,498	2,929,125	2,662,443	23,039,102	23,542,941
Capital grants and contributions	207,457	1,889,776	-	-	207,457	1,889,776
General revenues:						
Property taxes	73,070,593	72,287,501	-	-	73,070,593	72,287,501
Sales tax	11,125,642	10,813,815	-	-	11,125,642	10,813,815
Unrestricted state grants	52,004,652	48,024,527	-	-	52,004,652	48,024,527
Unrestricted investment earnings	216,168	253,529	10,127	5,559	226,295	259,088
Other	3,673,548	4,145,399	-	-	3,673,548	4,145,399
Gain on sale of capital assets	4,571	-	-	-	4,571	-
Total revenues	162,689,499	160,363,787	5,199,594	4,913,335	167,889,093	165,277,122
Program expenses:						
Governmental activities:						
Instruction	104,733,457	100,951,730	-	-	104,733,457	100,951,730
Support services	45,769,404	43,548,173	-	-	45,769,404	43,548,173
Noninstructional programs	563,138	466,024	-	-	563,138	466,024
Other expenses	5,424,260	5,279,880	-	-	5,424,260	5,279,880
Business-type activities,						
nutritional services	-	-	5,491,953	4,821,834	5,491,953	4,821,834
Total expenses	156,490,259	150,245,807	5,491,953	4,821,834	161,982,212	155,067,641
Change in net position	6,199,240	10,117,980	(292,359)	91,501	5,906,881	10,209,481
Net position, beginning of year	193,924,039	183,806,059	3,804,398	3,712,897	197,728,437	187,518,956
Net position, end of year	\$ 200,123,279	\$ 193,924,039	\$ 3,512,039	\$ 3,804,398	\$ 203,635,318	\$ 197,728,437

Property and sales taxes and unrestricted state grants account for 81 percent and 79 percent of the total revenue for the years ended June 30, 2014 and 2013, respectively. The District's expenses primarily relate to instruction and support services which account for 93 percent of the total expenses for the years ended June 30, 2014 and 2013.

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

Governmental Activities

Revenues for governmental activities were \$162,689,499 and expenses were \$156,490,259. This difference of \$6,199,240 was used for the repayment of the general obligations bonds as scheduled and described in Note 6 to the basic financial statements and approximately \$6,000,000 in construction in progress that have been capitalized. Revenues in the governmental activities increased approximately \$2,300,000 or 1.5 percent over 2013. Most of this increase is due to the increase of sales tax revenues from the statewide pool and the increase of property tax revenues from assessed valuation growth in both the general and physical plant and equipment levy funds. In addition, unrestricted state grants in the governmental activities increased approximately \$4,000,000 primarily from state aid received in accordance with the state funding formula.

The increase in expenses in governmental activities of \$6,244,452 or 4.2 percent is related to instruction and support services expenses. The expenses in these areas are primarily related to salaries and benefits based upon negotiated salary settlements of approximately 4.5 percent and additional staffing to serve the increased enrollment. The District also recorded \$320,693 in the current year for other postemployment benefit obligations which is attributable to the statutory requirement that the District allows retirees the ability to purchase District sponsored health insurance at the employee's own cost. The District does not offer any voluntary postretirement benefits.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, noninstructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 104,733,457	\$ (87,957,923)	\$ 100,951,730	\$ (83,258,322)
Support services	45,769,404	(45,144,291)	43,548,173	(41,264,409)
Noninstructional programs	563,138	(563,138)	466,024	(466,024)
Other expenses	5,424,260	(230,582)	5,279,880	(418,036)
Totals	\$ 156,490,259	\$ (133,895,934)	\$ 150,245,807	\$ (125,406,791)

- The cost financed by users of the District's programs was \$2,276,891 for 2014 and \$2,068,742 for 2013.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$20,317,434 for 2014 and \$22,770,274 for 2013.
- The remaining net cost of governmental activities was financed with property tax, sales tax, state foundation aid and investment earnings.

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

Business-Type Activities

Revenues of the District's business-type activities were \$5,189,467, excluding \$10,127 of investment earnings, and expenses were \$5,491,953. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and interest income. Revenues increased by approximately 5.8 percent due to an increase in the number of meals served, a higher number of qualifying student enrollments and higher reimbursement rates from federal and state programs compared to prior years. Expenses increased by approximately 13.9 percent primarily due to the negotiated costs for personnel and increase food supply costs from additional meals served and compliance with federal and state regulations related to nutrition programs.

Financial Analysis of the District's Funds

As previously noted, the Iowa City Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund highlights: The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$45,027,091 which was below last year's ending fund balances of \$53,520,263. The primary reason for the decrease in combined fund balances in fiscal year 2014 is due to decreases in the District's General Fund, Physical Plant and Equipment Levy Fund and Capital Projects Fund.

- The District's General Fund financial position is the product of many factors. The primary factor resulting in the General Fund's decreased balance for the year ending June 30, 2014 was due to the increased salary and benefit costs from negotiated salary settlements greater than the supplemental state aid for fiscal year 2014 and increasing its overall staff levels to meet the instructional and support programs of the growing student enrollment.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from a balance of \$5,694,112 in fiscal year 2013 to \$3,037,524 in fiscal year 2014. The decrease is primarily due to safety and security enhancements and other expenditures made for facilities related to the ten year master facility plan.
- The Capital Projects Fund balance decreased from a balance of \$27,092,187 in fiscal year 2013 to \$24,521,901 in fiscal year 2014. This decrease is primarily due to the completion of the fine arts addition at one of the high schools, the purchase of land for construction of new facilities and expenditures made for facilities at Penn and Twain Elementary Schools related to the ten year master facility plan.

Proprietary fund highlights: The School Nutrition Fund's net position decreased from \$2,995,070 as of June 30, 2013 to \$2,686,724 as of June 30, 2014, representing a decrease of approximately 10.3 percent for 2014 compared to a decrease of 1.1 percent for 2013. The decrease was primarily due to the increased expenditures to operate the district nutrition program.

The Internal Service Fund for the District's self-insured health insurance fund and dental insurance funds decreased net position from \$16,381,480 in 2013 to \$16,106,353 in 2014. This decrease was due to the increase in health insurance claims compared to prior years and the increase to the liability for unpaid claims as of June 30, 2014.

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a certified budget following required public notice and hearing for all funds, except its internal service, private-purpose trust and agency funds. The legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's certified budget is prepared on the GAAP basis. Over the course of the year, the District amended its annual (operating) budget one time to reflect additional revenue and expenditures associated with programs and activities added or changed during the fiscal year. A schedule showing the original certified and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal budgetary highlights: The District's total actual revenues were \$131,450 less than the total budgeted revenues, a variance of 0.08 percent from the final budget.

Total expenditures were less than budgeted. It is the District's practice to budget expenditures at the maximum authorized spending authority as defined by the Code of Iowa. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year. In addition, the Board of Directors has implemented and maintained certain budget controls to manage the expenditure levels with available resources.

Capital Asset and Debt Administration

Capital assets: As of June 30, 2014, the District had invested \$157.5 million, net of accumulated depreciation, in the broad range of capital assets, including land, buildings, athletic facilities, computers and equipment. (See Figure A-6) This amount represents a net increase of \$14.2 million from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$4,929,820.

The original costs of the District's capital assets was over \$237 million. Governmental funds account for approximately \$236 million with the remainder of \$1 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the building and land categories. This category increased primarily from a fine arts addition at one of its high schools that opened in August 2013 that was previously classified as construction in progress. The District also purchased land for the future construction of two new elementary schools and a comprehensive third high school and purchased the land and building previously leased for its transportation facility.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total School District		Total Change
	2014	2013	2014	2013	2014	2013	2014-2013
Land	\$ 7,574,561	\$ 4,454,141	\$ -	\$ -	\$ 7,574,561	\$ 4,454,141	\$ 3,120,420
Construction-in-progress	6,925,244	6,077,694	-	-	6,925,244	6,077,694	847,550
Buildings	132,171,071	122,901,883	-	-	132,171,071	122,901,883	9,269,188
Improvements other than buildings	8,276,165	7,408,921	-	-	8,276,165	7,408,921	867,244
Furniture and equipment	2,041,153	1,872,918	528,075	577,047	2,569,228	2,449,965	119,263
Total	\$ 156,988,194	\$ 142,715,557	\$ 528,075	\$ 577,047	\$ 157,516,269	\$ 143,292,604	\$ 14,223,665

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

Long-Term Debt: As of June 30, 2014, the District had \$16 million in general obligation and other long-term debt outstanding. This represents a decrease of approximately \$1 million from last year. The increase in the early retirement obligation is due to an increase in the retirement incentive offered by the district and a greater number of employees accepting the District's early retirement incentive in 2014 than 2013. The reduction of general obligation bonds by approximately \$2.9 million was part of the previously stated maturities. (See Figure A-7) More detailed information about the District's long-term liabilities are available in Note 6 to the financial statements.

**Figure A-7
Outstanding Long-Term Obligations**

	Total School District		Total Change
	2014	2013	2014-2013
General obligation bonds	\$ 12,280,000	\$ 15,165,000	\$ (2,885,000)
Early retirement	3,174,358	1,355,862	1,818,496
Compensated absences	763,302	665,183	98,119
Totals	\$ 16,217,660	\$ 17,186,045	\$ (968,385)

Factors Bearing on the District's Future

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

- The District received allowable growth of two percent, zero percent and two percent for fiscal year 2011, 2012 and 2013, respectively, and supplemental state aid (formerly allowable growth) of two percent for fiscal year 2014. The State of Iowa also provided a one-time two percent supplemental state aid allocation for fiscal year 2014. The State of Iowa has set the supplemental state aid at four percent for fiscal year 2015. At this time, the District is unable to determine the level of the allowable growth rates from the State of Iowa for any future fiscal periods beyond fiscal year 2015. As the District's General Fund budget is comprised of approximately 82 percent salary and benefits, the ability to negotiate future salary settlements will continue to have a significant impact on future budget decisions.
- The Iowa school funding formula is highly dependent upon student enrollment. The District has experienced enrollment growth of 158,107,170, 443, 321 and 381 students in the last six years, respectively. The enrollment growth of 168 students in fiscal year ending 2015 will assist the District's budget in fiscal year ending 2016. These increases in enrollment will continue the need for additional staff and materials for educational programs and the demand for additional space to the existing facilities and construction of new facilities. These new facilities will also increase expenditures related to utilities, custodial, maintenance and support staff.
- In March 2012, the District issued General Obligation Refunding Bonds to currently refund previously issued bonds. The District anticipates a reduction of interest expense on the outstanding bonds of approximately \$400,000 between July 1, 2012 and June 30, 2018 as a result of the refunding. This reduction of interest expense on the outstanding bonds will reduce the property tax levy necessary for debt service during this period. As required for all outstanding debt, the District must complete certain compliance and reporting requirements as defined by the Securities and Exchange Commission (SEC). Recent self-reporting options offered by the SEC have been completed by the District and the District believes it is in compliance with all requirements.

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

- Prior to July 1, 2012, the District received sales tax revenues based upon the sales tax generated in Johnson County and received approximately \$1,012 per student in the year ending June 30, 2012. Effective July 1, 2012, the District joined the state-wide pool with an allocation of approximately \$870 per student in fiscal year 2014 and approximately \$915 per student in fiscal year 2015. The District anticipates this change will reduce the sales tax dollars received by approximately \$3.5 million per year compared to the prior method and future growth in these revenues are dependent on the retail sales growth of the state of Iowa.
- On February 5, 2013 and September 10, 2013 the voters of the district approved the extension of the Revenue Purpose Statement (RPS) through June 30, 2029 and the renewal of the physical plant and equipment levy (PEEL) through June 30, 2015, respectively. The district will use these resources as the primary funding source for its 10 year comprehensive master facility plan. This master facility plan includes the remodeling and renovation of existing facilities and construction of three new elementary schools and a third comprehensive high school to meet the space needs from increasing enrollment. In addition, the District may consider general obligational bond funding, subject to voter approval, and tax anticipation revenue bonds to finance additional expenditures of the master facility plan. The funds generated from the PEEL property tax levy will also be used for life cycle equipment programs, maintenance of existing facilities, a safety and security program for all facilities of the District. On November 11, 2014, the board approved the sale of approximately \$9,655,000 of general obligation school capital loan notes to fund various school improvements. These capital loan notes will be repaid with the existing physical plant and equipment levy through June 2025.
- The District began construction of a new elementary school building in June 2014 on a 12.19 acre parcel of land. In August 2013, the District's Board of Directors approved the acquisition of parcels of land covering 15.78 and 13.78 acres for the construction of future elementary school buildings. The Board also approved the acquisition of 76 acres for the construction of a future comprehensive high school. The recent land purchases were funded with sales tax monies. The construction of new facilities on these parcels are part of the master facility plan.
- Certain federal appropriations expired on December 31, 2012 as determined by the United States government. The District anticipates slight reductions in certain federal appropriations in future periods. However, the calculations of many federal appropriations are determined by district enrollment and percentage of students qualifying for free or reduced price meals. The District is experiencing increases in both of these critical components of the appropriation calculation making the future impact difficult to determine. The appropriations related to federal nutrition reimbursements are not subject to the reductions.
- The Board of Directors adopted a diversity plan in February 2013 that is designed to balance the percentage of students qualifying for free or reduced price meals within targeted ranges for all district buildings. Implementation of the plan is phased over a five year period and will require the adjustment to the attendance center boundaries for many students. The adjustments to the student populations of certain buildings will likely result in increased transportation expenditures for the district as well as a reduction in federal resources available for programs where funding levels are set using the percentage of students qualifying for free or reduced price meals.
- The District's self-funded health insurance plan will become subject to certain provisions of the Affordable Healthcare Act during fiscal year 2015. The provisions include certain required coverages, limitations on plan design adjustment, additional reporting requirements for the district and increased fees and assessments for the insurance plan. The District expects to pay ACA fees of approximately \$115,000 in January 2015, but has not determined the impact on premiums or claims expenditures of these provisions for future periods

Iowa City Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2014

- In April 2014, the District implemented a budget reduction plan of \$3,600,000 for the next fiscal year that included adjustments to the class size staffing ratios, reduction of certain positions, adjustments to certain programs offered to students and controls on the purchase of supplies and materials. The early retirement incentive offered to staff during the year ended June 30, 2014 was also designed to lower expenditures through reduced staff and turnover savings for staff. The financial impact of this budget reduction on future periods has not been determined.
- The enrollment increases experienced by the district over the last five years have also required additional needs for special education and at-risk programs. These needs include significant increases in the number of students requiring English language learning programs requiring additional staff with the appropriate certifications to serve these students. The District expended approximately \$1,100,000 more during the year ended June 30, 2014 than prior year to provide these services and anticipates additional increases in expenditures in future years. The District continues to offer a comprehensive special education program. In addition, the number of special education students remains relatively stable, however, the number of staff and the increases related to the salary and benefits of these staff continue to increase at rates greater than the revenues generated for the program. The control of the expenditures for both programs will impact the future operations for the district.
- In November 2014, the District filed an application with the Iowa Department of Education for the Teacher Leadership Compensation grant as provided by the Iowa Legislature. This grant will provide approximately \$4,000,000 annually to support compensation of District teachers providing leadership and professional development services. This annual funding will begin in either fiscal year 2016 or 2017.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Craig Hansel, District Chief Financial Officer, Iowa City Community School District, 1725 North Dodge Street, Iowa City, Iowa 52245.

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Iowa City Community School District

**Statement of Net Position
June 30, 2014**

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash, cash equivalents and investments	\$ 76,493,568	\$ 2,186,649	\$ 78,680,217
Receivables:			
Property tax:			
Current year	284,672	-	284,672
Succeeding year	69,536,651	-	69,536,651
Income surtax	5,651,099	-	5,651,099
Sales taxes	550,000	-	550,000
Other	82,788	-	82,788
Due from other governments	3,957,786	60,403	4,018,189
Internal balances	(869,160)	869,160	-
Inventories	-	67,567	67,567
Prepaid expenses	1,174,203	62,919	1,237,122
Total current assets	156,861,607	3,246,698	160,108,305
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	7,574,561	-	7,574,561
Construction-in-progress	6,925,244	-	6,925,244
Depreciable capital assets, net of accumulated depreciation	142,488,389	528,075	143,016,464
Net capital assets	156,988,194	528,075	157,516,269
Total noncurrent assets	156,988,194	528,075	157,516,269
Total assets	313,849,801	3,774,773	317,624,574
Deferred Outflows of Resources			
Deferred amounts on refunding	161,489	-	161,489

See Notes to Basic Financial Statements.

Liabilities	Governmental Activities	Business-Type Activities	Total
Current liabilities:			
Accounts payable	\$ 6,133,333	\$ 18,548	\$ 6,151,881
Salaries and benefits payable	12,307,405	236,859	12,544,264
Claims payable	2,027,725	-	2,027,725
Accrued interest payable	28,196	-	28,196
Unearned, grant revenues	49,773	7,327	57,100
General obligation bonds	2,935,000	-	2,935,000
Early retirement	3,044,191	-	3,044,191
Compensated absences	763,302	-	763,302
Total current liabilities	27,288,925	262,734	27,551,659
Noncurrent liabilities:			
Other postemployment benefit	1,341,693	-	1,341,693
Early retirement	130,167	-	130,167
General obligation bonds, net of unamortized premium	9,939,476	-	9,939,476
Total noncurrent liabilities	11,411,336	-	11,411,336
Total liabilities	38,700,261	262,734	38,962,995
Deferred Inflows of Resources			
Property tax	69,536,651	-	69,536,651
Income surtax	5,651,099	-	5,651,099
Total deferred inflows of resources	75,187,750	-	75,187,750
Net Position			
Net investment in capital assets	144,275,207	528,075	144,803,282
Restricted for:			
Management levy	2,179,377	-	2,179,377
Capital improvements and equipment	27,559,425	-	27,559,425
Federal and state programs	3,575,202	-	3,575,202
Debt service	28,962	-	28,962
Student activities	1,492,512	-	1,492,512
Unrestricted	21,012,594	2,983,964	23,996,558
Total net position	\$ 200,123,279	\$ 3,512,039	\$ 203,635,318

Iowa City Community School District

**Statement of Activities
Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, and Contributions	Capital Grants, and Contributions
Governmental Activities				
Instruction:				
Regular instruction	\$ 66,290,458	\$ 916,844	\$ 8,584,629	\$ -
Special instruction	33,573,765	1,154,905	5,952,336	-
Other instruction	4,869,234	-	166,820	-
	<u>104,733,457</u>	<u>2,071,749</u>	<u>14,703,785</u>	<u>-</u>
Support services:				
Student services	4,686,664	-	-	-
Instructional services	7,427,014	-	-	-
Administration services	12,506,153	-	-	-
Operation and maintenance	15,423,524	195,673	-	207,457
Transportation services	5,726,049	9,469	212,514	-
	<u>45,769,404</u>	<u>205,142</u>	<u>212,514</u>	<u>207,457</u>
Noninstructional programs	563,138	-	-	-
Other:				
Long-term debt interest	200,128	-	-	-
AEA flowthrough	5,193,678	-	5,193,678	-
Depreciation (unallocated), excluding direct depreciation	30,454	-	-	-
	<u>5,424,260</u>	<u>-</u>	<u>5,193,678</u>	<u>-</u>
Total governmental activities	156,490,259	2,276,891	20,109,977	207,457
Business-type activities, nutritional services	5,491,953	2,260,342	2,929,125	-
Total primary government	\$ 161,982,212	\$ 4,537,233	\$ 23,039,102	\$ 207,457

General revenues:

Property taxes levied for:

General purposes

Debt service

Capital outlay

State-wide sales taxes

Unrestricted state grants

Unrestricted investment earnings

Other

Gain on sale of capital assets

Total general revenues

Changes in net position

Net position, beginning of year

Net position, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (56,788,985)	\$ -	\$ (56,788,985)
(26,466,524)	-	(26,466,524)
(4,702,414)	-	(4,702,414)
(87,957,923)	-	(87,957,923)
(4,686,664)	-	(4,686,664)
(7,427,014)	-	(7,427,014)
(12,506,153)	-	(12,506,153)
(15,020,394)	-	(15,020,394)
(5,504,066)	-	(5,504,066)
(45,144,291)	-	(45,144,291)
(563,138)	-	(563,138)
(200,128)	-	(200,128)
-	-	-
(30,454)	-	(30,454)
(230,582)	-	(230,582)
(133,895,934)	-	(133,895,934)
-	(302,486)	(302,486)
(133,895,934)	(302,486)	(134,198,420)
61,055,235	-	61,055,235
3,310,092	-	3,310,092
8,705,266	-	8,705,266
11,125,642	-	11,125,642
52,004,652	-	52,004,652
216,168	10,127	226,295
3,673,548	-	3,673,548
4,571	-	4,571
140,095,174	10,127	140,105,301
6,199,240	(292,359)	5,906,881
193,924,039	3,804,398	197,728,437
\$ 200,123,279	\$ 3,512,039	\$ 203,635,318

Iowa City Community School District

Balance Sheet - Governmental Funds
June 30, 2014

Assets	General	Physical Plant and Equipment Levy	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents and investments	\$ 24,302,769	\$ 4,972,283	\$ 24,848,853	\$ 3,921,769	\$ 58,045,674
Receivables:					
Property tax:					
Current year	217,371	36,718	-	30,583	284,672
Succeeding year	53,026,720	9,136,580	-	7,373,351	69,536,651
Income surtax	5,651,099	-	-	-	5,651,099
Sales tax	-	-	550,000	-	550,000
Other	76,245	-	-	6,543	82,788
Due from other governments	2,200,657	-	1,757,129	-	3,957,786
Due from other funds	223,617	-	-	-	223,617
Prepaid items	1,174,203	-	-	-	1,174,203
Total assets	\$ 86,872,681	\$ 14,145,581	\$ 27,155,982	\$ 11,332,246	\$ 139,506,490
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,047,810	\$ 1,820,711	\$ 2,064,710	\$ 165,998	\$ 6,099,229
Salaries and benefits payable	12,296,381	-	11,024	-	12,307,405
Due to other funds	43,845	150,766	8,347	64,085	267,043
Unearned revenue	49,773	-	-	-	49,773
Total liabilities	14,437,809	1,971,477	2,084,081	230,083	18,723,450
Deferred inflows of resources:					
Unavailable revenue - property tax	53,026,720	9,136,580	-	7,373,351	69,536,651
Unavailable revenue - income surtax	5,651,099	-	-	-	5,651,099
Unavailable revenue - sales tax	-	-	550,000	-	550,000
Unavailable revenue - intergovernmental	18,199	-	-	-	18,199
Total deferred inflows of resources	58,696,018	9,136,580	550,000	7,373,351	75,755,949
Fund balance:					
Nonspendable	1,174,203	-	-	-	1,174,203
Restricted	3,575,202	3,037,524	24,521,901	3,728,812	34,863,439
Assigned	877,237	-	-	-	877,237
Unassigned	8,112,212	-	-	-	8,112,212
Total fund balances	13,738,854	3,037,524	24,521,901	3,728,812	45,027,091
Total liabilities, deferred inflows of resources and fund balances	\$ 86,872,681	\$ 14,145,581	\$ 27,155,982	\$ 11,332,246	\$ 139,506,490

See Notes to Basic Financial Statements.

Iowa City Community School District

**Reconciliation of Total Governmental Fund Balances to Net Position
of Governmental Activities
June 30, 2014**

Total governmental fund balances		\$ 45,027,091
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		156,988,194
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as a deferred inflow of resources in the funds.		568,199
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:		
Current assets	\$ 18,447,894	
Liabilities	<u>(2,341,541)</u>	16,106,353
Internal service funds allocated to business-type activities		(825,315)
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.		(28,196)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:		
General obligation bonds, current	(2,935,000)	
General obligation bonds, noncurrent	(9,345,000)	
Early retirement, current	(2,895,065)	
Other postemployment benefits	(1,341,693)	
Compensated absences, current	(763,302)	
Deferred amounts on refunding bonds	161,489	
Unamortized premium on general obligation bonds	<u>(594,476)</u>	<u>(17,713,047)</u>
Net position of governmental activities		<u>\$ 200,123,279</u>

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2014

	General	Physical Plant and Equipment Levy
Revenues:		
Local sources:		
Local tax	\$ 57,164,387	\$ 8,705,266
Tuition	1,886,426	-
Other	1,899,572	162,527
State sources	66,084,084	-
Federal sources	5,861,754	-
Total revenues	132,896,223	8,867,793
Expenditures:		
Current:		
Instruction:		
Regular instruction	58,986,309	-
Special instruction	32,114,669	-
Other instruction	1,657,331	-
	92,758,309	-
Support services:		
Student services	4,464,944	-
Instructional services	7,409,098	-
Administration services	11,010,524	-
Operation and maintenance	12,357,817	230,018
Transportation services	4,327,403	1,073,528
	39,569,786	1,303,546
Noninstructional programs	34,326	-
Other, AEA flowthrough	5,193,678	-
Capital outlay	-	10,228,456
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
	-	-
Total expenditures	137,556,099	11,532,002
Excess (deficiency) of revenues over expenditures	(4,659,876)	(2,664,209)
Other financing sources (uses):		
Transfers in	-	-
Transfers out	(182,000)	-
Proceeds from sale of capital assets	-	7,621
Total other financing sources (uses)	(182,000)	7,621
Net change in fund balances	(4,841,876)	(2,656,588)
Fund balances, beginning of year	18,580,730	5,694,112
Fund balances, end of year	\$ 13,738,854	\$ 3,037,524

See Notes to Basic Financial Statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 7,200,940	\$ 73,070,593
-	-	1,886,426
103,227	2,971,079	5,136,405
11,100,643	-	77,184,727
-	-	5,861,754
11,203,870	10,172,019	163,139,905
-	892,330	59,878,639
-	-	32,114,669
-	2,698,129	4,355,460
-	3,590,459	96,348,768
-	-	4,464,944
-	-	7,409,098
-	568,030	11,578,554
-	992,434	13,580,269
-	325,118	5,726,049
-	1,885,582	42,758,914
508,386	-	542,712
-	-	5,193,678
13,265,770	-	23,494,226
-	2,885,000	2,885,000
-	417,400	417,400
-	3,302,400	3,302,400
13,774,156	8,778,441	171,640,698
(2,570,286)	1,393,578	(8,500,793)
-	182,000	182,000
-	-	(182,000)
-	-	7,621
-	182,000	7,621
(2,570,286)	1,575,578	(8,493,172)
27,092,187	2,153,234	53,520,263
\$ 24,521,901	\$ 3,728,812	\$ 45,027,091

Iowa City Community School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2014**

Net change in fund balances, total governmental funds		\$ (8,493,172)
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, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlay exceeds depreciation expense in the period:		
Capital outlay	\$ 19,092,591	
Depreciation expense	<u>(4,816,904)</u>	14,275,687
Proceeds from sale of capital assets		(7,621)
Gain on sale of capital assets		4,571
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred revenues.		43,199
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		
Repayment of long-term liabilities		2,885,000
Interest on long-term debt in the statement of activities differs from the amount reported in governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
		6,587
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Change in other postemployment benefits	(320,693)	
Change in early retirement	(2,015,770)	
Change in compensated absences	<u>(98,119)</u>	(2,434,582)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position in the internal service fund is reported with governmental activities in the statement of activities.		
		(275,127)
Change in Internal Service Fund allocation to business-type activities.		(15,987)
Amortization of bond premium and deferred amount on refunding.		210,685
Change in net position of governmental activities		<u><u>\$ 6,199,240</u></u>

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Net Position
 Proprietary Funds
 June 30, 2014

	Nonmajor Enterprise Fund - School Nutrition	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,186,649	\$ 18,447,894
Due from other governments	60,403	-
Due from other funds	43,845	-
Inventories	67,567	-
Prepaid expenses and deposits	62,919	-
Total current assets	2,421,383	18,447,894
Noncurrent assets, capital assets, net of accumulated depreciation	528,075	-
Total assets	\$ 2,949,458	\$ 18,447,894
Liabilities		
Current liabilities:		
Accounts payable	\$ 18,548	\$ 34,104
Salaries and benefits payable	236,859	-
Due to other funds	-	419
Grant revenues, unearned	7,327	-
Claims payable	-	2,027,725
Early retirement	-	149,126
Total current liabilities	262,734	2,211,374
Noncurrent liabilities, early retirement	-	130,167
Total liabilities	262,734	2,341,541
Net Position		
Investment in capital assets	528,075	-
Unrestricted	2,158,649	16,106,353
Total net position	2,686,724	16,106,353
Total liabilities and net position	\$ 2,949,458	\$ 18,447,894
Total enterprise funds net position	\$ 2,686,724	
Amounts reported for business-type activities in the statement of net position are different because:		
Internal service funds are used by management to charge the costs of certain services to individual funds. Certain assets and liabilities of the internal service funds are included in business-type activities in the statement of net position.	825,315	
Net position of business-type activities	\$ 3,512,039	

See Notes to Basic Financial Statements.

Iowa City Community School District

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2014**

	Nonmajor Enterprise Fund - School Nutrition	Internal Service Fund
Operating revenue:		
Charges for services:		
Food sales	\$ 2,260,342	\$ -
Internal service charges	-	9,618,930
Employee contributions	-	2,773,448
Total operating revenue	2,260,342	12,392,378
Operating expenses:		
Food consumed	2,498,898	-
Salaries and benefits	2,151,542	-
Supplies, services and repairs	317,898	-
Administration expense	60,000	-
Depreciation	86,403	-
Food and meal delivery:		
Salaries and benefits	358,286	-
Truck expenses	8,400	-
Depreciation	26,513	-
Claims, losses and administrative fees	-	12,672,604
Other	-	85,500
Total operating expenses	5,507,940	12,758,104
Operating (loss)	(3,247,598)	(365,726)
Nonoperating revenues:		
Federal appropriations	2,590,176	-
State appropriations	37,441	-
Federal food commodities	301,508	-
Interest income	10,127	90,599
Total nonoperating revenues	2,939,252	90,599
Changes in net position	(308,346)	(275,127)
Net position, beginning of year	2,995,070	16,381,480
Net position, end of year	\$ 2,686,724	\$ 16,106,353

See Notes to Basic Financial Statements.

Iowa City Community School District

**Reconciliation of Changes in Net Position of Enterprise Funds to the
Statement of Activities
Year Ended June 30, 2014**

Net changes in net position in enterprise funds.	\$ (308,346)
Amounts reported for proprietary activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with business-type activities.	15,987
Change in net position of business-type activities	<u><u>\$ (292,359)</u></u>

See Notes to Basic Financial Statements.

Iowa City Community School District

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014**

	Nonmajor Enterprise Fund - School Nutrition	Internal Service Fund
Cash flows from operating activities:		
Cash received from sales of breakfasts and lunches	\$ 2,260,342	\$ -
Cash received from charges for service	-	9,618,930
Cash received from employees for benefits	-	2,773,448
Cash payments to suppliers for goods and services	(2,585,413)	(85,500)
Cash payments to employees for services	(1,764,773)	-
Cash payments for employee benefits	(724,366)	-
Cash payments for claims, losses and administrative fees	-	(12,335,098)
Net cash used in operating activities	(2,814,210)	(28,220)
Cash flows from noncapital financing activities:		
Operating grants received	2,567,214	-
Proceeds from (payments to) interfund accounts	(45,291)	419
Net cash provided by noncapital financing activities	2,521,923	419
Cash flows from capital and related financing activities, acquisition of capital assets		
	(63,944)	-
Cash flows from investing activities, interest on cash and cash equivalents		
	10,127	90,599
Net increase (decrease) in cash and cash equivalents	(346,104)	62,798
Cash and cash equivalents:		
Beginning	2,532,753	18,385,096
Ending	\$ 2,186,649	\$ 18,447,894
Operating loss	\$ (3,247,598)	\$ (365,726)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	112,916	-
Federal food commodities consumed	301,508	-
Change in assets and liabilities:		
Increase in purchased inventory	(1,382)	-
Increase in prepaid expenses and deposits	(4,406)	-
Increase in accounts payable	4,063	34,104
Increase in salaries and benefits payable	20,689	-
Increase in claims payable	-	500,675
Decrease in early retirement	-	(197,273)
Total adjustments	433,388	337,506
Net cash used in operating activities	\$ (2,814,210)	\$ (28,220)
Noncash item, noncapital financing activities, food commodities donated to the District from the U.S. Department of Agriculture		
	\$ 301,508	\$ -

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

	Private Purpose Trust Fund		Agency Funds
	Winbigler Estate Trust Fund		
Assets , cash and cash equivalents and investments	\$ 71,550	\$	372,434
Liabilities , due to private individuals	-		372,434
Net Position , restricted for needs of students in need of financial assistance	\$ 71,550	\$	-

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2014

	Private Purpose Trust Fund
	<u>Winbigler Estate Trust Fund</u>
Net position held in trust, beginning of year	\$ 71,550
Net position held in trust, end of year	<u>\$ 71,550</u>

See Notes to Basic Financial Statements.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies

Nature of operations:

The Iowa City Community School District (the District) is a political subdivision of the state of Iowa and operates public schools for children in grades pre-school through twelve. The geographic area served includes the cities of Iowa City, Coralville, University Heights, Hills and North Liberty and the surrounding predominately agricultural territory in central Johnson County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

Reporting entity:

For financial reporting purposes, the Iowa City Community School District has included all funds, organizations, agencies, boards, commissions and authorities for which the District is financially accountable. 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 (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on the organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. In addition, the GASB issued Statement No. 39, which sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the Organization and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, the District is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these basic financial statements.

The District participates in several jointly governed organizations for which the District is not financially accountable or that the nature and significance of the relationship with the District are such that exclusion does not cause the District's financial statements to be misleading or incomplete. Among those organizations are the Johnson County Conference Board, Iowa City Conference Board, Johnson County Compensation Board and the Iowa City Assessors Examining Board.

Significant accounting policies:

Government-wide financial statements: The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. 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 services.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The statement of net position presents the District's nonfiduciary assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position.

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 government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows/outflows of resources, reserves, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities and deferred inflows/outflows of resources is reported as fund balance. The following is the District's major governmental funds:

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. The general operating expenses of the District, including instructional, support and other costs, are paid from the fund.

Physical Plant and Equipment Levy Fund: a capital projects fund, accounts for the property taxes levied and collected by the District to be used for the purchase and improvement of grounds; purchase, construction and remodeling of buildings; and major equipment purchases.

Capital Projects Fund: a capital projects fund, is used to account for all resources restricted for the acquisition and construction of major capital facilities as authorized by the voters in the District. Revenues of the Fund primarily consist of local sales taxes.

The other governmental funds of the District are considered nonmajor and are as follows:

Special Revenue Funds: Accounts for the revenue sources that are legally restricted to expenditures for specific purposes.

Management Fund: Accounts for property taxes levied and collected which are restricted for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Student Activity Fund: Accounts for money held by the District which is restricted on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular or extracurricular activities of the District.

Debt Service Fund: Accounts for property taxes levied and collected for the payment of general long-term debt principal, interest and related costs.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing operations and activities which are similar to those often found in the private sector. They are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Enterprise Funds: Enterprise funds are used to account for those operations for which a fee is charged to extend users for goods and/or services. The following enterprise fund of the District is considered nonmajor.

School Nutrition Fund: Accounts for the food service operations of the District.

Internal Service Fund: The Internal Service Fund is used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District's Internal Service Fund is used to account for the premium and claim payments for the self-insured health insurance and dental plan for District employees and retirees.

The District also reports the following fiduciary fund types:

Private Purpose Trust Fund: This fund is utilized to account for assets held by the District in a fiduciary capacity according to the terms of the donor's request of granting scholarships at City High School.

Agency Funds: These funds are utilized to account for assets held by the District in the fiduciary capacity as an agent on behalf of others. The Agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Agency funds of the District include:

Flexible benefits account: for the District's flexible benefit plan activity.

School children's aid: for providing services to at risk students at any District building.

Opportunity funds: for providing services to at risk families in two District elementary buildings.

School based health clinics: partnerships with local medical community to provide health services to at risk children.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the "economic resources measurement focus." The proprietary and private purpose trust fund financial statements are reported using the accrual basis of accounting. Agency funds follow the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

Property tax when levied for, intergovernmental revenues when eligibility requirements have been met (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be measurable and are recognized as revenue, if available. All other revenue items are recognized 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, early retirement payments, other postemployment benefits 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 financing and capital leases are reported as other financing sources.

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

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 proprietary funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets and claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and cash equivalents: The cash balances of most District funds are nonpooled and separately invested. Cash investments in the Iowa Schools Joint Investment Trust, nonnegotiable certificates of deposit and IPAS Education Money Market Fund are stated at amortized cost which approximates fair value.

Iowa City Community School District

Notes to Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies
(Continued)**

The IPAS Education Money Market Fund is a “money market fund” that seeks to maintain a stable net asset value of \$1.00 per share. The Fund qualifies as a legal investment for the District under Iowa law.

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 date of purchase have a maturity date of no more than three months.

Property tax and income surtax receivable: Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Education.

Current year property tax receivable represents unpaid taxes related to April 2013 levy certification. Property taxes become due and collectible in September and March of the following fiscal year with a 1½ percent per month penalty for delinquent payments. This tax levy is based on January 1, 2012 assessed property valuations and is revenue for fiscal year ended June 30, 2014.

The succeeding year property tax receivable represents taxes certified by the Board of Education in April 2014. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. The tax asking represents a lien which is effective on the first day of that calendar year. Although the succeeding year property tax receivable has been recorded, the related revenue is a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year ended June 30, 2015, the year for which it is levied.

The income surtax receivable represents the fiscal year 2014 levy which will be collected by the District in fiscal year 2015. Although the income surtax receivable has been recorded as of June 30, 2014, the related revenue is a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year ended June 30, 2015, the year for which it is levied.

Due from other governments: Due from other governments represent amounts due from the state of Iowa, University of Iowa, other school districts, and other various grants, reimbursements and shared revenues.

	General	Capital Projects	Nonmajor Enterprise
Due from other governments:			
Federal	\$ 928,220	\$ -	\$ 60,403
State	372,649	-	-
Local option sales tax	-	1,757,129	-
Other	899,788	-	-
	<u>\$ 2,200,657</u>	<u>\$ 1,757,129</u>	<u>\$ 60,403</u>

Prepaid expenses items: Prepaid expenses consist primarily of health and dental costs paid for the succeeding year and are recorded as prepaid expenses in both government-wide and fund financial statements on the consumption method.

Inventories: Inventories of the enterprise fund consist of food and supplies. The inventories are valued on a first-in, first-out basis, with purchased inventory valued at cost and government-contributed commodities valued at the contributed value as of the date received. Unused commodities at balance sheet date are reported as inventory.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

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

<u>Description</u>	<u>Threshold</u>
Buildings and improvements other than buildings	\$ 2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500
Vehicles	2,500

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment:	
School Nutrition Fund equipment	12 years
Other furniture and equipment	5 years
Vehicles:	
School Nutrition Fund vehicles	5 years
Other vehicles	7 years

The District's collection of library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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. Incurred but unpaid payroll expense for all employees as of June 30, 2014, has also been accrued as a liability as of June 30, 2014.

Unearned revenue: Unearned revenue consists of unspent grant proceeds.

Deferred outflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Deferred inflows of resources: In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from four sources: property taxes, income surtax, sales tax and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, only the property tax and income surtax revenues remain under the full accrual basis of accounting and will become an inflow in the year for which the taxes are levied.

Compensated absences: District employees with a contract of 200 days or more accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired which is considered due. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Self-insurance: The District is self-insured for health and dental benefits. The District's premiums and claims are accounted for in the Internal Service Fund. Premiums are charged by the Internal Service Fund to operating funds based upon number of employees and selected coverage in each fund.

Long-term liabilities: In the governmental fund financial statements, principal and interest on long-term debt, early retirement payments, other postemployment benefits and compensated absences are recognized as liabilities only when payment has matured, or become due. Governmental fund types recognize bond premiums through current year operations. The face amount of debt issued is reported as other financing sources. Premiums/discounts received on debt issuances are reported as other financing sources/uses. Principal payments and bond issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position. As of June 30, 2014, the District did not have any long-term obligations related to its business-type activities. Bond premiums and deferred amount on refunding are amortized over the life of the contracts using a method which approximates the effective interest method. Bond issuance costs are recognized as an expense in the period they are incurred.

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

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or 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 pursuant to constraints formally imposed by the District's 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 through resolution.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Assigned: Amounts constrained by the District's intent to use them for a specific purpose. It is the District's policy that the authority to assign fund balance has been delegated by the District's Board of Education to the Chief Financial Officer.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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

Net position: Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets and also excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted through enabling legislation consists of \$2,179,377 for management levy, \$27,559,425 for the capital improvements and equipment, \$1,492,512 for student activities and \$28,962 for debt service.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund activity: Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgets and budgetary control: As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of functional areas as required by state statute for its legally adopted budget.

Iowa City Community School District

Notes to Basic Financial Statements

Note 2. Cash and Investments

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within 397 days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within 15 months of receipt.

As of June 30, 2014, the District's investment balances and maturities were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
Iowa Schools Joint Investment Trust	\$ 3	\$ 3	\$ -	\$ -	\$ -
IPAS Education Money Market Fund	22,710,028	22,710,028	-	-	-
	<u>\$ 22,710,031</u>	<u>\$ 22,710,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk: The Board authorizes the District to invest funds in excess of current needs in interest-bearing savings, money market and checking accounts at the District's authorized depositories; the Iowa Schools Joint Investment Trust Program; obligations of the United States governments, its agencies and instrumentalities; and certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions. The IPAS Education Money Market Fund meets the requirements of SEC Rule 2a-7, is not rated, but is registered with the SEC. The Iowa Schools Joint Investment Trust is rated Aaa with Moody's Investor Services, but not registered with the SEC. The District's policy does not further limit the District's investments in relation to credit risk.

The IPAS Education Money Market Fund and Iowa Schools Joint Investment Trust are valued at an amortized cost of \$22,710,031 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Concentration of credit risk: The District's general investment policy is to apply the prudent-person rule: In making investments, the District shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use to meet the goals of the investment program.

The investments in Iowa Schools Joint Investment Trust and IPAS Education Money Market Fund are not subject to concentration of credit risk.

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default.

It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12c of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

Iowa City Community School District

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

As of June 30, 2014, the District's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds. As of June 30, 2014, none of the District's deposit bank balance or investments were exposed to custodial credit risk.

Note 3. Interfund Receivables and Payables

Individual interfund receivable and payable balances as of June 30, 2014, are as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Enterprise Fund, School Nutrition Fund	Major Fund, General Fund	\$ 43,845
Major Fund, General Fund	Major Fund, Physical Plant and Equipment Levy Fund	150,766
Major Fund, General Fund	Major Fund, Capital Projects Fund	8,347
Major Fund, General Fund	Nonmajor Fund, Student Activity Fund	64,085
Major Fund, General Fund	Internal Service Fund	419
		\$ 267,462

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note 4. Interfund Transfers

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

Transfer To	Transfer From	Amount
Nonmajor Governmental Fund, Special Revenue Fund, Student Activity	Major Fund, General Fund	\$ 182,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Iowa City Community School District

Notes to Basic Financial Statements

Note 5. Capital Assets

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

Governmental Activities	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
Capital assets not being depreciated:				
Land	\$ 4,454,141	\$ 3,120,420	\$ -	\$ 7,574,561
Construction-in-progress	6,077,694	6,901,118	6,053,568	6,925,244
Total capital assets not being depreciated	10,531,835	10,021,538	6,053,568	14,499,805
Capital assets being depreciated:				
Buildings	175,097,767	12,758,636	-	187,856,403
Improvements other than buildings	12,614,190	1,397,388	-	14,011,578
Furniture, equipment and vehicles	18,740,678	968,597	51,749	19,657,526
Total capital assets being depreciated	206,452,635	15,124,621	51,749	221,525,507
Less accumulated depreciation for:				
Buildings	52,195,884	3,489,448	-	55,685,332
Improvements other than buildings	5,205,269	530,144	-	5,735,413
Furniture, equipment and vehicles	16,867,760	797,312	48,699	17,616,373
Total accumulated depreciation	74,268,913	4,816,904	48,699	79,037,118
Total capital assets being depreciated, net	132,183,722	10,307,717	3,050	142,488,389
Governmental activities capital assets, net	\$ 142,715,557	\$ 20,329,255	\$ 6,056,618	\$ 156,988,194
Business-Type Activities				
Furniture, equipment and vehicles	\$ 1,343,851	\$ 63,944	\$ -	\$ 1,407,795
Less accumulated depreciation	766,804	112,916	-	879,720
Business-type activities capital assets, net	\$ 577,047	\$ (48,972)	\$ -	\$ 528,075

Iowa City Community School District

Notes to Basic Financial Statements

Note 5. Capital Assets (Continued)

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 3,121,617
Special	485,161
Other	355,266

Support services:

Instructional services	875
Administration services	544,889
Operation and maintenance	278,642

4,786,450

Unallocated depreciation, excluding direct depreciation

30,454

Total governmental activities depreciation expense

\$ 4,816,904

Business-type activities, nutritional services

\$ 112,916

Note 6. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ 15,165,000	\$ -	\$ 2,885,000	\$ 12,280,000	\$ 2,935,000
Premium on general obligation bonds	883,419	-	288,943	594,476	-
Early retirement	1,355,862	2,895,065	1,076,569	3,174,358	3,044,191
Other postemployment benefits	1,021,000	754,900	434,207	1,341,693	-
Compensated absences	665,183	809,484	711,365	763,302	763,302
Total	<u>\$ 19,090,464</u>	<u>\$ 4,459,449</u>	<u>\$ 5,396,084</u>	<u>\$ 18,153,829</u>	<u>\$ 6,742,493</u>

Early retirement: The District provided early retirement incentives for certain employees who met certain qualifications as established by the Board of Education. The cost of the incentives is borne by the District in whole. Eligible participants cannot, and do not, contribute to the incentive program.

Early retirement participation is based on the following criteria:

1. It is available to employees who are at least 55 years of age. The Board of Directors reserves the right to limit the number of early retirements.
2. The employee has completed at least fifteen (15) years of service to the District and has been actively employed during the school year that they request early retirement benefits. For the year ended June 30, 2014 only, the incentive was expanded to include employees with 7-15 years of service.

Iowa City Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

3. The employee must be eligible for the receipt of IPERS retirement benefits or allowance pursuant to Chapter 97B of the Code of Iowa.
4. The employee submits a written notification of their intent to apply for early retirement benefits prior to March 1 in the year the early retirement is to begin.
5. The benefits offered to District employees shall be a District contribution to a Special Pay Deferral Plan (SPDP) of 50 – 85 percent of current year's base salary depending on years of service and calculated on the average full time equivalence (FTE) during the years of service.

During the year ended June 30, 2014, 63 District employees requested early retirement, to be payable during the year ending June 30, 2015. The benefits to be paid to these employees will be made in October 2014 and January 2015 and total \$2,895,065 to be generally liquidated from the Management Fund. During the year ended June 30, 2014, the District paid \$892,330 of early retirement benefits approved during the year ended June 30, 2013 from the Management Fund. In addition, \$279,293 of insurance benefits is accrued in the Health Self Insurance Internal Service Fund.

Compensated absences: Compensated absences are generally liquidated by the General Fund. The District's liability for compensated absences is expected to be utilized or paid out within one year.

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

On March 29, 2012, the District issued \$4,480,000 in General Obligation Refunding Bonds, Series 2012A maturing June 1, 2013 through June 1, 2018 with an interest rate of 2 percent to currently refund the \$4,630,000 balance of the previously issued General Obligation Bonds, Series 2003 with interest rates from 3.400 percent to 3.875 percent.

Year Ending June 30,	General Obligation Refunding Bonds - Series 2012A		
	Interest Rates	Principal	Interest
2015	2.00%	\$ 725,000	\$ 60,100
2016	2.00	740,000	45,600
2017	2.00	760,000	30,800
2018	2.00	780,000	15,600
		<u>\$ 3,005,000</u>	<u>\$ 152,100</u>

Iowa City Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

On March 29, 2012, the District issued \$11,410,000 in General Obligation Refunding Bonds, Series 2012B maturing June 1, 2014 through June 1, 2018 with an interest rate of 3 percent to advance refund, on June 1, 2013, \$12,000,000 of the outstanding General Obligation Bonds, Series 2004 with interest rates at 4.00 percent. The net proceeds related to the partial refunding of \$12,376,759 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the General Obligation Bonds, Series 2004 being refunded.

Year Ending June 30,	General Obligation Refunding Bonds - Series 2012B		
	Interest Rates	Principal	Interest
2015	3.00%	\$ 2,210,000	\$ 278,250
2016	3.00	2,285,000	211,950
2017	3.00	2,355,000	143,400
2018	3.00	2,425,000	72,750
		<u>\$ 9,275,000</u>	<u>\$ 706,350</u>

As of June 30, 2014, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 8,149,488,212</u>
Debt limit, 5% of total assessed valuation	\$ 407,474,411
Amount of debt applicable to debt limitation, general obligation bonds	<u>12,280,000</u>
Excess of debt limit over debt outstanding, legal debt margin	<u>\$ 395,194,411</u>

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. The State has the authority to amend in addition to establishing benefits. 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.

For the fiscal year ended June 30, 2014, plan members were required to contribute 5.95 percent of their annual covered salary and the District was required to contribute 8.93 percent of annual covered payroll. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$7,930,746, \$7,093,021 and \$6,149,781, respectively, equal to the required contributions for each year.

Iowa City Community School District

Notes to Basic Financial Statements

Note 8. Risk Management

The Iowa City 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.

Workers' Compensation, Property, General Liability and Other Insurance

The District is a member of the Iowa Public School Insurance Program (IPSIP), a public entity risk pool formed in July of 2012 between certain Iowa school districts, created in accordance with Chapter 28E of the Code of Iowa. The purpose of IPSIP is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections so as to effectively manage and contain costs for insurance coverage and related administration. IPSIP has approximately ten members as of July 1, 2013. IPSIP is governed by a six-member board of directors elected by the members of IPSIP. The District has no direct control over budgeting, financing, the governing body or management selection.

IPSIP is not intended to function as an insurance company for the participants; rather, it is a means of combining the administration of claims and of obtaining lower insurance rates through the creation of a self-insurance pool and through the purchase of commercial insurance. The District's participation in IPSIP represents a risk-sharing pool as defined by GASB Statement No. 10 in which the District pools its risks and funds with other members and shares in the cost of losses. The District is required to make annual payments, which are determined by IPSIP, based upon its direct proportion to the pro rata share of insurance costs for coverage administered by IPSIP. IPSIP may require the participating Districts to make supplemental payments if the funds on hand are insufficient to pay expenses of the administration of IPSIP. The District was not required to make any supplemental payments to IPSIP in fiscal years 2014 or 2013. Payments to IPSIP by the District in order to maintain adequate insurance coverage in fiscal year 2014 was \$842,350.

Employee Health Insurance

During the year ended June 30, 2014, employees of the District were covered by the District's health and dental self-insurance plan. The contributions made by the District are part of the negotiated agreements with specific employee groups. Employees authorize payroll withholdings to pay contributions for dependents or increased coverage. Claims were paid by a third-party administrator acting on behalf of the District. The plans are authorized by Chapter 509A of the Code of Iowa.

The administrative contract between the District and the third-party administrator is renewable annually and administrative fees and stop loss premiums are included in the contractual provisions. In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop loss coverage from a private insurance company. Stop loss coverage was in effect for individual claims that exceeded \$250,000 and for an aggregate amount of 125 percent of expected claims.

Iowa City Community School District

Notes to Basic Financial Statements

Note 8. Risk Management (Continued)

All claim handling procedures are performed by an independent claims administrator. Liabilities are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Recognized liabilities include a provision for all estimated claims incurred but not reported. Changes in the medical claims liability amounts for the years ended June 30, 2014 and 2013 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claims Payments	Ending
Health:				
2014	\$ 1,527,050	\$ 11,931,312	\$ 11,430,637	\$ 2,027,725
2013	1,314,235	8,686,083	8,473,268	1,527,050

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of media, educational services and special education services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$5,193,678 for the year ended June 30, 2014. The District's actual constructive revenue and constructive expenses are included in the General Fund.

Note 10. Commitments

As of June 30, 2014, the District had outstanding construction commitments totaling approximately \$28,403,326.

Note 11. Nonvested Employee Benefits

District employees accumulate sick leave hours for subsequent use. Sick leave is payable only when used and can be carried over in limited amounts for use in future years. The contingent liability for this sick leave is approximately \$23,900,000 as of June 30, 2014. This liability does not vest and is not included as a liability in the statement of net position. This contingent liability has been computed based on rates of pay as of June 30, 2014.

Note 12. Lease Commitments

The District leases a building in Iowa City, Iowa, several special education classrooms, temporary classrooms, a daycare building and land under various leases as of June 30, 2014. Rental expense during the year ended June 30, 2014 was \$49,319.

Lease commitments as of June 30, 2014, for these leases are as follows:

Year ending June 30:

2015	\$ 7,391
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Iowa City Community School District

Notes to Basic Financial Statements

Note 13. Contingencies

As of June 30, 2014, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time; however, management does not believe they will be material to the basic financial statements.

Note 14. Jointly Governed Organization

The District is a member of a cooperative agreement with the City of Coralville, Iowa organized under 28E of the Code of Iowa to provide for the operation of a joint swimming pool facility. The mayor of the City of Coralville, Iowa is designated as the administrator of the agreement. Under the agreement, the District is responsible for 30 percent of the City's costs and expenses in operating and maintaining the facility payable monthly throughout the year. For the fiscal year 2014, monthly payments were approximately \$7,100 per month.

Note 15. Other Postemployment Benefits (OPEB)

Plan description: As required under Iowa Code Chapter 509A-3, the District provides postemployment health benefits through a single employer defined benefit plan. Health benefits include medical, prescription drug and dental. The benefits are provided until the participant is Medicare eligible, are self-insured by the District and administered through First Administrators, Inc. The District does not offer any voluntary postretirement benefits. The plan does not issue a stand-alone financial report

All participants of the postemployment medical, dental and prescription drug plan are required to contribute an amount equal to the premium equivalent. Since the premium equivalent is developed from the claims experience of active employee and retiree lives, an implicit subsidy is provided to retirees and their spouses. The implicit subsidy results from a lower premium equivalent to what a retiree would otherwise pay had the claims experience been based just on retiree health claims.

Funding policy: The current funding policy of the District is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45. The District establishes and amends contribution requirements annually.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2014, the District contributed \$390,000. Contributions are required for both retiree and dependent coverage. The active and retiree premium equivalents effective April 1, 2013, are provided in the tables below:

Medical Benefit:

Rate Tier:

Retiree only	\$	560.00
Retiree + Family		1,165.00

Dental Benefit:

Rate Tier:

Retiree only		29.50
Retiree + Family		89.50

Iowa City Community School District

Notes to Basic Financial Statements

Note 15. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB cost and net OPEB obligation: The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the 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, the amount actuarially contributed to the plan and changes in the District's annual OPEB obligation:

Annual required contribution	\$ 709,000
Interest on net OPEB obligation	45,900
Adjustment to annual required contribution	(44,207)
Annual OPEB cost (expense)	<u>710,693</u>
Contributions and payments made	<u>390,000</u>
Increase in net OPEB obligation	320,693
Net OPEB obligation July 1, 2013	<u>1,021,000</u>
Net OPEB obligation June 30, 2014	<u><u>\$ 1,341,693</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2014 and the two preceding years follows.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2012	\$ 812,000	71%	\$ 609,541
06/30/2013	713,459	42	1,021,000
06/30/2014	710,693	55	1,341,693

Funded status and funding progress: As of July 1, 2012, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$5,125,000 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$5,125,000. The covered payroll (annual payroll of active employees covered by the plan) was \$90,327,104 and the ratio of the UAAL to the covered payroll was 5.67 percent.

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. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Iowa City Community School District

Notes to Basic Financial Statements

Note 15. Other Postemployment Benefits (OPEB) (Continued)

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in 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 that are 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.

In the July 1, 2012, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.5 percent investment rate of return, health care cost trend rate of 10 percent reduced 0.5 percent each year until reaching the ultimate rate of 5 percent. The UAAL is being amortized as level percentage of projected payroll on the open basis. The amortization of UAAL is over a period of 30 years.

Note 16. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications. The details for the District's fund balances are as follows:

Fund Balances:	General	Physical Plant and Equipment Levy	Capital Projects	Nonmajor Governmental	Total
Nonspendable, prepaids	\$ 1,174,203	\$ -	\$ -	\$ -	\$ 1,174,203
Restricted:					
Categorical funding:					
Gifted and talented program	544,409	-	-	-	544,409
Home school assistance program	712,818	-	-	-	712,818
Supplemental weighting	130,709	-	-	-	130,709
Drop out prevention	511,519	-	-	-	511,519
State preschool	28,180	-	-	-	28,180
Beginning Teacher	12,615	-	-	-	12,615
Teacher salary supplement	665,142	-	-	-	665,142
Teacher quality market factor	18,312	-	-	-	18,312
State class size reduction	39,977	-	-	-	39,977
Rec Ed programs	126	-	-	-	126
State mentoring	17,581	-	-	-	17,581
Teacher Leadership	52,393	-	-	-	52,393
Early Literacy	118,859	-	-	-	118,859
Teacher quality-core curriculum	414,138	-	-	-	414,138
Teacher quality	302,179	-	-	-	302,179
Teacher quality market factor 2008	6,245	-	-	-	6,245
Debt service	-	-	-	57,158	57,158
Management levy purposes	-	-	-	2,179,377	2,179,377
Student activities	-	-	-	1,492,277	1,492,277
Capital improvements and equipment	-	3,037,524	24,521,901	-	27,559,425
Total restricted	3,575,202	3,037,524	24,521,901	3,728,812	34,863,439
Assigned, general government, building carryover balances	877,237	-	-	-	877,237
Unassigned	8,112,212	-	-	-	8,112,212
Total fund balances	\$ 13,738,854	\$ 3,037,524	\$ 24,521,901	\$ 3,728,812	\$ 45,027,091

Iowa City Community School District

Notes to Basic Financial Statements

Note 17. Pending Governmental Accounting Standards Board (GASB) Statements

As of June 30, 2014, the GASB had issued several Statements not yet implemented by the District. The Statements which will impact the District are as follows:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Under GASB Statement No. 68, each employer in a multiple-employer defined benefit cost-sharing plan will record a previously unrecorded liability representing their “proportionate share” of the plan’s net pension liability. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, issued November 2013, will be effective for the District beginning with its year ending June 30, 2015. This Statement eliminates a potential source of understatement of restated beginning net position and expense in a government’s first year of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. To correct this potential understatement, Statement 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.

The District’s management has not yet determined the effect these Statements will have on the District’s financial statements.

Note 18. Subsequent Event

In November 2014, the Board of Education approved the sale of \$9,655,000 of general obligation school capital loan notes, the proceeds of which will be utilized to finance various school improvements and other capital projects. The notes will mature from June 2015 through 2025 and are scheduled to be issued in December 2014. The notes will be repaid from the existing property tax levy of the Physical Plant and Equipment Levy through June 2025. Moody’s Investor Services assigned an Aaa rating on these notes.

Iowa City Community School District

**Required Supplementary Information
Other Postemployment Benefit Plan**

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	07/01/2010	\$ -	\$ 4,441,000	\$ 4,441,000	- %	\$ 76,255,574	5.82%
2013	07/01/2012	-	5,125,000	5,125,000	-	84,523,708	6.06
2014	07/01/2012	-	5,125,000	5,125,000	-	90,327,104	5.67

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of July 1, 2012. Additional information follows:

- The cost method used to determine the ARC is the projected unit credit actuarial cost method.
- Economic assumptions are as follows: health care cost trend rate of 10 percent with an ultimate rate of 5 percent, discount rate of 4.5 percent.
- The amortization method is open basis as a level percentage of projected payroll.

Iowa City Community School District

Required Supplementary Information
 Budgetary Comparison Schedule
 All Governmental Funds and Enterprise Fund
 Year Ended June 30, 2014

	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
Revenues:			
Local sources	\$ 80,093,424	\$ 2,270,469	\$ 82,363,893
State sources	77,184,727	37,441	77,222,168
Federal sources	5,861,754	2,891,684	8,753,438
Total revenues	163,139,905	5,199,594	168,339,499
Expenditures:			
Instruction	96,348,768	-	96,348,768
Support services	42,758,914	-	42,758,914
Noninstructional programs	542,712	5,507,940	6,050,652
Other expenditures	31,990,304	-	31,990,304
Total expenditures	171,640,698	5,507,940	177,148,638
Excess of revenues over (under) expenditures/expenses	(8,500,793)	(308,346)	(8,809,139)
Other financing sources, transfers, net	7,621	-	7,621
Net change in fund balances/net position	(8,493,172)	(308,346)	(8,801,518)
Fund balances/net position, beginning of year	53,520,263	2,995,070	56,515,333
Fund balances/net position, end of year	\$ 45,027,091	\$ 2,686,724	\$ 47,713,815

See Note to Required Supplementary Information.

Budgeted Amounts		Final to Actual Variance- Over (Under)
Original	Final	
\$ 93,242,027	\$ 93,242,027	\$ (10,878,134)
67,078,922	67,078,922	10,143,246
8,150,000	8,150,000	603,438
168,470,949	168,470,949	(131,450)
96,600,000	98,899,486	(2,550,718)
40,393,000	42,273,549	485,365
5,345,000	6,556,214	(505,562)
26,633,639	29,000,000	2,990,304
168,971,639	176,729,249	419,389
(500,690)	(8,258,300)	(550,839)
60,000	60,000	(52,379)
\$ (440,690)	\$ (8,198,300)	\$ (603,218)

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Iowa City Community School District

Note to Required Supplementary Information – Budgetary Reporting

The Board of Education annually adopts and certifies a budget by program which includes all funds except for internal service funds, agency funds and private-purpose trust funds on the GAAP basis following required public notice and hearing in accordance with the Code of Iowa. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund. These four functional areas are instruction, support services, noninstructional programs and other expenditures. The legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula (spending authority).

During the year ended June 30, 2014, the District adopted one budget amendment which increased the budgeted expenditures by \$7,757,610.

Iowa City Community School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue			Total Nonmajor Governmental Funds
	Management	Student Activity	Debt Service	
Assets				
Cash and cash equivalents and investments	\$ 2,156,213	\$ 1,722,360	\$ 43,196	\$ 3,921,769
Receivables:				
Property tax:				
Current year	16,621	-	13,962	30,583
Succeeding year	4,099,993	-	3,273,358	7,373,351
Other	6,543	-	-	6,543
Total assets	\$ 6,279,370	\$ 1,722,360	\$ 3,330,516	\$ 11,332,246
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 165,998	\$ -	\$ 165,998
Due to other funds	-	64,085	-	64,085
Total liabilities	-	230,083	-	230,083
Deferred inflows of resources, unavailable revenue - property tax	4,099,993	-	3,273,358	7,373,351
Fund balances, restricted	2,179,377	1,492,277	57,158	3,728,812
Total liabilities, deferred inflows of resources and fund balances	\$ 6,279,370	\$ 1,722,360	\$ 3,330,516	\$ 11,332,246

Iowa City Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2014

	Special Revenue			Total Nonmajor Governmental Funds
	Management	Student Activity	Debt Service	
Revenues:				
Local sources:				
Local tax	\$ 3,890,848	\$ -	\$ 3,310,092	\$ 7,200,940
Other	9	2,970,905	165	2,971,079
Total revenues	3,890,857	2,970,905	3,310,257	10,172,019
Expenditures:				
Current:				
Instruction:				
Regular	892,330	-	-	892,330
Other instruction	-	2,698,129	-	2,698,129
Support services:				
Administration services	567,030	-	1,000	568,030
Operations and maintenance	978,481	13,953	-	992,434
Transportation services	-	325,118	-	325,118
Debt service:				
Principal	-	-	2,885,000	2,885,000
Interest and fiscal charges	-	-	417,400	417,400
Total expenditures	2,437,841	3,037,200	3,303,400	8,778,441
Excess (deficiency) of revenues over expenditures	1,453,016	(66,295)	6,857	1,393,578
Other financing sources, transfers in	-	182,000	-	182,000
Net change in fund balances	1,453,016	115,705	6,857	1,575,578
Fund balances, beginning of year	726,361	1,376,572	50,301	2,153,234
Fund balances, end of year	\$ 2,179,377	\$ 1,492,277	\$ 57,158	\$ 3,728,812

Iowa City Community School District

**Statement of Changes in Fiduciary
Assets and Liabilities - Agency Funds
Year Ended June 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Flexible Benefits Account				
Assets,				
cash and cash equivalents	\$ 238,333	\$ 1,052,196	\$ 1,020,748	\$ 269,781
Liabilities,				
due to private individuals	\$ 238,333	\$ 1,052,196	\$ 1,020,748	\$ 269,781
School Children's Aid				
Assets,				
cash and cash equivalents	\$ 16,972	\$ 21,803	\$ 15,312	\$ 23,463
Liabilities,				
due to private individuals	\$ 16,972	\$ 21,803	\$ 15,312	\$ 23,463
Opportunity Funds				
Assets,				
cash and cash equivalents	\$ 2,188	\$ -	\$ -	\$ 2,188
Liabilities,				
due to private individuals	\$ 2,188	\$ -	\$ -	\$ 2,188
School Based Health Clinics				
Assets,				
cash and cash equivalents	\$ 30,594	\$ 158,249	\$ 111,841	\$ 77,002
Liabilities,				
due to private individuals	\$ 30,594	\$ 158,249	\$ 111,841	\$ 77,002
Total Agency Funds				
Assets,				
cash and cash equivalents	\$ 288,087	\$ 1,232,248	\$ 1,147,901	\$ 372,434
Liabilities,				
due to private individuals	\$ 288,087	\$ 1,232,248	\$ 1,147,901	\$ 372,434

Iowa City Community School District

Statistical Section

Contents

The statistical section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	57 - 71
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	72 - 75
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	76 - 79
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	80 - 81
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	82 - 91

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

Iowa City Community School District

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2005	2006	2007
Governmental activities:			
Net investment in capital assets	\$ 47,646,574	\$ 60,614,632	\$ 64,933,021
Restricted	6,693,449	7,951,013	9,460,390
Unrestricted	15,542,661	7,670,949	6,659,080
Total governmental activities			
net position	\$ 69,882,684	\$ 76,236,594	\$ 81,052,491
Business-type activities:			
Net investment in capital assets	\$ 285,874	\$ 342,565	\$ 456,833
Unassigned	1,559,611	1,872,776	2,111,394
Total business-type activities			
net position	\$ 1,845,485	\$ 2,215,341	\$ 2,568,227
Primary government:			
Net investment in capital assets	\$ 47,932,448	\$ 60,957,197	\$ 65,389,854
Restricted	6,693,449	7,951,013	9,460,390
Unrestricted	17,102,272	9,543,725	8,770,474
Total primary government			
net position	\$ 71,728,169	\$ 78,451,935	\$ 83,620,718

							Fiscal Year	
2008	2009	2010	2011	2012	2013	2014		
\$ 73,555,648	\$ 80,393,020	\$ 93,159,408	\$ 103,461,937	\$ 118,552,457	\$ 127,010,427	\$ 144,275,207		
5,669,654	5,416,705	6,784,465	34,107,364	38,265,060	38,547,315	34,835,478		
17,882,764	32,018,847	33,609,893	20,434,179	26,988,542	28,366,297	21,012,594		
\$ 97,108,066	\$ 117,828,572	\$ 133,553,766	\$ 158,003,480	\$ 183,806,059	\$ 193,924,039	\$ 200,123,279		
\$ 496,000	\$ 490,509	\$ 498,303	\$ 434,533	\$ 372,306	\$ 577,047	\$ 528,075		
2,345,817	2,560,254	2,752,849	3,102,508	3,340,591	3,227,351	2,983,964		
\$ 2,841,817	\$ 3,050,763	\$ 3,251,152	\$ 3,537,041	\$ 3,712,897	\$ 3,804,398	\$ 3,512,039		
\$ 74,051,648	\$ 80,883,529	\$ 93,657,711	\$ 103,896,470	\$ 118,924,763	\$ 127,587,474	\$ 144,803,282		
5,669,654	5,416,705	6,784,465	34,107,364	38,265,060	38,547,315	34,835,478		
20,228,581	34,579,101	36,362,742	23,536,687	30,329,133	31,593,648	23,996,558		
\$ 99,949,883	\$ 120,879,335	\$ 136,804,918	\$ 161,540,521	\$ 187,518,956	\$ 197,728,437	\$ 203,635,318		

Iowa City Community School District

**Expenses, Program Revenues and Net (Expense) Revenue
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year		
	2005	2006	2007
Expenses:			
Governmental activities:			
Instruction	\$ 58,885,279	\$ 63,495,701	\$ 67,906,615
Support services:			
Student services	2,710,002	2,836,912	2,945,952
Instructional services	4,806,321	4,930,194	5,125,575
Administration services	8,410,711	8,047,884	8,663,947
Operation and maintenance of plant	7,891,471	9,251,147	10,391,249
Pupil transportation services	2,670,509	3,544,445	3,764,939
Other, primarily AEA flowthrough	4,101,623	5,055,519	5,998,900
Noninstructional programs	268,069	18,775	13,762
Interest on long-term debt	1,307,945	1,229,057	1,167,068
Total governmental activities expenses	91,051,930	98,409,634	105,978,007
Business-type activities, nutrition	2,941,497	3,205,272	3,451,139
Total primary government expenses	\$ 93,993,427	\$ 101,614,906	\$ 109,429,146
Program revenues:			
Governmental activities:			
Charges for services:			
Instruction	\$ 2,821,032	\$ 3,016,916	\$ 3,375,102
Support services	180,094	11,447	19,701
Operating grants and contributions	8,613,823	10,502,795	10,904,544
Capital grants and contributions	1,536,790	457,884	709,601
Total governmental activities program revenues	13,151,739	13,989,042	15,008,948
Business-type activities:			
Charges for services, nutrition	1,956,544	2,094,665	2,153,019
Operating grants and contributions	1,231,176	1,384,365	1,545,561
Capital grants and contributions	-	33,057	11,000
Total business-type program revenues	3,187,720	3,512,087	3,709,580
Total primary government program revenues	\$ 16,339,459	\$ 17,501,129	\$ 18,718,528
Net (expense) revenue:			
Governmental activities	\$ (77,900,191)	\$ (84,420,592)	\$ (90,969,059)
Business-type activities	246,223	306,815	258,441
Total primary government net expense	\$ (77,653,968)	\$ (84,113,777)	\$ (90,710,618)

							Fiscal Year	
2008	2009	2010	2011	2012	2013	2014		
\$ 75,311,719	\$ 80,135,420	\$ 85,736,202	\$ 88,288,063	\$ 91,391,355	\$ 100,951,730	\$ 104,733,457		
3,151,173	3,410,990	4,189,268	3,833,693	4,612,635	4,942,088	4,686,664		
6,292,532	6,277,063	5,950,476	6,017,524	6,708,676	6,962,932	7,427,014		
9,585,085	9,177,313	9,894,942	9,113,670	10,421,294	11,401,516	12,506,153		
10,149,107	11,020,902	12,031,969	12,285,578	13,348,760	14,845,156	15,423,524		
5,011,447	5,670,355	4,440,490	4,791,918	5,489,138	5,396,481	5,726,049		
5,188,131	4,986,103	4,798,409	4,973,519	4,616,969	4,889,195	5,224,132		
17,660	44,222	47,444	6,026	93,018	466,024	563,138		
1,065,987	1,028,590	958,922	882,375	857,422	390,685	200,128		
115,772,841	121,750,958	128,048,122	130,192,366	137,539,267	150,245,807	156,490,259		
3,806,588	4,044,118	4,177,028	4,158,824	4,432,821	4,821,834	5,491,953		
\$ 119,579,429	\$ 125,795,076	\$ 132,225,150	\$ 134,351,190	\$ 141,972,088	\$ 155,067,641	\$ 161,982,212		
\$ 3,544,907	\$ 3,875,751	\$ 3,494,113	\$ 3,703,065	\$ 3,213,735	\$ 1,891,858	\$ 2,071,749		
11,919	113,293	102,924	122,442	107,478	176,884	205,142		
13,447,339	17,401,300	25,053,119	23,180,191	21,043,495	20,880,498	20,109,977		
181,603	-	-	-	-	1,889,776	207,457		
17,185,768	21,717,231	28,650,156	27,005,698	24,364,708	24,839,016	22,594,325		
2,258,569	2,321,754	2,262,408	2,175,411	2,244,238	2,245,333	2,260,342		
1,759,123	1,906,739	2,106,387	2,262,074	2,358,944	2,662,433	2,929,125		
-	-	-	-	-	-	-		
4,017,692	4,228,493	4,368,795	4,437,485	4,603,182	4,907,766	5,189,467		
\$ 21,203,460	\$ 25,945,724	\$ 33,018,951	\$ 31,443,183	\$ 28,967,890	\$ 29,746,782	\$ 27,783,792		
\$ (98,587,073)	\$ (100,033,727)	\$ (99,397,966)	\$ (103,186,668)	\$ (113,174,559)	\$ (125,406,791)	\$ (133,895,934)		
211,104	184,375	191,767	278,661	170,361	85,942	(302,486)		
\$ (98,375,969)	\$ (99,849,352)	\$ (99,206,199)	\$ (102,908,007)	\$ (113,004,198)	\$ (125,320,849)	\$ (134,198,420)		

Iowa City Community School District

General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2005	2006	2007
Net (expense) revenue:			
Governmental activities	\$ (77,900,191)	\$ (84,420,592)	\$ (90,969,059)
Business-type activities	246,223	306,815	258,441
Total primary government net expense	(77,653,968)	(84,113,777)	(90,710,618)
General revenues and other changes in net position:			
Governmental activities:			
Taxes:			
Property taxes levied for general purposes	37,415,151	39,354,754	43,260,607
Property taxes levied for capital projects	3,349,897	5,827,602	6,463,349
Property taxes levied debt service	3,604,392	3,640,090	3,603,181
Sales taxes provided for capital projects *	-	-	-
Unrestricted grants and contributions	35,092,649	36,727,158	38,000,023
Investment earnings	380,544	989,882	1,214,815
Gain on sale of capital assets	-	-	-
Other	3,012,653	4,235,016	3,242,981
Total governmental activities	82,855,286	90,774,502	95,784,956
Business-type activities, investment earnings	24,274	63,041	94,445
Total primary government	82,879,560	90,837,543	95,879,401
Change in net position:			
Governmental activities	4,955,095	6,353,910	4,815,897
Business-type activities	270,497	369,856	352,886
Total primary government	\$ 5,225,592	\$ 6,723,766	\$ 5,168,783

* The District began receiving sales tax revenues in July 2007 based upon a voter approved plan from February 2007.

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ (98,587,073)	\$ (100,033,727)	\$ (99,397,966)	\$ (103,186,668)	\$ (113,174,559)	\$ (125,406,791)	\$ (133,895,934)
211,104	184,375	191,767	278,661	170,361	85,942	(302,486)
(98,375,969)	(99,849,352)	(99,206,199)	(102,908,007)	(113,004,198)	(125,320,849)	(134,198,420)
46,156,268	50,280,460	52,974,155	57,971,131	59,722,769	60,395,065	61,055,235
6,715,464	7,131,726	7,481,779	7,769,270	8,026,572	8,389,497	8,705,266
3,117,301	3,573,769	3,524,683	3,382,231	3,599,933	3,502,939	3,310,092
13,952,660	12,870,778	13,207,890	13,643,664	13,833,210	10,813,815	11,125,642
40,899,909	43,398,531	33,877,697	40,987,077	45,509,708	48,024,527	52,004,652
756,496	642,596	317,079	197,048	268,335	253,529	216,168
-	-	-	-	4,384,550	-	4,571
3,044,550	3,183,260	3,739,877	3,685,961	3,632,061	4,145,399	3,673,548
114,642,648	120,754,233	115,123,160	127,636,382	138,977,138	135,524,771	140,095,174
62,486	24,571	8,622	7,228	5,495	5,559	10,127
114,705,134	120,778,804	115,131,782	127,643,610	138,982,633	135,530,330	140,105,301
16,055,575	20,720,506	15,725,194	24,449,714	25,802,579	10,117,980	6,199,240
273,590	208,946	200,389	285,889	175,856	91,501	(292,359)
\$ 16,329,165	\$ 20,929,452	\$ 15,925,583	\$ 24,735,603	\$ 25,978,435	\$ 10,209,481	\$ 5,906,881

Iowa City Community School District

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	Fiscal Year		
	2005	2006	2007
General Fund:			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Reserved	735,539	1,071,626	1,334,507
Unreserved	11,654,539	10,400,123	9,208,308
Total General Fund	\$ 12,390,078	\$ 11,471,749	\$ 10,542,815
All other governmental funds:			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Reserved	471,401	552,899	642,360
Unreserved, reported in:			
Special revenue funds	5,772,504	8,054,048	9,335,752
Capital projects funds	8,117,685	(7,704,715)	(8,986,375)
Total all other governmental funds	\$ 14,361,590	\$ 902,232	\$ 991,737

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, implemented in fiscal year 2011.

							Fiscal Year	
2008	2009	2010	2011	2012	2013	2014		
\$ -	\$ -	\$ -	\$ 771,671	\$ 876,455	\$ 996,786	\$ 1,174,203		
-	-	-	3,516,243	3,621,399	3,642,566	3,575,202		
-	-	-	-	-	-	-		
-	-	-	502,365	609,563	669,699	877,237		
-	-	-	9,292,774	15,382,598	13,271,679	8,112,212		
1,546,798	1,534,839	3,539,004	-	-	-	-		
3,554,114	5,344,723	4,396,154	-	-	-	-		
\$ 5,100,912	\$ 6,879,562	\$ 7,935,158	\$ 14,083,053	\$ 20,490,015	\$ 18,580,730	\$ 13,738,854		
\$ -	\$ -	\$ -	\$ -	\$ 50,372	\$ -	\$ -		
-	-	-	30,174,302	34,446,676	34,939,533	31,288,237		
-	-	-	-	-	-	-		
-	-	-	-	-	-	-		
-	-	-	-	-	-	-		
168,233	178,454	186,277	-	-	-	-		
-	-	-	-	-	-	-		
5,774,720	5,491,255	4,944,259	-	-	-	-		
8,161,146	17,028,974	19,289,186	-	-	-	-		
\$ 14,104,099	\$ 22,698,683	\$ 24,419,722	\$ 30,174,302	\$ 34,497,048	\$ 34,939,533	\$ 31,288,237		

Iowa City Community School District

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2005	2006	2007
Federal sources, federal grants	\$ 3,849,343	\$ 4,022,837	\$ 3,846,094
State sources, state grants and other	40,391,200	42,726,134	45,049,784
Local sources:			
Ad valorem taxes	44,369,440	48,822,446	53,327,137
Interest and other income	380,544	989,882	1,214,815
Other revenues	6,597,126	7,845,172	6,640,304
Total local sources	51,347,110	57,657,500	61,182,256
Total revenues	\$ 95,587,653	\$ 104,406,471	\$ 110,078,134

							Fiscal Year	
2008	2009	2010	2011	2012	2013	2014		
\$ 3,691,110	\$ 5,440,340	\$ 11,278,777	\$ 8,222,274	\$ 8,321,085	\$ 7,463,516	\$ 5,861,754		
50,154,765	54,506,988	46,487,840	53,955,043	58,148,506	61,319,723	77,184,727		
69,075,496	73,835,697	76,978,507	83,201,298	85,292,389	82,777,217	72,945,024		
1,321,185	196,284	60,266	42,246	191,372	161,781	125,569		
7,159,282	7,991,035	8,623,115	9,251,854	6,712,504	8,767,902	7,022,831		
77,555,963	82,023,016	85,661,888	92,495,398	92,196,265	91,706,900	80,093,424		
\$ 131,401,838	\$ 141,970,344	\$ 143,428,505	\$ 154,672,715	\$ 158,665,856	\$ 160,490,139	\$ 163,139,905		

Iowa City Community School District

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2005	2006	2007
Instruction	\$ 56,638,793	\$ 62,091,439	\$ 65,440,584
Pupil personnel services	2,710,002	2,836,912	2,945,952
Instruction and curriculum development services	4,798,911	4,923,439	5,106,837
School administration	8,661,234	8,299,518	9,074,574
Plant operation and maintenance	7,769,887	9,105,165	10,204,862
Pupil transportation services	2,670,509	3,544,445	3,764,939
AEA flowthrough	3,127,792	3,284,598	3,561,580
Community services	271,913	18,962	13,762
Noncapital facilities acquisition/construction	902,669	1,760,485	2,407,038
Capital outlay, facilities acquisition/construction	27,607,472	19,300,592	4,825,783
Debt service:			
Principal	2,650,000	2,365,000	2,380,000
Interest	1,579,480	1,253,603	1,191,652
Bond issuance costs	-	-	-
Total expenditures	\$ 119,388,662	\$ 118,784,158	\$ 110,917,563
Debt service as a percentage of noncapital expenditures	4.61%	3.64%	3.37%

								Fiscal Year						
								2008	2009	2010	2011	2012	2013	2014
\$	71,694,880	\$	79,469,308	\$	80,550,680	\$	85,334,071	\$	85,181,022	\$	93,842,840	\$	96,348,768	
	3,151,173		3,405,973		4,082,113		3,853,422		4,609,186		4,854,053		4,464,944	
	6,264,667		6,221,272		5,796,009		6,119,871		6,585,642		7,040,962		7,409,098	
	9,619,098		9,624,966		9,817,405		9,474,078		10,180,266		11,052,695		11,578,554	
	9,918,437		10,583,745		10,468,714		10,877,956		11,207,615		12,219,182		13,580,269	
	5,011,447		5,670,355		4,440,490		4,791,918		5,489,138		5,396,481		5,726,049	
	3,855,124		4,265,250		4,766,004		4,940,696		4,587,779		4,861,844		5,193,678	
	17,660		24,542		38,690		34,444		27,462		531,573		542,712	
	1,301,574		674,733		3,145,655		2,158,361		4,542,517		8,785,850		4,401,635	
	9,273,067		8,082,813		14,027,658		11,619,445		16,458,827		9,877,428		19,092,591	
	2,495,000		2,515,000		2,530,000		2,655,000		7,405,000		2,825,000		2,885,000	
	1,129,252		1,059,153		988,452		910,978		823,708		669,031		417,400	
	-		-		-		-		83,266		-		-	
\$	123,731,379	\$	131,597,110	\$	140,651,870	\$	142,770,240	\$	157,181,428	\$	161,956,939	\$	171,640,698	
								3.01%	2.89%	2.78%	2.72%	5.85%	2.30%	2.16%

Iowa City Community School District

Other Financing Sources and Uses and Net Change in Fund Balances

Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2005	2006	2007
Excess of revenues over (under) expenditures	\$ (23,801,009)	\$ (14,377,687)	\$ (839,429)
Other financing sources (uses):			
General long-term debt issued	\$ -	\$ -	\$ -
Premium on bond issuance	-	-	-
Payment to bond escrow agent	-	-	-
Sale of capital assets	-	-	-
Real estate contract financing	-	-	-
Transfers in	849,694	235,841	200,906
Transfers out	(849,694)	(235,841)	(200,906)
Total other financing sources (uses)	-	-	-
Net change in fund balances	\$ (23,801,009)	\$ (14,377,687)	\$ (839,429)

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 7,670,459	\$ 10,373,234	\$ 2,776,635	\$ 11,902,475	\$ 1,484,428	\$ (1,466,800)	\$ (8,500,793)
\$ -	\$ -	\$ -	\$ -	\$ 15,890,000	\$ -	\$ -
-	-	-	-	1,232,599	-	-
-	-	-	-	(12,376,759)	-	-
-	-	-	-	4,499,440	-	7,621
-	-	-	-	-	-	-
9,149,956	182,000	182,000	182,000	182,000	172,000	182,000
(9,149,956)	(182,000)	(182,000)	(182,000)	(182,000)	(172,000)	(182,000)
-	-	-	-	9,245,280	-	7,621
\$ 7,670,459	\$ 10,373,234	\$ 2,776,635	\$ 11,902,475	\$ 10,729,708	\$ (1,466,800)	\$ (8,493,172)

Iowa City Community School District

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Actual Value			Total Actual Value	Total Taxable Value	Total Direct Rate
	Residential Property	Commercial Property	Agricultural and Other Property			
2005	\$ 4,575,451,659	\$ 1,538,874,868	\$ 245,618,110	\$ 6,359,944,637	\$ 3,341,924,947	12.875%
2006	4,806,327,426	1,600,143,891	162,857,057	6,657,113,816	3,470,635,664	13.582
2007	5,289,104,944	1,715,633,816	123,868,204	7,263,293,532	3,855,126,078	13.632
2008	5,582,528,754	1,783,998,259	123,600,803	7,490,127,816	4,011,810,830	13.852
2009	5,573,480,587	1,956,025,455	147,983,455	7,677,489,497	4,272,156,417	14.192
2010*	5,712,285,320	1,959,711,962	148,264,569	7,820,261,851	4,473,488,984	14.191
2011	5,868,493,394	1,985,199,157	147,989,706	8,001,682,257	4,643,640,687	14.690
2012	6,051,524,322	1,943,695,634	154,268,256	8,149,488,212	4,806,027,801	14.590
2013	6,300,549,300	2,064,767,753	182,998,016	8,548,315,069	5,010,901,831	14.073
2014	6,560,418,660	1,894,447,322	180,298,716	8,635,164,698	5,200,640,964	13.688

Source: Johnson County Auditor.

Note: The actual values are determined as of January 1, of the fiscal year indicated. These actual values are used to calculate the taxable values for the second budget following assessment date. For example, the total actual value of \$8,149,488,212 from January 1, 2012 are used for the taxable values for fiscal year 2014.

* Utility and gas and electric valuations are not included for 2014 as they have not been certified by the Department of Revenue

Iowa City Community School District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

Fiscal Year Ended June 30	District Direct Rates				Overlapping Rates			
	General Purposes	Capital Purposes	Debt Service Purposes	Total	County	City of Iowa City	Area School	Other
2005	10.799	\$ 1.000	\$ 1.076	\$ 12.875	\$ 5.870	\$ 17.310	\$ 0.670	\$ 0.310
2006	10.869	1.670	1.043	13.582	6.091	17.729	0.649	0.304
2007	11.031	1.670	0.931	13.632	6.113	17.302	0.872	0.307
2008	11.407	1.670	0.775	13.852	6.494	17.297	0.855	0.332
2009	11.685	1.670	0.837	14.192	7.486	17.717	0.852	0.320
2010	11.734	1.670	0.787	14.191	7.386	17.853	0.840	0.326
2011	12.293	1.670	0.727	14.690	7.222	17.756	0.926	0.321
2012	12.171	1.670	0.749	14.590	6.990	17.842	0.999	0.333
2013	11.706	1.670	0.697	14.073	6.749	17.269	1.079	0.329
2014	11.383	1.670	0.635	13.688	6.737	16.805	1.065	0.344

Source: Johnson County Auditor and Iowa Department of Management.

Iowa City Community School District

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

Taxpayer	2014			2005		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Coral Ridge Mall LLC	\$ 100,402,295	1	1.93%	-	-	-
American College Testing Program, Inc.	49,182,890	2	0.95	\$ 27,941,315	3	0.84
City of Coralville	42,573,700	3	0.82	-	-	-
Individual	23,950,238	4	0.46	-	-	-
CCAL 100 Hawk Ridge Drive LLC	23,632,470	5	0.45	-	-	-
Individual	22,304,850	6	0.43	-	-	-
Dealer Properties IC LLC	20,805,060	7	0.40	-	-	-
HyVee, Inc.	17,434,150	8	0.34	-	-	-
Proctor & Gamble Hair Care LLC	17,131,898	9	0.33	-	-	-
Alpla Inc	16,460,510	10	0.32	-	-	-
GGP Limited Partnership	-	-	-	77,997,741	1	2.33
Mid American Energy Co	-	-	-	61,970,874	2	1.85
Individual	-	-	-	27,185,893	4	0.81
Southgate Development Co, Inc.	-	-	-	21,872,916	5	0.65
Qwest	-	-	-	19,996,068	6	0.60
National Computer Systems, Inc.	-	-	-	15,728,417	7	0.47
Hawkeye Real Estate Investment	-	-	-	14,356,000	8	0.43
Raycal Iowa LTD	-	-	-	12,924,404	9	0.39
United Natural Foods, Inc	-	-	-	12,715,667	10	0.38
All other taxpayers	4,866,762,903	-	-	3,049,235,652	-	-
Total	\$ 5,200,640,964			\$ 3,341,924,947		

Source: Johnson County Auditor.

Iowa City Community School District

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 40,498,891	\$ 40,595,680	100.24%	\$ 25,217	\$ 40,620,897	100.30%
2006	44,382,337	44,604,649	100.50	31,754	44,636,403	100.57
2007	48,721,318	48,621,898	99.80	10,614	48,632,512	99.82
2008	51,074,963	50,994,354	99.84	15,344	51,009,698	99.87
2009	55,532,389	55,450,275	99.85	23,440	55,473,715	99.89
2010	58,801,491	58,703,329	99.83	-	58,703,329	99.83
2011	63,761,728	63,688,547	99.88	11,073	63,699,620	99.90
2012	65,691,101	65,569,688	99.82	3,721	65,573,409	99.82
2013	66,443,766	66,421,113	99.96	4,512	66,425,625	99.97
2014	65,648,860	65,594,662	99.92	-	65,594,662	99.92

Source: Johnson County Auditor and District records.

Iowa City Community School District

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General Obligation Bonds Outstanding	Percent of Actual Taxable Value of Property	Per Capita	Percentage of Personal Income
2005	\$ 36,445,000	1.09%	\$ 396.14	0.900%
2006	34,080,000	0.98	370.43	*
2007	31,700,000	0.82	317.00	*
2008	29,205,000	0.73	280.82	*
2009	26,690,000	0.62	256.63	*
2010	24,160,000	0.54	232.31	*
2011	21,505,000	0.46	195.50	*
2012	17,990,000	0.37	163.55	*
2013	15,165,000	0.30	137.86	*
2014	12,280,000	0.24	111.64	*

Source: District records

* Information not available

Iowa City Community School District

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
City of Iowa City	64,346,000	99.998%	\$ 64,344,713
City of Coralville	210,909,374	73.323	154,645,080
City of North Liberty	25,938,000	73.247	18,998,807
Kirkwood Community College	101,985,000	74.424	75,901,316
Johnson County	14,445,000	74.374	10,743,324
City of University Heights	89,000	100.000	89,000
Subtotal, overlapping debt			324,722,240
District direct debt			12,280,000
Total direct and overlapping debt			\$ 337,002,240

Source: Johnson County Auditor

* Estimate is based upon overlapping total assessed value and assessed value within Iowa City Community School District boundaries.

Iowa City Community School District

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	2005	2006	2007
Debt limit	\$ 262,674,791	\$ 275,197,931	\$ 317,997,232
Total net debt applicable to limit	36,445,000	34,080,000	31,700,000
Legal debt margin	<u>\$ 226,229,791</u>	<u>\$ 241,117,931</u>	<u>\$ 286,297,232</u>
Total net debt applicable to the limit as a percentage of debt limit	16.11%	14.13%	11.07%

Source: Johnson County Auditor and District records.

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value - 2012 valuation	<u>\$ 8,149,488,212</u>
Debt limit (5% of assessed value)	<u>\$ 407,474,411</u>
Debt applicable to limit	<u>12,280,000</u>
Legal debt margin	<u>\$ 395,194,411</u>

2008	2009	2010	2011	2012	2013	2014
\$ 332,855,691	\$ 363,164,677	\$ 374,506,391	\$ 383,874,475	\$ 391,013,093	\$ 400,084,113	\$ 407,474,411
29,205,000	26,690,000	24,160,000	21,505,000	17,990,000	15,165,000	12,280,000
<u>\$ 303,650,691</u>	<u>\$ 336,474,677</u>	<u>\$ 350,346,391</u>	<u>\$ 362,369,475</u>	<u>\$ 373,023,093</u>	<u>\$ 384,919,113</u>	<u>\$ 395,194,411</u>

9.62%	7.35%	6.45%	5.60%	4.60%	3.79%	3.01%
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Iowa City Community School District

**Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)**

Calendar Year	Iowa City Population	Total District Population (approximate)	Personal Income (000's) (Johnson County)	Per Capita Personal Income (Johnson County)	Iowa City MSA Unemployment Rate
2004	62,220	92,000	3,875,547	33,295	3.20%
2005	62,220	98,000	4,049,711	34,556	3.40
2006	62,220	98,000	*	*	2.70
2007	67,062	104,000	*	*	2.90
2008	67,062	104,000	*	*	4.50
2009	67,062	104,000	*	*	5.10
2010	67,862	110,000	*	*	5.00
2011	67,862	110,000	*	*	4.30
2012	67,862	110,000	*	*	3.80
2013	67,862	110,000	*	*	3.10

* Information not available

Source: City of Iowa City and Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, Iowa Workforce Development (August 2014) and Johnson County Auditor.

Iowa City Community School District

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2014			2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
The University of Iowa	18,650	1	19.03%	16,360	1	16.43%
The University of Iowa Hospitals and Clinics	12,154	2	12.40	7,229	2	0.07
Iowa City Community School District	1,700	3	1.73	1,550	3	0.02
Veterans Administration Hospital	1,562	4	1.59	1,232	8	1.24
Pearson Educational Measurement	1,200	5	1.22	1,300	6	1.31
Mercy Hospital	1,187	6	1.21	1,241	7	1.25
American College Testing	1,181	7	1.21	1,340	5	1.35
City of Iowa City	1,180	8	1.20			-
Hy-Vee Food Stores, Inc.	1,166	9	1.19	1,500	4	1.51
Systems Unlimited	890	10	0.91	760	10	0.76
International Automotive Comp (formerly United Tech)	785	11	0.80	800	9	0.80
Rockwell International	770	12	0.79	673	11	0.68
Riverside Casino and Golf Resort	759	13	0.77	-	-	-
All other employers	54,816	-	-	65,615	-	-
Total	98,000		42.03%	99,600		47.64%

Source: City of Iowa City, as last updated October 2007 and Iowa Department of Economic Development (2013 data).

Iowa City Community School District

**Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)**

	Full-Time Equivalent Employees as of June 30			
	2005	2006	2007	2008
Supervisory:				
Instructional administrators	2.00	2.00	2.00	2.00
Noninstructional administrators	7.00	7.00	7.00	7.50
Athletic/activity directors	2.00	2.00	2.00	2.00
Principals	21.00	22.00	24.00	24.00
Assistant principals	6.00	6.00	6.00	8.00
Total supervisory	38.00	39.00	41.00	43.50
Instruction:				
Elementary classroom teachers	314.31	326.95	337.84	354.27
Secondary classroom teachers	224.64	223.12	223.55	235.59
Other classroom teachers	143.66	169.29	182.58	196.90
Paraprofessionals	290.00	313.00	318.00	344.00
Total instruction	972.61	1,032.36	1,061.97	1,130.76
Student services:				
Guidance counselors	27.50	28.30	28.30	28.38
Media specialists	24.00	26.00	26.00	25.80
Other professionals (noninstructional)	21.88	20.78	24.23	26.51
Consultants/supervisory	14.00	12.00	12.00	14.00
Total student services	87.38	87.08	90.53	94.69
Support and administration:				
Clerical/secretarial	103.00	98.00	96.50	104.50
Food service workers	60.00	62.00	65.00	79.70
Physical plant	109.00	116.00	122.00	120.10
Other	34.00	20.00	19.00	19.00
Total support and administration	306.00	296.00	302.50	323.30
Total	1,403.99	1,454.44	1,496.00	1,592.25

Source: District records

Full-Time Equivalent Employees as of June 30						Percentage Change
2009	2010	2011	2012	2013	2014	2005 - 2014
2.00	1.50	1.00	1.00	1.00	1.00	-50.00%
7.50	8.00	9.00	9.60	10.60	17.20	145.71%
2.00	2.00	2.00	2.00	2.00	2.50	25.00%
24.00	23.50	24.00	23.50	23.50	23.50	11.90%
8.00	8.50	7.00	7.00	6.00	7.50	25.00%
43.50	43.50	43.00	43.10	43.10	51.70	36.05%
356.34	349.46	349.08	349.71	372.77	390.44	24.22%
239.68	230.25	230.82	238.13	260.50	267.56	19.11%
207.42	214.85	219.01	204.40	208.82	229.12	59.49%
323.00	311.90	307.70	336.18	382.95	382.12	31.77%
1,126.44	1,106.46	1,106.61	1,128.42	1,225.04	1,269.24	30.50%
28.93	29.05	29.93	29.30	31.10	33.40	21.45%
26.80	26.80	26.82	26.80	25.80	27.00	12.50%
20.00	27.00	29.00	33.00	29.00	39.00	78.24%
12.30	14.33	11.98	9.14	11.03	8.70	-37.86%
88.03	97.18	97.73	98.24	96.93	108.10	23.71%
107.75	109.00	111.00	109.50	112.00	122.00	18.45%
81.00	93.00	87.00	76.63	81.38	78.63	31.05%
121.80	117.80	116.20	117.70	116.90	123.75	13.53%
16.00	16.00	14.00	16.00	11.00	15.00	-55.88%
326.55	335.80	328.20	319.83	321.28	339.38	10.91%
1,584.52	1,582.94	1,575.54	1,589.59	1,686.35	1,768.42	25.96%

Iowa City Community School

Operating Statistics Last Ten Fiscal Years (Unaudited)

Fiscal Year	Official Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change
2005	10,945	\$ 89,743,985	\$ 8,199	2.53%
2006	11,062	97,180,577	8,785	7.15
2007	11,267	104,810,939	9,302	5.89
2008	11,716	114,706,854	9,790	5.25
2009	11,749	120,722,368	10,275	4.95
2010	11,903	127,089,200	10,677	3.91
2011	12,011	129,309,991	10,766	0.83
2012	12,454	136,681,845	10,975	1.94
2013	12,774	149,855,123	11,731	6.89
2014	13,159	156,269,469	11.875	1.23

Source: District records

Note: Operating expenditures represents governmental activity expenditures less interest on long-term debt. Expenses represent business-type activity expenses, which includes the District's School Nutrition Fund.

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff (in FTE)	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
\$ 2,941,497	\$ 269	8.47%	682.61	16.03	22.43%
3,205,272	290	7.81	719.36	15.38	22.65
3,451,139	306	5.52	743.97	15.14	28.28
3,806,588	325	6.21	786.76	14.89	27.40
4,044,118	344	5.85	803.44	14.62	27.45
4,177,029	351	2.03	794.56	14.98	29.05
4,158,824	346	(1.42)	798.91	15.03	29.60
4,432,821	356	2.89	792.24	15.72	29.43
4,821,834	377	5.89	842.09	15.17	33.76
5,507,940	419	11.14	887.12	14.83	35.06

Iowa City Community School

School Building Information Last Ten Fiscal Years (Unaudited)

School	Fiscal Year			
	2005	2006	2007	2008
Elementary:				
Coralville Central Elementary (1948,1959)				
Square feet	52,967	52,967	52,967	52,967
Capacity	462	462	462	462
Enrollment	458	437	448	423
Samuel Kirkwood Elementary (1963,1968,1987)				
Square feet	48,045	48,045	48,045	48,045
Capacity	352	352	352	352
Enrollment	366	385	441	438
Herbert Hoover Elementary (1954, 1968, 1986)				
Square feet	36,643	36,643	36,643	36,643
Capacity	330	330	330	330
Enrollment	275	302	306	308
Hills Elementary (1965, 1969)				
Square feet	24,449	24,449	24,449	24,449
Capacity	220	220	220	220
Enrollment	164	140	152	132
Ernest Horn Elementary (1969, 1978, 2011)				
Square feet	35,303	35,303	35,303	35,303
Capacity	286	286	286	286
Enrollment	303	292	288	292
Helen Lemme Elementary (1970, 1975, 1998)				
Square feet	36,293	36,293	36,293	36,293
Capacity	308	308	308	308
Enrollment	273	286	283	289
Lincoln Elementary (1926, 1988)				
Square feet	25,832	25,832	25,832	25,832
Capacity	220	220	220	220
Enrollment	256	244	256	260
Longfellow Elementary (1917)				
Square feet	30,148	30,148	30,148	30,148
Capacity	308	308	308	308
Enrollment	276	289	284	317
Robert Lucas Elementary (1962, 1978, 1990)				
Square feet	42,080	42,080	42,080	42,080
Capacity	418	418	418	418
Enrollment	420	438	426	415
Horace Mann Elementary (1917)				
Square feet	29,360	29,360	29,360	29,360
Capacity	286	286	286	286
Enrollment	261	258	249	257
Penn Elementary (1961, 1985, 1995)				
Square feet	38,838	38,838	38,838	38,838
Capacity	418	418	418	418
Enrollment	487	354	391	417

(Continued)

Fiscal Year						
2009	2010	2011	2012	2013	2014	
52,967	52,967	52,967	52,967	52,967	52,967	52,967
462	462	462	462	506	506	
427	430	430	437	445	426	
48,045	48,045	48,045	48,045	48,045	48,045	48,045
352	352	352	352	437	437	
439	345	314	321	319	378	
36,643	36,643	36,643	36,643	36,643	36,643	36,643
330	330	330	330	437	437	
306	362	377	375	372	325	
24,449	24,449	24,449	24,449	24,449	24,449	24,449
220	220	220	220	276	276	
137	126	98	110	112	100	
35,303	35,303	35,303	50,603	50,603	50,603	50,603
286	286	286	436	506	506	
279	331	363	364	461	464	
36,293	36,293	36,293	36,293	36,293	36,293	36,293
308	308	308	308	368	368	
296	332	338	344	372	399	
25,832	25,832	25,832	25,832	25,832	25,832	25,832
220	220	220	220	253	253	
253	263	250	241	246	239	
30,148	30,148	30,148	30,148	30,148	30,148	30,148
308	308	308	308	391	391	
305	311	318	349	334	322	
42,080	42,080	42,080	42,080	42,080	42,080	42,080
418	418	418	418	506	506	
424	416	411	441	436	424	
29,360	29,360	29,360	29,360	29,360	29,360	29,360
286	286	286	286	345	345	
244	259	250	245	260	245	
38,838	38,838	38,838	38,838	38,838	38,838	38,838
418	418	418	418	460	460	
461	511	464	502	516	524	

Iowa City Community School District

**School Building Information (Continued)
Last Ten Fiscal Years
(Unaudited)**

School	Fiscal Year			
	2005	2006	2007	2008
Elementary:				
Theodore Roosevelt Elementary (1931, 1961) *				
Square feet	29,008	29,008	29,008	29,008
Capacity	264	264	264	264
Enrollment	248	289	298	340
Bouhmil Shimek Elementary (1970, 1991)				
Square feet	28,130	28,130	28,130	28,130
Capacity	242	242	242	242
Enrollment	224	220	220	204
Mark Twain Elementary (1954, 1961)				
Square feet	40,204	40,204	40,204	40,204
Capacity	330	330	330	330
Enrollment	295	264	220	239
Irving Weber Elementary (1993, 2001)				
Square feet	48,400	47,820	47,820	48,400
Capacity	484	484	484	484
Enrollment	493	490	494	523
Grant Wood Elementary (1969, 1993, 2006)				
Square feet	47,190	59,890	59,890	59,890
Capacity	484	484	484	484
Enrollment	432	417	486	524
Kate Wickham Elementary (1997)				
Square feet	56,049	56,049	56,049	56,049
Capacity	418	418	418	418
Enrollment	563	447	452	491
James Van Allen Elementary (2005)				
Square feet	-	61,081	61,081	61,081
Capacity	-	484	484	484
Enrollment	-	392	484	551
Buford Garner Elementary (2010)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Norman Borlaug Elementary (2012)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Junior High:				
Northwest Junior High School (1971, 1995)				
Square feet	124,436	124,436	124,436	124,436
Capacity	875	875	875	875
Enrollment	907	912	620	610

* During fiscal year 2013, the District changed the name of this school to Theodore Roosevelt Education Center and are serving students for various programs in this building.

(Continued)

Fiscal Year						
2009	2010	2011	2012	2013	2014	
29,008	29,008	29,008	29,008	29,008	29,008	29,008
264	264	264	264	264	264	264
365	309	299	283	40	40	40
28,130	28,130	28,130	28,130	28,130	28,130	28,130
242	242	242	242	276	276	276
191	201	202	208	228	215	215
40,204	40,204	40,204	40,204	40,204	40,204	40,204
330	330	330	330	460	460	460
234	229	203	226	299	323	323
48,400	48,400	48,400	48,400	48,400	48,400	48,400
484	484	484	484	506	506	506
540	544	553	568	477	492	492
59,890	59,890	59,890	59,890	59,890	59,890	59,890
484	484	484	484	575	575	575
510	492	474	523	569	525	525
56,049	56,049	56,049	56,049	56,049	56,049	56,049
418	418	418	418	506	506	506
493	492	489	477	481	482	482
61,081	61,081	61,081	61,081	61,081	61,081	61,081
484	484	484	484	552	552	552
599	661	425	446	499	500	500
-	-	63,715	63,815	63,815	63,815	63,815
-	-	500	500	529	529	529
-	-	388	429	504	539	539
-	-	-	-	67,029	67,029	67,029
-	-	-	-	552	552	552
-	-	-	-	352	382	382
124,436	124,436	124,436	124,436	124,436	124,436	124,436
875	875	875	875	875	875	875
622	615	638	641	650	679	679

Iowa City Community School

**School Building Information (Continued)
Last Ten Fiscal Years
(Unaudited)**

School	Fiscal Year			
	2005	2006	2007	2008
Junior High (continued):				
South East Junior High School (1959, 1982, 1995)				
Square feet	115,604	115,604	115,604	111,183
Capacity	775	775	775	775
Enrollment	677	681	660	701
North Central Junior High School (2006)				
Square feet	-	82,612	82,612	82,612
Capacity	-	450	450	450
Enrollment	-	-	308	349
High School:				
City High School (1939, 1974, 1982, 1985, 1990, 1995, 2005, 2013)				
Square feet	247,052	267,752	267,752	267,752
Capacity	1,400	1,600	1,600	1,600
Enrollment	1,542	1,438	1,356	1,507
West High School (1969, 1983, 1986, 1993, 1996, 2005)				
Square feet	272,663	309,943	309,943	339,217
Capacity	1,600	1,800	1,800	1,800
Enrollment	1,754	1,755	1,838	1,764
Elizabeth Tate High School (2005)				
Square feet		19,700	19,700	19,700
Capacity		160	160	160
Enrollment		97	121	118
Portable Classrooms (Various)				
Square feet	25,744	24,992	24,992	33,296
Capacity				
Number	35	34	34	37
Other:				
Central Administration Building (1917)				
Square feet	24,588	24,588	24,588	24,588
Educational Services Center (2011)				
Square feet	-	-	-	-
Physical Plant Building (1984)				
Square feet	19,638	19,638	19,638	19,638
Athletics:				
Football fields	4	4	5	5
Soccer fields	1	1	1	1
Running tracks	2	2	2	2
Baseball/softball fields	4	4	4	4
Tennis Courts	2	2	2	2
Playgrounds	17	18	18	18

Source: District records

Fiscal Year					
2009	2010	2011	2012	2013	2014
138,806	138,806	138,806	138,806	138,806	138,806
775	775	775	775	775	775
705	688	674	733	761	771
82,612	82,612	82,612	82,612	82,612	82,612
450	450	450	450	450	450
359	398	400	414	469	467
267,752	267,752	267,752	267,752	267,752	287,047
1,600	1,600	1,600	1,600	1,600	1,600
1,383	1,371	1,409	1,410	1,414	1,494
339,217	339,217	339,217	339,217	339,217	339,217
1,800	1,800	1,800	1,800	1,800	1,800
1,754	1,770	1,863	1,910	1,956	1,941
19,700	19,700	19,700	19,700	19,700	19,700
160	160	160	160	160	160
110	120	118	162	149	135
33,296	33,296	33,296	33,296	36,000	35,100
37	37	37	37	40	39
24,588	24,588	24,588	-	-	-
-	-	-	41,776	41,776	41,776
19,638	19,638	19,638	19,638	19,638	19,638
5	5	5	5	5	5
1	1	1	2	2	2
2	2	2	2	2	2
4	4	4	4	4	4
2	2	2	2	2	2
18	18	19	19	19	19

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Iowa City Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed through the State Department of Agriculture and State of Iowa Department of Education:			
USDA Commodities (Noncash)	10.555	77-1737	\$ 301,508
National School Lunch Program	10.555	77-1737	2,072,642
Subtotal			2,374,150
National School Summer Program	10.559	77-1737	32,398
National School Breakfast Program	10.553	77-1737	419,965
National School Lunch Program - After School Snacks	10.555	77-1737	8,257
Fresh Fruit & Vegetable Grant	10.582	N/A	65,172
Total U.S. Department of Agriculture			2,899,942
U.S. Army Corps of Engineers:			
Passed through Johnson County, Iowa:			
Flood Control Projects	12.106	N/A	4,752
U.S. Department of Education:			
Passed through State of Iowa Department of Education:			
Title I - Grants to Local Educational Agencies	84.010A	N/A	1,711,694
Title I - Grants to Local Educational Agencies - Schools in Need of Assistance	84.010A	N/A	89,628
Subtotal			1,801,322
IDEA - High Cost Claim	84.027	N/A	43,321
Vocational Education Basic Grants to States	84.048A	77-6957	138,856
Education for Homeless Children and Youth	84.196	N/A	38,000
Fund for the Improvement of Education	84.215F	N/A	170
Twenty-First Century Learning Centers	84.287A	N/A	282,349
Title II - Improving Teacher Quality State Grant	84.367	N/A	326,877
Title VI, Part A - Iowa Technical Adequacy Project (ITAP)	84.369	N/A	60,752
Subtotal			2,691,647
U.S. Department of Education:			
Passed through Grant Wood Area Education Agency:			
Special Education Grants to States	84.027	N/A	613,705
Title III - English Language Acquisition	84.365	N/A	56,687
			670,392

(Continued)

Iowa City Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Direct Program:			
Fund for the Improvement of Education - PE	84.215H	N/A	114,436
Direct Program:			
Advanced Placement Program	84.330	N/A	4,108
Passed through the University of Northern Iowa:			
Mathematics and Science Partnerships	84.366	N/A	135
Total U.S. Department of Education			3,480,718
U.S. Department of Health and Human Services:			
Passed through State of Iowa Department of Health and Human Services, Child Care and Development Block Grant			
	93.575	N/A	37,500
Total expenditures of federal awards			\$ 6,422,912

See Notes to Schedule of Expenditures of Federal Awards.

Iowa City Community School District

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Iowa City Community School District for the year ended June 30, 2014. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

For governmental funds, revenue from federal grants is recognized when they become both measurable and available. For proprietary funds, revenue from federal grants is recognized when they are earned. Expenditures of federal awards are recognized in the accounting period in which the liability is incurred.

Note 3. Total Expenditures by Program

Because there is no subtotal reported on the schedule for certain federal awards, the total federal expenditures are as follows:

CFDA No.	Federal Expenditures
10.555	\$ 2,382,407
84.027	657,026

In addition, the total expenditures for the Nutrition Cluster (CFDA Nos. 10.553, 10.555 and 10.559) is \$2,834,770.

Iowa City Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014**

Finding	Status	Corrective Action Plan or Other Explanation
None reported		



**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***

Independent Auditor's Report

To the Board of Education
Iowa City Community School District
Iowa City, 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 and the business-type activities, each major fund, and the aggregate remaining fund information of Iowa City Community School District (the District), 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, and have issued our report thereon dated November 21, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 basic financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have 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. We noted an immaterial instance of noncompliance or other matter that is described in Part IV of the accompanying schedule of findings and questioned costs.

The District's Response to Finding

The District's responses to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Iowa City Community School District's response and, accordingly, express no opinion on it.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Davenport, Iowa
November 21, 2014



**Report on Compliance For Each Major Federal
Program and Report on Internal Control Over Compliance**

Independent Auditor's Report

To the Board of Education
Iowa City Community School District
Iowa City, Iowa

Report on Compliance for Each Major Federal Program

We have audited Iowa City Community School District's (the District) 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 the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the 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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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.

Report on Internal Control Over Compliance

Management of the 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 the 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 the District's internal control over compliance.

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

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

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

McGladrey LLP

Davenport, Iowa
November 21, 2014

Iowa City Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

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

Identification of major program:

CFDA Number	Name of Federal Program
10.555, 10.553, 10.559	Nutrition Cluster
84.367	Improving Teacher Quality State Grants

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

Auditee qualified as low-risk auditee? Yes No

(Continued)

Iowa City Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2014

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

None reported.

B. Instance of Noncompliance

None reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

None reported.

B. Instances of Noncompliance

None reported.

IV. Other Findings Related to Required Statutory Reporting

14-IV-A – Certified Budget and General Fund Spending Authority

No expenditures exceeded the amended certified budget amounts.

14-IV-B – Questionable Disbursements

No expenditures that may not meet the requirements of public purpose defined in the Attorney General's opinion dated April 25, 1979, were noted.

14-IV-C – Travel Expenses

No disbursements 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.

14-IV-D – Business Transactions with District Officials and Employees

No business transactions between the District and District officials and/or employees were noted.

14-IV-E – Bond Coverage

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure the coverage is adequate for current operations.

(Continued)

Iowa City Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2014**

14-IV-F – Board Minutes

No transactions requiring Board approval which had not been approved in the Board minutes were noted.

14-IV-G – Certified Enrollment

Finding: The District's supporting documentation did not agree to the Project Easier and Certified Enrollment (PEACE) submitted to the Iowa Department of Education. This is based on documentation maintained by the District to support the basic enrollment certified to the IDE for October 2013. The variances included a total addition of certified students by a net of 3.00 students.

Recommendation: The District should ensure that their system reconciles to the PEACE system number of students reported as certified enrollment. The Iowa Department of Management and Iowa Department of Education should be notified of the variances.

Response and Corrective Action Plan: The District will contact the Iowa Department of Education and Iowa Department of Management notifying them of the above changes. The District will continue to monitor supporting information and will reconcile data submitted to the Iowa Department of Education.

14-IV-H – Supplementary Weighting

No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

14-IV-I – Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Iowa Code and the District's investment policy were noted.

14-IV-J – Certified Annual Report

The Certified Annual Report (CAR) was filed with the Department of Education timely.

14-IV-K – Categorical Funding

No instances were noted of categorical funding being used to supplant rather than supplement other funds.

(Continued)

Iowa City Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2014**

14-IV-L – State-Wide Sales, Services and Use Tax

No instances of noncompliance with the use of the state-wide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the state-wide sales, services and use tax revenue. For the year ended June 30, 2014, the District's financial activity and other required information for the state-wide sales, services and use tax revenue are as follows:

Beginning balance	\$ 27,092,187
State-wide sales, services and use tax	11,100,643
Interest	45,664
Contributions and rebates	57,563
Expenditures/transfers out:	
Family Resource Programs	(508,386)
School infrastructure:	
Buildings	(11,401,727)
Equipment	(1,864,043)
	<u>\$ 24,521,901</u>

The state-wide sales, services and use tax revenue received during the year ended June 30, 2014 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Physical plant and equipment levy	\$ 2.13448	\$ 11,100,642

14-IV-M – Deficit Balances

None of the District's funds had deficit fund balances as of June 30, 2014.

14-IV-N – Revenue Bonds

The District did not have any revenue bonds outstanding as of June 30, 2014.

14-IV-O – Student Activity Fund

No instances of noncompliance with the use of student activity funds provisions of Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1).

14-IV-P – Early Childhood Iowa Area Board

The District is not the fiscal agent for the Early Childhood Iowa Area Board.

Iowa City Community School District

**Corrective Action Plan
Year Ended June 30, 2014**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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Other Finding Related to Required Statutory Reporting

14-IV-G	The District's supporting documentation did not agree to Project easier and Certified Enrollment (PEACE) submitted to the Iowa Department of Education.	See corrective action plan at 14-IV-G.	June 30, 2015	Director of Budget and Finance
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