

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Center Point-Urbana Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Scott Millikin	President	2015
Matt Wade	Vice President	2015
Dan Jones	Board Member	2015
Brent Schlotfeldt	Board Member	2017
Joshua Katcher	Board Member	2017

School Officials

Alan Marshall	Superintendent	2015
Kristy Bruce	District Secretary/ Treasurer	2015
Lynch Dallas Law Firm	Attorney	2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Center Point-Urbana Community School District, Center Point, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Center Point-Urbana Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Emphasis of Matter

As discussed in Note 17 to the financial statements, Center Point-Urbana Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Center Point-Urbana Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 5, 2016 on our consideration of Center Point-Urbana Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and

not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Center Point-Urbana Community School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

January 5, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Center Point-Urbana Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$13,748,591 in fiscal year 2014 to \$13,919,973 in fiscal year 2015, while General Fund expenditures increased from \$14,062,528 in fiscal year 2014 to \$14,574,501 in fiscal 2015. This resulted in the District's General Fund balance decreasing from \$2,190,512 at June 30, 2014 to \$1,535,984 at June 30, 2015, a 29.88% decrease from the prior year.
- The increase in General Fund revenues was attributable to an increase in other local and state source revenues over the prior year while the increase in General Fund expenditures is primarily due to an increase in negotiated salaries and benefits.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Center Point-Urbana Community School District as a whole and present an overall view of the District's finances.

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

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

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

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

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

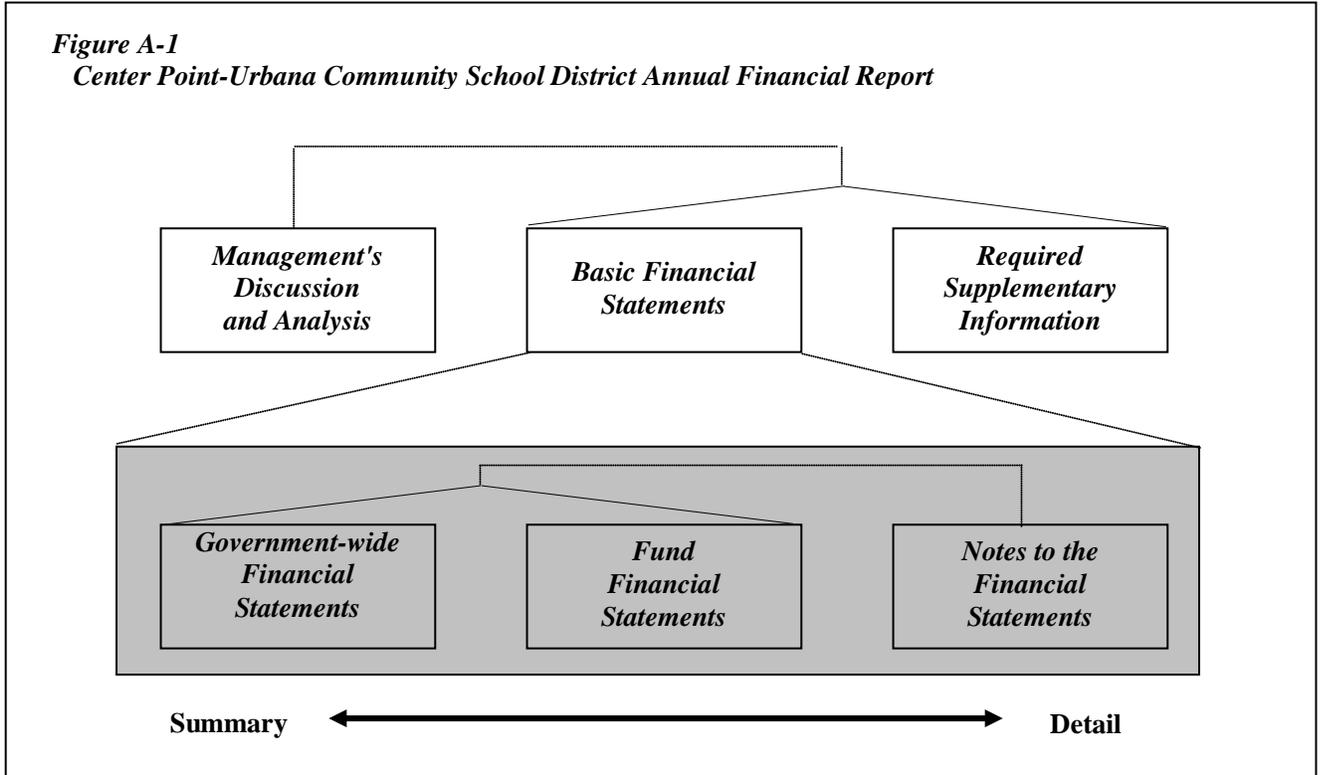


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise fund is the School Nutrition Fund.

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2015 compared to June 30, 2014.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2014		June 30, 2014		June 30, 2014		June 30, 2014-15
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
Current and other assets	\$ 18,740,959	20,198,040	21,346	27,960	18,762,305	20,226,000	-7.24%
Capital assets	24,615,946	23,131,213	152,623	174,699	24,768,569	23,305,912	6.28%
Total assets	43,356,905	43,329,253	173,969	202,659	43,530,874	43,531,912	0.00%
Deferred outflows of resources	1,152,421	-	38,687	-	1,191,108	-	100.00%
Long-term liabilities	31,434,682	27,498,821	196,971	16,634	31,631,653	27,515,455	14.96%
Other liabilities	3,045,317	2,393,500	179,072	213,799	3,224,389	2,607,299	23.67%
Total liabilities	34,479,999	29,892,321	376,043	230,433	34,856,042	30,122,754	15.71%
Deferred inflows of resources	6,601,726	4,561,622	67,671	-	6,669,397	4,561,622	46.21%
Net position:							
Net investment in capital assets	4,511,544	3,929,901	152,623	174,699	4,664,167	4,104,600	13.63%
Restricted	3,396,969	3,039,511	-	-	3,396,969	3,039,511	11.76%
Unrestricted	(4,480,912)	1,905,898	(383,681)	(202,473)	(4,864,593)	1,703,425	-385.58%
Total net position	\$ 3,427,601	8,875,310	(231,058)	(27,774)	3,196,543	8,847,536	-63.87%

The District's total net position decreased by 63.87%, or \$5,650,993, compared to the prior year. A portion of the District's net position is invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased by \$357,458 or 11.76% from the prior year. The increase in restricted net position is primarily attributable to the increase in fund balance for the Debt Service Fund.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by \$6,568,018 or 385.58%. The decrease in unrestricted net position is primarily a result of the net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$6,212,219 and \$217,981, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4
Changes in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014		2014		2014		2014-15
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
Revenues:							
Program revenues:							
Charges for service	\$ 2,219,219	2,012,466	548,469	558,202	2,767,688	2,570,668	7.66%
Operating grants and contributions and restricted revenue	1,115,455	1,094,971	222,875	212,159	1,338,330	1,307,130	2.39%
General revenues:							
Property tax	4,566,750	4,222,747	-	-	4,566,750	4,222,747	8.15%
Income surtax	520,337	493,494	-	-	520,337	493,494	5.44%
Statewide sales, services and use tax	1,244,364	1,149,037	-	-	1,244,364	1,149,037	8.30%
Unrestricted state grants	7,604,441	7,525,212	-	-	7,604,441	7,525,212	1.05%
Unrestricted interest income	56,168	50,269	45	40	56,213	50,309	11.74%
Other	109,921	67,727	2,277	30	112,198	67,757	65.59%
Total revenues	17,436,655	16,615,923	773,666	770,431	18,210,321	17,386,354	4.74%
Program expenses:							
Instructional	10,256,923	10,147,633	-	-	10,256,923	10,147,633	1.08%
Support services	4,402,799	4,465,827	20,276	22,578	4,423,075	4,488,405	-1.46%
Non-instructional programs	-	2,980	738,693	802,701	738,693	805,681	-8.31%
Other expenses	2,012,513	1,863,465	-	-	2,012,513	1,863,465	8.00%
Total expenses	16,672,235	16,479,905	758,969	825,279	17,431,204	17,305,184	0.73%
Change in net position	764,420	136,018	14,697	(54,848)	779,117	81,170	859.86%
Net position beginning of year, as restated	2,663,181	8,739,292	(245,755)	27,074	2,417,426	8,766,366	-72.42%
Net position end of year	\$ 3,427,601	8,875,310	(231,058)	(27,774)	3,196,543	8,847,536	-63.87%

In fiscal year 2015, property tax, statewide sales, services and use tax and unrestricted state grants account for 76.94% of the revenue from governmental activities while charges for service and sales, operating grants and contributions account for nearly all of the revenue from business type activities.

The District's total revenues were \$18,210,321 of which \$17,436,655 was for governmental activities and \$773,666 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.74% increase in revenues and a 0.73% increase in expenses. The primary reason for an increase in revenue was an increase in property tax revenue which increased by \$344,003 from the prior year. The increase in expenses is related to the increase in instruction expenditures primarily due to increased negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$17,436,655 and expenses were \$16,672,235 for the year ended June 30, 2015.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not Restated)	Change 2014-15	2015	2014 (Not Restated)	Change 2014-15
	Instruction	\$ 10,256,923	10,147,633	1.08%	7,468,932	7,558,987
Support services	4,402,799	4,465,827	-1.41%	4,390,831	4,463,614	-1.63%
Non-instructional programs	-	2,980	-100.00%	-	-	0.00%
Other expenses	2,012,513	1,863,465	8.00%	1,477,798	1,349,867	9.48%
Totals	\$ 16,672,235	16,479,905	1.17%	13,337,561	13,372,468	-0.26%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$2,219,219.
- Federal and state governments along with local contributions subsidized certain programs with grants and contributions totaling \$1,115,455.
- The net cost of governmental activities was financed with \$4,566,750 in property tax, \$520,337 in income surtax, \$1,244,364 in statewide sales, services and use tax, \$7,604,441 in unrestricted state grants, \$56,168 in interest income and \$109,921 in other general revenues.

Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2015, were \$773,666, a increase of 0.42%, while expenses totaled \$758,969, a 8.03% decrease from the prior year. 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, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$10,581,560, below last year's ending fund balances of \$12,827,098. The primary reason for the decrease in combined fund balances in fiscal year 2015 is due to due continued capital outlay expenditures on District construction projects.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The increase in total revenues is primarily due to an increase in state and other local revenues received over the prior year while the increase in expenditures is primarily due to an increase in negotiated salaries and benefits. The increase in revenues was not enough to offset the increase in expenditures; the net result was a decrease in fund balance from \$2,190,512 at June 30, 2014 to \$1,535,984 at June 30, 2015.
- The Capital Projects Fund balance decreased from \$8,803,021 at June 30, 2014 to \$6,897,864 at June 30, 2015. The decrease in the Capital Projects Fund balance was due an increase in capital outlay expenditures spent on District construction projects during the year.
- The Debt Service Fund balance increased from \$1,596,767 at June 30, 2014, to \$1,862,604 at June 30, 2015. The increase in Debt Service Fund balance was primarily due to an increase the sinking fund of for the District's qualified school construction bonds.

Proprietary Fund Highlights

- The Enterprise, School Nutrition Fund net position increased from a restated deficit net position of \$245,755 at July 1, 2014 to a deficit net position of \$231,058 at June 30, 2015, representing an increase of \$14,697 or 5.98%. An increase in federal revenue along with a decrease in total expenditures compared to the prior year led to the increase in ending net position.

BUDGETARY HIGHLIGHTS

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

The District's revenues were \$832,493 more than budgeted revenues, a variance of 4.80%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$24,768,569 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 6.28% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$867,649.

The original cost of the District's capital assets was \$39,728,136. Governmental funds account for \$39,431,250 with the remainder of \$296,886 in the Enterprise, School Nutrition Fund. The largest percentage change in capital

asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$170,544 at June 30, 2014, compared to \$2,183,918 at June 30, 2015. The reason for the increase in total construction in progress is due to the District beginning construction of renovation projects at the middle school and intermediate school buildings during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 519,028	408,736	-	-	519,028	408,736	26.98%
Construction in progress	2,183,919	170,544	-	-	2,183,919	170,544	1180.56%
Buildings	20,639,545	21,254,840	-	-	20,639,545	21,254,840	-2.89%
Land improvements	453,493	492,076	-	-	453,493	492,076	-7.84%
Machinery and equipment	819,961	805,017	152,623	174,699	972,584	979,716	-0.73%
Total	\$ 24,615,946	23,131,213	152,623	174,699	24,768,569	23,305,912	6.28%

Long-Term Debt

At June 30, 2015, the District had \$31,631,653 in general obligation bonds, revenue bonds and other long term debt outstanding. This represents an increase of 14.96% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had an outstanding balance of \$12,695,000 in general obligation bonds at June 30, 2015, payable from the Debt Service Fund.

The District had an outstanding balance of \$6,415,000 in revenue bonds payable at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had an outstanding balance of \$3,700,000 in qualified school construction bonds payable at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had an outstanding balance of 1,650,000 in revenue BANs payable at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had an outstanding balance of \$1,085,000 in a capital loan notes at June 30, 2015 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District has an outstanding balance of \$131,115 for two bus leases at June 30, 2015 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had an outstanding balance of \$100,110 for a bus loan payable at June 30, 2015 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

At June 30, 2015, the District had termination benefits outstanding of \$46,999 payable from Management Levy Fund.

At June 30, 2015, the District had an outstanding total compensated absences balance of \$145,683. \$136,737 is payable from the General Fund and \$8,946 is payable from the Enterprise, School Nutrition Fund.

At June 30, 2015, the District had a net pension liability of \$5,234,242. \$5,056,801 of this total is attributed to the District's governmental activities while the remaining \$177,441 is attributable to the District's business type activities.

At June 30, 2015, the District had outstanding other postemployment benefits of \$428,504. \$417,920 of this total is attributed to the District's governmental activities while the remaining \$10,584 is attributable to the District's business type activities.

Figure A-7

	Outstanding Long-Term Obligations						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		
	(Not Restated)		(Not Restated)		(Not Restated)	2014-15	
	2015		2015		2015		
General obligation bonds	\$ 12,695,000	13,455,000	-	-	12,695,000	13,455,000	-5.65%
Revenue bonds	6,415,000	6,605,000	-	-	6,415,000	6,605,000	-2.88%
Qualified school construction bonds	3,700,000	3,700,000	-	-	3,700,000	3,700,000	0.00%
Revenue BANs	1,650,000	1,650,000	-	-	1,650,000	1,650,000	0.00%
Capital loan note	1,085,000	1,200,000	-	-	1,085,000	1,200,000	-9.58%
Bus lease	131,115	193,988	-	-	131,115	193,988	-32.41%
Bus loan	100,110	164,813	-	-	100,110	164,813	-39.26%
Termination benefits	46,999	65,683	-	-	46,999	65,683	-28.45%
Compensated absences	136,737	129,288	8,946	8,149	145,683	137,437	6.00%
Net pension liability	5,056,801	-	177,441	-	5,234,242	-	100.00%
Net OPEB liability	417,920	335,049	10,584	8,485	428,504	343,534	24.73%
Total	\$ 31,434,682	27,498,821	196,971	16,634	31,631,653	27,515,455	14.96%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District believes it will continue to benefit from a large open enrollment balance. The District also expects to see an increase in the next 1-2 years as small classes graduate and are replaced by larger Kindergarten classes. The City of Center Point is also experiencing growth with the addition of several retail facilities. The City of Urbana enjoys the benefits of 2 thriving industrial parks.
- The District continues to experience uncertainty as allowable growth has not been set in a timely matter by the Iowa legislature.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 12,830,575	2,201	12,832,776
Receivables:			
Property tax:			
Delinquent	30,401	-	30,401
Succeeding year	4,673,208	-	4,673,208
Income surtax	471,014	-	471,014
Accounts	2,186	1,573	3,759
Due from other funds	110,980	-	110,980
Due from other governments	622,595	-	622,595
Inventories	-	17,572	17,572
Capital assets, net of accumulated depreciation	24,615,946	152,623	24,768,569
TOTAL ASSETS	43,356,905	173,969	43,530,874
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,152,421	38,687	1,191,108
LIABILITIES			
Due to other funds	-	110,980	110,980
Accounts payable	1,132,882	2,121	1,135,003
Salaries and benefits payable	1,641,645	50,441	1,692,086
Accrued interest payable	270,790	-	270,790
Unearned revenue	-	15,530	15,530
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	585,000	-	585,000
Revenue bonds payable	195,000	-	195,000
Capital loan note payable	120,000	-	120,000
Bus lease payable	64,646	-	64,646
Bus loan payable	66,324	-	66,324
Termination benefits payable	32,333	-	32,333
Compensated absences payable	136,737	8,946	145,683
Portion due after one year:			
General obligation bonds payable	12,110,000	-	12,110,000
Revenue bonds payable	6,220,000	-	6,220,000
Qualified school construction bonds payable	3,700,000	-	3,700,000
Revenue BANs payable	1,650,000	-	1,650,000
Capital loan note payable	965,000	-	965,000
Bus lease payable	66,469	-	66,469
Bus loan payable	33,786	-	33,786
Termination benefits payable	14,666	-	14,666
Net pension liability	5,056,801	177,441	5,234,242
Net OPEB liability	417,920	10,584	428,504
TOTAL LIABILITIES	34,479,999	376,043	34,856,042
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	4,673,208	-	4,673,208
Pension related deferred inflows	1,928,518	67,671	1,996,189
TOTAL DEFERRED INFLOWS OF RESOURCES	6,601,726	67,671	6,669,397
NET POSITION			
Net investment in capital assets	4,511,544	152,623	4,664,167
Restricted for:			
Categorical funding	341,005	-	341,005
Debt service	2,327,413	-	2,327,413
Student activities	207,390	-	207,390
Management levy purposes	30,719	-	30,719
School infrastructure	488,601	-	488,601
Physical plant and equipment levy	1,841	-	1,841
Unrestricted	(4,480,912)	(383,681)	(4,864,593)
TOTAL NET POSITION	\$ 3,427,601	(231,058)	3,196,543

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 6,719,053	1,099,829	43,209	(5,576,015)	-	(5,576,015)
Special	1,660,593	419,258	153,908	(1,087,427)	-	(1,087,427)
Other	1,877,277	700,132	371,655	(805,490)	-	(805,490)
	<u>10,256,923</u>	<u>2,219,219</u>	<u>568,772</u>	<u>(7,468,932)</u>	<u>-</u>	<u>(7,468,932)</u>
Support services:						
Student	342,597	-	55	(342,542)	-	(342,542)
Instructional staff	515,699	-	8,514	(507,185)	-	(507,185)
Administration	1,521,161	-	-	(1,521,161)	-	(1,521,161)
Operation and maintenance of plant	1,383,285	-	-	(1,383,285)	-	(1,383,285)
Transportation	640,057	-	3,399	(636,658)	-	(636,658)
	<u>4,402,799</u>	<u>-</u>	<u>11,968</u>	<u>(4,390,831)</u>	<u>-</u>	<u>(4,390,831)</u>
Long-term debt interest	823,920	-	-	(823,920)	-	(823,920)
Other expenditures:						
AEA flowthrough	534,715	-	534,715	-	-	-
Depreciation(unallocated)*	653,878	-	-	(653,878)	-	(653,878)
	<u>1,188,593</u>	<u>-</u>	<u>534,715</u>	<u>(653,878)</u>	<u>-</u>	<u>(653,878)</u>
Total governmental activities	<u>16,672,235</u>	<u>2,219,219</u>	<u>1,115,455</u>	<u>(13,337,561)</u>	<u>-</u>	<u>(13,337,561)</u>
Business type activities:						
Support services:						
Administration	11,903	11,903	-	-	-	-
Operation and maintenance of plant	8,373	-	-	-	(8,373)	(8,373)
Non-instructional programs:						
Food service operations	738,693	536,566	222,875	-	20,748	20,748
Total business type activities	<u>758,969</u>	<u>548,469</u>	<u>222,875</u>	<u>-</u>	<u>12,375</u>	<u>12,375</u>
Total	\$ <u>17,431,204</u>	<u>2,767,688</u>	<u>1,338,330</u>	<u>(13,337,561)</u>	<u>12,375</u>	<u>(13,325,186)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 3,208,920	-	3,208,920
Debt service				1,088,952	-	1,088,952
Capital outlay				268,878	-	268,878
Income surtax				520,337	-	520,337
Statewide sales, services and use tax				1,244,364	-	1,244,364
Unrestricted state grants				7,604,441	-	7,604,441
Unrestricted investment earnings				56,168	45	56,213
Other				109,921	2,277	112,198
Total general revenues				<u>14,101,981</u>	<u>2,322</u>	<u>14,104,303</u>
Change in net position				764,420	14,697	779,117
Net position beginning of year, as restated				<u>2,663,181</u>	<u>(245,755)</u>	<u>2,417,426</u>
Net position end of year				\$ <u>3,427,601</u>	<u>(231,058)</u>	<u>3,196,543</u>

* This amount excludes the depreciation that is included in the direct expense of various programs
SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 2,824,640	7,605,591	1,855,247	295,897	12,581,375
Receivables:					
Property tax:					
Delinquent	19,240	1,817	7,357	1,987	30,401
Succeeding year	3,029,103	275,070	1,114,034	255,001	4,673,208
Income surtax	471,014	-	-	-	471,014
Accounts	866	-	-	1,320	2,186
Due from other funds	112,680	-	-	-	112,680
Due from other governments	428,668	193,927	-	-	622,595
TOTAL ASSETS	\$ 6,886,211	8,076,405	2,976,638	554,205	18,493,459
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	-	-	1,700	1,700
Accounts payable	208,648	903,471	-	12,213	1,124,332
Salaries and benefits payable	1,641,462	-	-	183	1,641,645
Total liabilities	1,850,110	903,471	-	14,096	2,767,677
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,029,103	275,070	1,114,034	255,001	4,673,208
Income surtax	471,014	-	-	-	471,014
Total deferred inflows of resources	3,500,117	275,070	1,114,034	255,001	5,144,222
Fund balances:					
Restricted for:					
Categorical funding	341,005	-	-	-	341,005
Debt service	-	735,599	1,862,604	-	2,598,203
Student activities	-	-	-	207,390	207,390
Management levy purposes	-	-	-	77,718	77,718
School infrastructure	-	6,160,424	-	-	6,160,424
Physical plant and equipment levy	-	1,841	-	-	1,841
Assigned for special purposes	65,366	-	-	-	65,366
Unassigned	1,129,613	-	-	-	1,129,613
Total fund balances	1,535,984	6,897,864	1,862,604	285,108	10,581,560
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,886,211	8,076,405	2,976,638	554,205	18,493,459

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 20)		\$ 10,581,560
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		24,615,946
Accounts receivable income surtax is not available to pay current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds.		471,014
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		240,650
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.		(270,790)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,152,421	
Deferred inflows of resources	<u>(1,928,518)</u>	(776,097)
Long-term liabilities, including bonds payable, revenue BANs payable, capital loan note payable, bus lease payable, bus loan payable, termination benefits payable, compensated absences payable, net pension liability, and other postemployment benefits payable are not due in the current period and, therefore, are not reported in the governmental funds.		<u>(31,434,682)</u>
Net position of governmental activities(page 18)		<u><u>\$ 3,427,601</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,402,382	268,878	1,088,952	300,445	5,060,657
Tuition	1,346,449	-	-	-	1,346,449
Other	502,508	10,980	36,749	527,388	1,077,625
State sources	8,418,975	1,246,389	8,200	2,271	9,675,835
Federal sources	249,659	-	-	-	249,659
TOTAL REVENUES	13,919,973	1,526,247	1,133,901	830,104	17,410,225
EXPENDITURES:					
Current:					
Instruction:					
Regular	6,898,828	-	-	28,834	6,927,662
Special	1,704,048	-	-	-	1,704,048
Other	1,422,860	-	-	526,478	1,949,338
	10,025,736	-	-	555,312	10,581,048
Support services:					
Student	357,425	-	-	1,778	359,203
Instructional staff	525,687	-	-	-	525,687
Administration	1,493,262	11,755	-	115,064	1,620,081
Operation and maintenance of plant	1,134,448	4,889	-	91,498	1,230,835
Transportation	503,228	27,726	-	18,142	549,096
	4,014,050	44,370	-	226,482	4,284,902
Capital outlay	-	2,285,690	-	-	2,285,690
Long-term debt:					
Principal	-	-	1,192,576	-	1,192,576
Interest and fiscal charges	-	-	776,832	-	776,832
	-	-	1,969,408	-	1,969,408
Other expenditures:					
AEA flowthrough	534,715	-	-	-	534,715
TOTAL EXPENDITURES	14,574,501	2,330,060	1,969,408	781,794	19,655,763
Excess(Deficiency) of revenues over(under) expenditures	(654,528)	(803,813)	(835,507)	48,310	(2,245,538)
OTHER FINANCING SOURCES(USES):					
Transfer in	-	-	1,101,344	-	1,101,344
Transfer out	-	(1,101,344)	-	-	(1,101,344)
TOTAL OTHER FINANCING SOURCES(USES)	-	(1,101,344)	1,101,344	-	-
Change in fund balances	(654,528)	(1,905,157)	265,837	48,310	(2,245,538)
Fund balances beginning of year	2,190,512	8,803,021	1,596,767	236,798	12,827,098
Fund balances end of year	\$ 1,535,984	6,897,864	1,862,604	285,108	10,581,560

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2015

Change in fund balances - total governmental funds(page 22) \$ (2,245,538)

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

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

Capital outlay	\$ 2,332,520	
Depreciation expense	(845,573)	
Loss on asset disposal	<u>(2,214)</u>	1,484,733

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,192,576

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (47,088)

Income surtax account receivable is not collected for several months after year end and is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 26,430

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 45,712

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 779,797

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

Compensated absences	\$ (7,449)	
Termination benefits	18,684	
Pension expense	(400,566)	
Other postemployment benefits	<u>(82,871)</u>	<u>(472,202)</u>

Change in net position of governmental activities(page 19) \$ 764,420

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business Type	
	Activities: Enterprise Fund	Governmental Activities: Internal Service Fund
ASSETS		
Current assets:		
Cash and pooled investments	\$ 2,201	249,200
Accounts receivable	1,573	-
Inventories	17,572	-
Total current assets	<u>21,346</u>	<u>249,200</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	152,623	-
TOTAL ASSETS	<u>173,969</u>	<u>249,200</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	38,687	-
TOTAL LIABILITIES		
Current liabilities:		
Due to General Fund	110,980	-
Accounts payable	2,121	8,550
Salaries and benefits payable	50,441	-
Unearned revenue	15,530	-
Total current liabilities	<u>179,072</u>	<u>8,550</u>
Noncurrent liabilities:		
Compensated absences	8,946	-
Net pension liability	177,441	-
Net OPEB liability	10,584	-
Total noncurrent liabilities	<u>196,971</u>	<u>-</u>
TOTAL LIABILITIES	<u>376,043</u>	<u>8,550</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	67,671	-
NET POSITION		
Net investment in capital assets	152,623	-
Unrestricted	(383,681)	240,650
TOTAL NET POSITION	<u>\$ (231,058)</u>	<u>240,650</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for service	\$ 527,413	-
Charges for shared nutrition services director	21,056	-
Miscellaneous	2,277	1,485,297
TOTAL OPERATING REVENUES	550,746	1,485,297
OPERATING EXPENSES:		
Support services:		
Administration:		
Salaries	9,005	-
Benefits	1,523	1,416,645
Services	1,375	22,940
Operation and maintenance of plant:		
Services	8,373	-
Total support services	20,276	1,439,585
Non-instructional programs:		
Food service operations:		
Salaries	290,761	-
Benefits	62,770	-
Services	396	-
Supplies	360,987	-
Depreciation	22,076	-
Total non-instructional programs	736,990	-
TOTAL OPERATING EXPENSES	757,266	1,439,585
OPERATING INCOME(LOSS)	(206,520)	45,712
NON-OPERATING REVENUES(EXPENSES):		
Interest expense on General Fund borrowings	(1,703)	-
State sources	5,819	-
Federal sources	217,056	-
Interest income	45	-
TOTAL NON-OPERATING REVENUES(EXPENSES)	221,217	-
Change in net position	14,697	45,712
Net position beginning of year, restated	(245,755)	194,938
Net position end of year	\$ (231,058)	240,650

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 528,458	-
Cash received from another District per food service director sharing agreement	21,056	-
Cash received from miscellaneous	2,277	1,485,297
Cash payments to employees for services	(375,662)	(1,416,645)
Cash payments to suppliers for goods or services	(306,483)	(22,978)
Net cash provided by(used in) operating activities	(130,354)	45,674
Cash flows from non-capital financing activities:		
State grants received	5,819	-
Federal grants received	163,437	-
Repayment to General Fund	(35,574)	-
Interest expense on General Fund borrowings	(1,703)	-
Net cash provided by non-capital financing activities	131,979	-
Cash flows from investing activities:		
Interest on investments	45	-
Net increase in cash and pooled investments	1,670	45,674
Cash and pooled investments beginning of year	531	203,526
Cash and pooled investments end of year	\$ 2,201	249,200
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (206,520)	45,712
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	63,736	-
Depreciation	22,076	-
Increase in inventories	(1,190)	-
Increase in accounts receivable	(643)	-
Increase(Decrease) in accounts payable	2,102	(38)
Decrease in salaries and benefits payable	(2,943)	-
Decrease in net pension liability	(66,684)	-
Increase in deferred outflows of resources	(12,543)	-
Increase in deferred inflows of resources	67,671	-
Increase in deferred revenue	1,688	-
Increase in compensated absences	797	-
Increase in net other postemployment benefits	2,099	-
Net cash provided by(used in) operating activities	\$ (130,354)	45,674

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$63,736.

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private Purpose Trust</u>
ASSETS	
Cash and pooled investments	<u>\$ 23,472</u>
LIABILITIES	<u>-</u>
NET POSITION	
Held in trust for scholarships	<u><u>\$ 23,472</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$ 96
Gifts and contributions	1,700
Total additions	<u>1,796</u>
Deductions:	
Instruction:	
Other	<u>6,050</u>
Change in net position	(4,254)
Net position beginning of year	<u>27,726</u>
Net position end of year	<u>\$ 23,472</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

The Center Point-Urbana Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Center Point and Urbana, Iowa, the predominate agricultural territory in Linn and Benton Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

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

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

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

The District reports the following major governmental funds:

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

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

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

The District's major proprietary funds are the Enterprise, School Nutrition Fund, which is used to account for food service operations of the District.

The District also has an Internal Service Fund. The Internal Service Fund is used to account for the District's flex benefit health insurance plan for District employees.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary fund is the Private Purpose Trust Fund.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

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

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

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

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	50,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20-50 years
Intangibles	5-15 years
Machinery and equipment	5-15 years

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

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused sick leave for subsequent use or for payment upon retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund while the compensated absences liability in the business type activities will be paid by the Nutrition Fund.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

The District's deposits at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$7,201,480 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

Note 3. Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise: School Nutrition	\$ 110,980
General	Student Activity	1,700
Total		<u>\$ 112,680</u>

The Nutrition Fund is repaying the General Fund \$110,000 for salaries and benefits paid by the General Fund paid for Nutrition Fund employees. The remaining \$980 is for interest due from the Nutrition Fund to the General Fund for interest on the loan between the funds.

The Student Activity Fund is repaying the General Fund for salaries and benefits paid by the General Fund which were not repaid by year end.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Service and Use Tax	\$ 952,331
Debt Service	Capital Projects: Physical Plant and Equipment Levy	149,013
Total		<u>\$ 1,101,344</u>

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

Purpose	Principal	Interest	Fees & Sinking Requirements	Total
Payments on revenue bonds dated March 1, 2010	\$ 190,000	274,250	4,362	468,612
Payments on revenue BANS dated April 4, 2014	-	24,131	-	24,131
Annual transfer for QSCB's	219,945	101,380	1,500	322,825
Payments on bus loan dated October 12, 2012	64,702	3,717	-	68,419
Payment on bus lease dated March 20, 2014	42,131	3,666	-	45,797
Payment on bus lease dated April 15, 2014	20,742	1,805	-	22,547
Total	<u>\$ 537,520</u>	<u>408,949</u>	<u>5,862</u>	<u>952,331</u>

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

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 408,736	110,292	-	519,028
Construction in progress	170,544	2,013,375	-	2,183,919
Total capital assets not being depreciated	<u>579,280</u>	<u>2,123,667</u>	-	<u>2,702,947</u>
Capital assets being depreciated:				
Buildings	33,245,193	-	-	33,245,193
Land improvements	1,188,825	-	-	1,188,825
Machinery and equipment	2,170,802	208,853	85,370	2,294,285
Total capital assets being depreciated	<u>36,604,820</u>	<u>208,853</u>	<u>85,370</u>	<u>36,728,303</u>
Less accumulated depreciation for:				
Buildings	11,990,353	615,295	-	12,605,648
Land improvements	696,749	38,583	-	735,332
Machinery and equipment	1,365,785	191,695	83,156	1,474,324
Total accumulated depreciation	<u>14,052,887</u>	<u>845,573</u>	<u>83,156</u>	<u>14,815,304</u>
Total capital assets being depreciated, net	<u>22,551,933</u>	<u>(636,720)</u>	<u>2,214</u>	<u>21,912,999</u>
Governmental activities capital assets, net	<u>\$ 23,131,213</u>	<u>(526,428)</u>	<u>2,214</u>	<u>24,615,946</u>
Business type activities:				
Machinery and equipment	\$ 296,886	-	-	296,886
Less accumulated depreciation	122,187	22,076	-	144,263
Business type activities capital assets, net	<u>\$ 174,699</u>	<u>(22,076)</u>	<u>-</u>	<u>152,623</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 31,080
Other	19,182

Support services:

Administration	1,921
Operation and maintenance of plant	6,553
Transportation	<u>132,959</u>

Unallocated depreciation
 191,695 |

Total governmental activities depreciation expense	<u>\$ 845,573</u>
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Business type activities:

Food service operations	<u>\$ 22,076</u>
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Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance			Balance End of Year	Due Within One Year
	Beginning of Year Restated	Additions	Deletions		
Governmental activities:					
General obligation bonds	\$ 13,455,000	-	760,000	12,695,000	585,000
Revenue bonds	6,605,000	-	190,000	6,415,000	195,000
Qualified school construction bonds	3,700,000	-	-	3,700,000	-
Revenue BANs	1,650,000	-	-	1,650,000	-
Capital loan note	1,200,000	-	115,000	1,085,000	120,000
Bus lease	193,988	-	62,873	131,115	64,646
Bus loan	164,813	-	64,703	100,110	66,324
Termination benefits	65,683	11,000	29,684	46,999	32,333
Compensated absences	129,288	136,737	129,288	136,737	136,737
Net pension liability	6,957,204	-	1,900,403	5,056,801	-
Net OPEB liability	335,049	82,871	-	417,920	-
Total	\$ 34,456,025	230,608	3,251,951	31,434,682	1,200,040
Business type activities:					
Compensated absences	\$ 8,149	8,946	8,149	8,946	8,946
Net pension liability	244,125	-	66,684	177,441	-
Net OPEB liability	8,485	2,099	-	10,584	-
Total	\$ 260,759	11,045	74,833	196,971	8,946

General Obligation Bonds Payable

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Refunding Bond Issue Dated April 1, 2011			Crossover Refunding Bond Dated March 1, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	2.00 % \$	415,000	59,400	1.10 % \$	70,000	59,330
2017	2.00-2.38	420,000	51,050	1.10	70,000	58,560
2018	2.38-2.50	300,000	42,181	2.25	145,000	57,790
2019	2.50-2.75	295,000	34,775	2.25	145,000	54,528
2020	2.75-3.00	295,000	26,919	2.25	140,000	51,265
2021-2025	3.00-3.25	640,000	26,056	2.25-2.50	1,805,000	184,158
2026-2030	-	-	-	2.65	215,000	5,696
2031-2034	-	-	-	-	-	-
Total		\$ 2,365,000	240,381		\$ 2,590,000	471,327
Year Ending June 30,	Bond Issue Dated June 24, 2014			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	2.00 % \$	100,000	261,795	\$ 585,000	380,525	965,525
2017	2.00	100,000	259,795	590,000	369,405	959,405
2018	2.00	100,000	257,795	545,000	357,766	902,766
2019	2.00	100,000	255,795	540,000	345,098	885,098
2020	2.00	100,000	253,795	535,000	331,979	866,979
2021-2025	2.00-2.80	500,000	1,236,825	2,945,000	1,447,039	4,392,039
2026-2030	3.00-3.50	3,380,000	1,005,895	3,595,000	1,011,591	4,606,591
2031-2034	3.63-4.00	3,360,000	332,832	3,360,000	332,832	3,692,832
Total		\$ 7,740,000	3,864,527	\$ 12,695,000	4,576,235	17,271,235

Revenue Bonds Payable

Details of the District’s June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue Dated March 1, 2010			
	Interest Rates	Principal	Interest	Total
2016	2.60 %	\$ 195,000	269,577	464,577
2017	3.00	200,000	264,042	464,042
2018	3.25	205,000	257,711	462,711
2019	3.50	210,000	250,705	460,705
2020	3.60	220,000	243,070	463,070
2021-2025	3.75-4.25	1,480,000	1,074,271	2,554,271
2026-2030	4.35-4.75	3,905,000	516,873	4,421,873
Total		\$ 6,415,000	2,876,249	9,291,249

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,380,000 of bonds dated March 1, 2010. The bonds were issued for the purpose of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 37 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$9,291,249. For the current year, principal of \$190,000 and interest of \$274,250 was paid on the bonds and total statewide sales, services and use tax revenues were \$1,244,364.

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

- a) \$732,431 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) Monthly transfers from the District’s Statewide Sales, Services and Use Tax Fund shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirement of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Qualified School Construction Bonds Payable (QSCB’s)

During the year ended June 30, 2010, the District issued QSCB’s for the purpose of school infrastructure. Annual transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2024. Details of the District’s June 30, 2015 QSCB bonded indebtedness are as follows:

Year Ending June 30,	QSCB Issue Dated November 17, 2009			
	Interest Rates	Principal	Interest	Total
2016	2.74 %	\$ -	101,380	101,380
2017	2.74	-	101,380	101,380
2018	2.74	-	101,380	101,380
2019	2.74	-	101,380	101,380
2020	2.74	-	101,380	101,380
2021-2024	2.74	3,700,000	354,830	4,054,830
Total		\$ 3,700,000	861,730	4,561,730

Revenue BANs Payable

On April 1, 2014 the District entered into an agreement with Cedar Rapids Bank and Trust, Center Point, Iowa for the issuance of revenue BANs. Principal and interest payments will be made from the Capital Projects: Statewide Sales Services and Use Tax Fund. Details of the District's June 30, 2015 revenue BANs indebtedness are as follows:

Year Ending June 30,	BANs Issue Dated April 1, 2014			
	Interest Rate	Principal	Interest	Total
2016	1.95 %	\$ -	32,175	32,175
2017	1.95	1,650,000	40,219	1,690,219
		\$ 1,650,000	72,394	1,722,394

Capital Loan Notes Payable

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

Year Ending June 30,	Capital Loan Notes Issue Dated April 1, 2011			
	Interest Rates	Principal	Interest	Total
2016	2.10 %	\$ 120,000	31,443	151,443
2017	2.40	130,000	28,922	158,922
2018	2.70	125,000	25,803	150,803
2019	2.85	135,000	22,427	157,427
2020	3.00	135,000	18,580	153,580
2021-2023	3.20-3.40	440,000	29,680	469,680
Total		\$ 1,085,000	156,855	1,241,855

Bus Lease

During the year ended June 30, 2014, the District entered into two lease purchase agreements with De Lage Laden Public Finance, LLC for Bluebird buses, payable from the Capital Projects: Statewide Sales, Service and Use Tax Fund. Both leases have a percentage rate of 2.82%. Details of the District's June 30, 2015 bus lease indebtedness are as follows:

Year Ending June 30,	Lease Dated March 20, 2014		Lease Dated April 15, 2014		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	\$ 43,319	2,478	21,327	1,220	\$ 64,646	3,698	68,344
2017	44,541	1,256	21,928	618	66,469	1,874	68,343
Total	\$ 87,860	\$ 3,734	\$ 43,255	\$ 1,838	\$131,115	\$ 5,572	\$ 136,687

Bus Loan

On October 12, 2012 the District entered into a loan agreement with Center Point Bank & Trust Company for the purchase of three buses. Principal and interest payments will be made from the Capital Projects: Statewide Sales Services and Use Tax Fund. Details of the District's June 30, 2015 bus loan indebtedness are as follows:

Year Ending June 30,	Bus Loan Dated October 12, 2012				
	Interest Rates	Principal	Interest	Total	
2016	2.50	% \$ 66,324	2,095	68,419	
2017	2.50	33,786	423	34,209	
		\$ 100,110	2,518	102,628	

Termination Benefits

The District offers a voluntary early retirement plan to its certified and support staff employees on a year to year basis. Eligible employees must be at least age fifty-five and employees must have completed twenty years of service to the District. Employees complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee was \$15,000 in the 2011-2012 and 2012-2013 year. The early retirement incentive for each eligible employee was \$21,000 in the 2013-2014 and 2014-2015 years, employees were also given a \$3,000 bonus if notified intent to retire by December 23rd. The prorated benefits are calculated by numbers of years of service times \$1,000. The insurance coverage will cease when the employee reaches age sixty-five, secures other employment in which the employer insurance coverage, or becomes deceased. Retirees will be paid out in three equal payments over three years.

At June 30, 2015, the District had obligations to five participants with a total liability of \$46,999. Actual early retirement benefits paid during the year ended June 30, 2015, totaled \$29,864.

Note 7. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must

be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$805,409.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$5,234,242 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.129334 percent, which was an increase of 0.002147 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$414,622. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,886	\$ -
Changes of assumptions	230,999	-
Net difference between projected and actual earnings on pension plan investments	-	1,996,189
Changes in proportion and differences between District contributions and proportionate share of contributions	97,814	-
District contributions subsequent to the measurement date	805,409	-
Total	<u>\$ 1,191,108</u>	<u>\$ 1,996,189</u>

\$805,409 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (408,931)
2017	(408,931)
2018	(408,931)
2019	(408,931)
2020	25,234
	<u>\$ (1,610,490)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	2	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentagepoint higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 9,889,954	\$ 5,234,242	\$ 1,304,339

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$146,578 for legally required employer contributions and \$97,664 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Other Postemployment Benefits (OPEB)

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

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 100,724
Interest on net OPEB obligation	8,588
Adjustment to annual required contribution	<u>(20,070)</u>
Annual OPEB cost	89,242
Contributions made	<u>(4,272)</u>
Increase in net OPEB obligation	84,970
Net OPEB obligation beginning of year	<u>343,534</u>
Net OPEB obligation end of year	<u><u>\$ 428,504</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$4,272 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 83,836	11.54%	\$ 268,036
2014	82,266	8.23%	343,534
2015	89,242	4.79%	428,504

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$607,102, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$607,102. The covered payroll (annual payroll of active employees covered by the plan) was \$7,727,840 and the ratio of the UAAL to covered payroll was 7.86%. As of June 30, 2015, there were no trust fund assets.

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

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

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

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the 2006 Society of Actuaries Study. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. Street Assessment Agreement

During the year ended June 30, 2012, the District entered into a city street assessment agreement with the City of Center Point. The city agreed to pave streets around the school and split the cost with the District. The District will pay the city \$56,639 a year for ten years to cover some of the costs of the repairs. The District made \$56,639 in principal payments towards this agreement during the year ended June 30, 2015. As of June 30, 2015 seven years remain on this agreement with a total of \$396,473 left to be paid.

Note 10. Risk Management

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

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$534,715 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Deficit Unrestricted/Total Net Position

The District's Nutrition Fund also had a deficit unrestricted net position of \$383,681 and a total deficit net position of \$231,058 at June 30, 2015. The District also had a deficit unrestricted net position of \$4,480,912 in the governmental activities.

Note 13. Construction Commitments

The District has entered into construction contracts of \$8,075,000 for addition remodels of the District's intermediate and middle school buildings. As of June 30, 2015, \$2,183,919 of expenses had been incurred against these contracts. The remaining balance will be paid out as work on the projects progresses.

Note 14. Categorical Funding

The District's ending restricted balances for categorical funding as of June 30, 2015 are for the following programs:

Program	Amount
Home school assistance program	\$ 1,104
Gifted and talented	187,383
Teacher salary supplement	4,625
Four-year old preschool state aid	122,827
Successful progression for early readers	25,066
Total	<u>\$ 341,005</u>

Note 15. Assigned Fund Balances

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

Project	Amount
Parent teacher organization	\$ 51,430
School cents	7,561
Playground	3,024
DVD account	2,993
Service learning	358
Total	<u>\$ 65,366</u>

Note 16. Reconciliation of Certain Governmental Fund Balances to Net Position

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

	Net Investment in Capital Assets	Debt Service	Management Levy	School Infrastructure	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	2,598,203	77,718	6,160,424	1,129,613
Capital assets, net of accumulated depreciation	24,615,946	-	-	-	-
General obligation bond capitalized indebtedness	(7,023,177)	-	-	-	-
Unspent general obligation bond proceeds	-	-	-	(5,671,823)	-
Revenue bond capitalized indebtedness	(6,415,000)	-	-	-	-
Qualified school construction bond capitalized indebtedness	(3,700,000)	-	-	-	-
Revenue BANs payable	(1,650,000)	-	-	-	-
Capital loan note capitalized indebtedness	(1,085,000)	-	-	-	-
Bus lease capitalized indebtedness	(131,115)	-	-	-	-
Bus loan capitalized indebtedness	(100,110)	-	-	-	-
Termination benefits payable	-	-	(46,999)	-	-
Compensated absences payable	-	-	-	-	(136,737)
Net OPEB liability	-	-	-	-	(417,920)
Net pension liability	-	-	-	-	(5,056,801)
Pension related deferred outflows	-	-	-	-	1,152,421
Pension related deferred inflows	-	-	-	-	(1,928,518)
Income surtax receivable	-	-	-	-	471,014
Accrued interest payable	-	(270,790)	-	-	-
Internal service fund	-	-	-	-	240,650
Assigned fund balances	-	-	-	-	65,366
Net position (Exhibit A)	<u>\$ 4,511,544</u>	<u>2,327,413</u>	<u>30,719</u>	<u>488,601</u>	<u>(4,480,912)</u>

Note 17. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 8,875,310	\$ (27,774)
Net pension liability at June 30, 2014	(6,957,204)	(244,125)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	745,075	26,144
Net position July 1, 2014, as restated	<u>\$ 2,663,181</u>	<u>\$ (245,755)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF
 REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2015

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 7,484,731	550,791	8,035,522	8,364,279	8,364,279	(328,757)
State sources	9,675,835	5,819	9,681,654	8,512,119	8,512,119	1,169,535
Federal sources	249,659	217,056	466,715	475,000	475,000	(8,285)
Total revenues	17,410,225	773,666	18,183,891	17,351,398	17,351,398	832,493
Expenditures/expenses:						
Instruction	10,581,048	-	10,581,048	10,311,914	11,000,000	418,952
Support services	4,284,902	20,276	4,305,178	4,540,590	4,540,590	235,412
Non-instructional programs	-	738,693	738,693	875,000	875,000	136,307
Other expenditures	4,789,813	-	4,789,813	14,638,157	14,638,157	9,848,344
Total expenditures/expenses	19,655,763	758,969	20,414,732	30,365,661	31,053,747	10,639,015
Excess(Deficiency) of revenues (over)under expenditures/expenses	(2,245,538)	14,697	(2,230,841)	(13,014,263)	(13,702,349)	11,471,508
Other financing sources, net	-	-	-	12,000,000	12,000,000	(12,000,000)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(2,245,538)	14,697	(2,230,841)	(1,014,263)	(1,702,349)	(528,492)
Balances beginning of year, as restated	12,827,098	(245,755)	12,581,343	3,685,566	3,685,566	8,895,777
Balances end of year	\$ 10,581,560	(231,058)	10,350,502	2,671,303	1,983,217	8,367,285

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$688,086.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR*

REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.129334%
District's proportionate share of the net pension liability	\$ 5,234,242
District's covered-employee payroll	\$ 9,019,138
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.03%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amount presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table, However until a full ten year trend is compiled, the District will present information for those years for which information is available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CONTRIBUTIONS
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 805,409	771,846	713,989	629,464	522,585	492,394	456,242	410,075	354,616	300,998
Contributions in relation to the statutorily required contribution	<u>(805,409)</u>	<u>(771,846)</u>	<u>(713,989)</u>	<u>(629,464)</u>	<u>(522,585)</u>	<u>(492,394)</u>	<u>(456,242)</u>	<u>(410,075)</u>	<u>(354,616)</u>	<u>(300,998)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
District's covered-employee payroll	\$ 9,019,138	8,643,292	8,235,167	7,800,050	7,519,209	7,084,806	7,184,913	6,778,099	6,167,235	5,234,748
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 571,095	\$ 571,095	0.0%	\$ 6,250,442	9.14%
2011	July 1, 2009	\$ -	\$ 571,095	\$ 571,095	0.0%	\$ 6,580,404	8.68%
2012	July 1, 2009	\$ -	\$ 571,095	\$ 571,095	0.0%	\$ 6,585,599	8.67%
2013	July 1, 2012	\$ -	\$ 574,572	\$ 574,572	0.0%	\$ 6,860,909	8.37%
2014	July 1, 2012	\$ -	\$ 567,447	\$ 567,447	0.0%	\$ 7,276,625	7.80%
2015	July 1, 2012	\$ -	\$ 607,102	\$ 607,102	0.0%	\$ 7,727,840	7.86%

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

Center Point - Urbana Community School District

SUPPLEMENTARY INFORMATION

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2015

	Special Revenue		
	Student Activity	Management Levy	Total
ASSETS			
Cash and pooled investments	\$ 220,166	75,731	295,897
Receivables:			
Property tax:			
Delinquent	-	1,987	1,987
Succeeding year	-	255,001	255,001
Accounts	1,320	-	1,320
TOTAL ASSETS	\$ 221,486	332,719	554,205
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 1,700	-	1,700
Accounts payable	12,213	-	12,213
Salaries and benefits payable	183	-	183
Total liabilities	14,096	-	14,096
Deferred revenue:			
Succeeding year property tax	-	255,001	255,001
Fund balances:			
Restricted for:			
Student activities	207,390	-	207,390
Management levy purposes	-	77,718	77,718
Total fund balances	207,390	77,718	285,108
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 221,486	332,719	554,205

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2015

	Special Revenue		
	Student Activity	Management Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	300,445	300,445
Other	511,800	15,588	527,388
State sources	-	2,271	2,271
TOTAL REVENUES	511,800	318,304	830,104
EXPENDITURES:			
Current:			
Instruction:			
Regular	-	28,834	28,834
Other	526,478	-	526,478
Support services:			
Student	1,778	-	1,778
Administration	-	115,064	115,064
Operation and maintenance of plant	-	91,498	91,498
Transportation	-	18,142	18,142
TOTAL EXPENDITURES	528,256	253,538	781,794
Change in fund balances	(16,456)	64,766	48,310
Fund balances beginning of year	223,846	12,952	236,798
Fund balances end of year	\$ 207,390	77,718	285,108

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	General Obligation Bond Construction	
ASSETS				
Cash and pooled investments	\$ 1,058,606	509	6,546,476	7,605,591
Receivables:				
Property tax:				
Delinquent	-	1,817	-	1,817
Succeeding year	-	275,070	-	275,070
Due from other governments	193,927	-	-	193,927
TOTAL ASSETS	\$ 1,252,533	277,396	6,546,476	8,076,405
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 28,333	485	874,653	903,471
Deferred revenue:				
Unavailable revenues:				
Succeeding year property tax	-	275,070	-	275,070
Fund balances:				
Restricted for:				
Debt service	735,599	-	-	735,599
School infrastructure	488,601	-	5,671,823	6,160,424
Physical plant and equipment	-	1,841	-	1,841
Total fund balances	1,224,200	1,841	5,671,823	6,897,864
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,252,533	277,396	6,546,476	8,076,405

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	General Obligation Bond Construction	
REVENUES:				
Local sources:				
Local tax	\$ -	268,878	-	268,878
Other	5,213	41	5,726	10,980
State sources	1,244,364	2,025	-	1,246,389
TOTAL REVENUES	1,249,577	270,944	5,726	1,526,247
EXPENDITURES:				
Current:				
Administration	-	-	11,755	11,755
Operation and maintenance of plant	4,889	-	-	4,889
Transportation	14,863	12,863	-	27,726
Capital outlay	85,761	110,292	2,089,637	2,285,690
TOTAL EXPENDITURES	105,513	123,155	2,101,392	2,330,060
Excess(Deficiency) of revenues over(under) expenditures	1,144,064	147,789	(2,095,666)	(803,813)
OTHER FINANCING USES:				
Transfer out	(952,331)	(149,013)	-	(1,101,344)
Change in fund balances	191,733	(1,224)	(2,095,666)	(1,905,157)
Fund balances beginning of year	1,032,467	3,065	7,767,489	8,803,021
Fund balances end of year	\$ 1,224,200	1,841	5,671,823	6,897,864

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST- SCHOLARSHIP FUNDS
 JUNE 30, 2015

	Private Purpose Trust							Total
	Denison Scholarship	Wyckoff Scholarship	Bowers Scholarship	Mrs. C Scholarship	W. Andrews Memorial	Rogers Memorial	Other Scholarships	
ASSETS								
Cash and pooled investments	\$ 229	600	6,679	6,007	6,466	2,491	1,000	23,472
LIABILITIES								
	-	-	-	-	-	-	-	-
NET POSITION								
Held in trust for scholarships	\$ 229	600	6,679	6,007	6,466	2,491	1,000	23,472

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust										
	Denison Scholarship	Wyckoff Scholarship	Bowers Scholarship	Mrs. C Scholarship	W. Andrews Memorial	Rogers Memorial	Parsons Scholarship	CPU Music Scholarship	Student Council Scholarship	Other Scholarships	Total
Additions:											
Local sources:											
Interest	\$ -	-	42	41	-	13	-	-	-	-	96
Gifts and contributions	-	-	-	-	-	-	-	500	200	1,000	1,700
Total additions	-	-	42	41	-	13	-	500	200	1,000	1,796
Deductions:											
Instruction:											
Other	100	-	-	500	-	1,000	3,500	500	200	250	6,050
Change in net position	(100)	-	42	(459)	-	(987)	(3,500)	-	-	750	(4,254)
Net position beginning of year	329	600	6,637	6,466	6,466	3,478	3,500	-	-	250	27,726
Net position end of year	\$ 229	600	6,679	6,007	6,466	2,491	-	-	-	1,000	23,472

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
District Wide				
General athletics	\$ 4,321	5,714	4,408	5,627
Annual	(1,596)	10,109	7,503	1,010
Canstruction	1,439	63	321	1,181
	<u>4,164</u>	<u>15,886</u>	<u>12,232</u>	<u>7,818</u>
Jr/Sr High Activity				
Drama	1,313	501	697	1,117
Musical	2,168	2,410	1,851	2,727
Childrens theatre	3,626	110	411	3,325
Speech	43	3,422	3,461	4
Show choir	4,618	43,960	42,675	5,903
Cross country	461	4,190	4,104	547
Boys basketball	6,096	19,178	18,190	7,084
Football	14,731	32,724	36,310	11,145
Boys soccer	1,312	2,607	3,036	883
Boys baseball	5,950	17,124	13,191	9,883
Boys track	115	8,082	8,002	195
Golf	3,137	3,418	3,497	3,058
Boys wrestling	(1,148)	14,835	11,505	2,182
Girls basketball	4,224	14,594	13,364	5,454
Volleyball	8,004	18,484	12,423	14,065
Girls soccer	937	5,513	6,139	311
Softball	8,491	16,254	16,729	8,016
Girls track	115	5,409	5,247	277
Girls Golf	250	1,828	1,800	278
Storm troopers	492	-	-	492
Computer Club	433	1,498	1,926	5
FCCLA	1,430	-	-	1,430
Pop Fund	4,608	719	337	4,990
Senior science trip	1,458	11,525	11,514	1,469
Art club	26	-	-	26
Home economics	1,303	778	771	1,310
National honor society	47	1,170	1,215	2
Student council	640	8,477	7,746	1,371
Spanish club	4,219	9,493	4,330	9,382
Biology club	350	125	91	384
Cheerleaders	2,452	11,041	12,184	1,309
Drill team	10,073	4,183	6,593	7,663
Pep club	1,068	12,014	12,021	1,061
Class of 2013	2,710	-	2,710	-
Class of 2014	1,189	-	1,189	-
Class of 2015	9,202	237	9,439	-
Class of 2016	80	18,838	12,309	6,609
Class of 2017	198	33	-	231
Class of 2018	-	335	65	270
HS band/jazz band	4,218	8,883	7,898	5,203
Wellness	1,725	53	1,778	-
Robotics club	(738)	6,878	2,081	4,059
Students in need	811	1,700	583	1,928
MS choir	3,757	1,991	981	4,767
MS band	551	1,565	1,091	1,025
CPU music parents	59,005	72,022	84,567	46,460
Booster club	43,932	107,713	129,973	21,672
	<u>219,682</u>	<u>495,914</u>	<u>516,024</u>	<u>199,572</u>
Total	<u>\$ 223,846</u>	<u>511,800</u>	<u>528,256</u>	<u>207,390</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 5,060,657	4,693,773	5,768,643	5,703,394	5,391,957	5,186,801	4,649,023	4,347,649	3,575,835	3,234,742
Tuition	1,346,449	1,269,890	1,191,695	1,048,600	1,006,673	1,014,968	892,508	806,991	706,255	799,047
Other	1,077,625	895,385	923,961	1,447,692	807,489	750,738	790,033	1,024,595	756,948	549,533
State sources	9,675,835	9,493,613	8,020,063	8,030,439	7,495,087	6,613,909	7,059,694	6,802,555	5,818,628	5,249,603
Federal sources	249,659	240,794	218,122	284,515	1,320,113	895,797	291,452	152,056	157,791	236,046
Total	\$ 17,410,225	16,593,455	16,122,484	16,514,640	16,021,319	14,462,213	13,682,710	13,133,846	11,015,457	10,068,971
Expenditures:										
Current:										
Instruction:										
Regular	\$ 6,927,662	6,673,324	6,100,816	5,709,992	5,335,294	5,833,806	5,774,940	5,189,594	4,712,334	4,307,045
Special	1,704,048	1,601,555	1,505,463	1,504,078	1,447,366	1,312,584	1,329,432	1,260,668	1,185,672	1,214,103
Other	1,949,338	1,822,963	1,846,716	1,768,856	1,578,589	1,093,601	982,601	996,817	899,698	775,325
Support services:										
Student	359,203	351,625	333,130	288,350	275,878	268,361	289,696	283,934	279,601	261,587
Instructional staff	525,687	429,581	382,020	307,818	312,053	299,694	259,524	250,050	195,609	181,220
Administration	1,620,081	1,599,508	1,491,242	1,629,024	1,336,756	1,227,169	1,280,601	1,320,989	1,178,454	1,286,724
Operation and maintenance of plant	1,230,835	1,293,418	1,074,706	1,542,179	847,385	941,042	975,746	1,015,733	891,442	904,531
Transportation	549,096	842,834	749,940	599,810	410,806	363,347	781,409	347,964	442,407	353,667
Non-instructional programs	-	2,980	-	-	26,802	-	-	-	-	-
Capital outlay	2,285,690	352,416	588,756	2,695,037	12,473,465	2,185,255	391,154	532,939	2,449,914	156,450
Long-term debt:										
Principal	1,192,576	5,001,460	986,312	837,295	432,358	416,018	402,693	370,000	405,000	365,000
Interest and fiscal charges	776,832	732,308	744,411	676,708	641,426	299,457	310,659	322,176	349,251	272,930
Other expenditures:										
AEA flow-through	534,715	513,598	491,690	485,277	514,852	499,411	429,285	398,409	365,632	325,981
Total	\$ 19,655,763	21,217,570	16,295,202	18,044,424	25,633,030	14,739,745	13,207,740	12,289,273	13,355,014	10,404,563

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Center Point-Urbana Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 5, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-15 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

Center Point-Urbana Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Center Point-Urbana Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 5, 2016
Newton, Iowa

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

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

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

Response - The District will continue to look for opportunities to improve Segregation of Duties within the office.

Conclusion - Response accepted.

I-B-15 Student Activity Fund-Fundraisers - We noted during our audit that the District maintains fundraisers in the Student Activity Fund, however they are not approved by the Board. We recommend that all fundraisers be approved by Board. We also noted that the fundraisers do not always have a stated purpose.

Recommendation - Districts should have policies and/or procedures in place to address fund-raising activity including:

- a. The Board or its designee should approve all District-sponsored fundraising activity.
- b. The board may also adopt a policy to require Board approval of all fundraising activity including fundraising activities of affiliated organizations such as a Booster Club and a PTO.
- c. Boards should establish procedures for fund-raising activity for District sponsored fund-raisers as well as fund-raisers sponsored by outside groups and organizations to help ensure consistency and accountability over fund-raising activities.

- d. The Board should determine the extent, if any, of administrative support to be provided for District-sponsored and affiliated organization fundraising activity including the cost and/or expense associated with staff time used in collecting payments; preparing, printing and/or assembling mailings; postage; etc.
- e. Fund-raising activity should be clearly designated as District-sponsored and/or sponsored by an outside group or affiliated organization to clearly establish responsibility and accountability.
- f. If District-sponsored, the District should account for the fund-raising activity.

Response - The District will develop a procedure for approving all fundraisers which includes Board approval.

Conclusion - Response accepted.

OTHER MATTERS:

- I-C-15 Board Policies - We noted during our audit some of the policies in the District's board policy book appear to have not been kept up to date. All board policies should be reviewed every five years and documented when approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take steps to review board policies in a timely manner.

Response - The District will review the remaining sections of board policy. Board policies are reviewed on a five year cycle.

Conclusion - Response accepted.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - District expenditures for the year ended June 30, 2015, did not exceed the amounts budgeted.

II-B-15 Questionable Disbursements - Disbursements noted which may not meet public purpose as defined by Attorney General's opinion dated April 25, 1979 are noted as follows:

Gift Cards & Cash Prizes Noted the District purchased a gift card from the Pep Club account within the Student Activity Fund. We also noted the Booster Club account within the Student Activity Fund awarded cash as prizes for first, second and third place finishers as part of a golf tournament/fundraiser. Giving cash or gift certificates/cards does not allow the board to "audit and allow" final purchases in accordance with Iowa Code Section 279.29 and does not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - Gift cards and cash incentives are not an appropriate District purchase since Iowa Code Section 279.29 requires districts to "audit and allow" all bills. The gift cards and cash prizes do not provide the board with the ability to perform the required function of approval of the final purchase. The District should refrain from purchasing gift cards for any purpose, and should refrain from paying cash to individuals to be in accordance with the Attorney General's opinion dated April 25, 1979.

Response - The District will communicate with the Booster Club and other Activities to ensure that gift cards are not purchased with District funds.

Conclusion - Response accepted.

II-C-15 Travel Expenses - No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

II-D-15 Business Transactions - Business transactions between the District and District officials or employees are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Bill Wright, Bus Driver Owns WSA Promotions, LLC	Supplies	\$19,076
Doug Arnold, Bus Driver Owns Arnold's Outdoor Equipment	Purchased services & supplies	\$114
Jennifer Burkhart, Curriculum Director Owns Emmy Doodles	Supplies	\$1,796

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

- II-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-15 Certified Enrollment - No variance in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-15 Statewide Sales, Services and Use Tax - No instance of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,032,467
Revenues/transfer in:			
Sales tax revenues	\$		1,244,364
Other local revenues			5,213
			1,249,577
			2,282,044
Expenditures/transfer out:			
School infrastructure	\$		13,380
Equipment			14,863
Other			77,270
Transfers to another fund:			
Debt service fund			952,331
			1,057,844
Ending balance		\$	1,224,200

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- II-M-15 Financial Condition - The District had the following deficit balances at June 30, 2015. The District had a deficit unrestricted net position of \$383,681 and a deficit total net position of \$231,058 in the School Nutrition Fund. The District also had a deficit

unrestricted net position in the District's Governmental Activities of \$4,480,912. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward. The District should also continue to monitor the School Nutrition Fund ensure this fund operates at a positive balance each year.

Response - The District's governmental activities went deficit due to the implementation of GASB Statement No. 68 and No. 71 in fiscal year 2015 which require the District to show its proportionate share of the IPERS funding deficit as a liability on the Statement of Net Position. The District's governmental activities net pension liability was \$5,056,801 at June 30, 2015. The District will also continue to review the School Nutrition Fund.

Conclusion - Response accepted.

- II-N-15 Student Activity Fund - During our audit concerns arose about certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), monies in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program.

Questioned Accounts: We noted during our audit the District is maintaining a Pop Fund account and a Students in Need account within the Student Activity Fund. The Pop Fund account is not a student run organization and does not appear to be extracurricular in nature; furthermore, purchases from this account appear to be for administrative purposes and should be run through the District's General Fund. The Student in Need account appears to be used to record donation revenue and is spent on special education students as part of their curriculum.

Recommendation - The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear the Pop Fund and Student in Needs accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. These accounts should be transferred to the General Fund where the remaining monies can be properly received and expended.

Response - The District will move the Students in Need to the Trust/Agency account to more accurately reflect the purpose of those funds. The Pop Fund will be transferred to the General Fund.

Conclusion - Response accepted.

- II-O-15 Donation to Outside Organization - We noted the District's class of 2013 voted to give the residual class account balance of \$2,710 to the Center Point-Urbana Foundation, an outside organization, to be given out as scholarships to students of the District. The District subsequently wrote a check of \$2,710 to the Center Point-Urbana Foundation to close the 2013 class account. Iowa Administrative rule 281-98.08(3) outlines inappropriate uses of student activity money and subsection (D) specifically prohibits payment to any outside organization unless a fundraiser was held expressly for that purpose and the purpose of the fundraiser was specifically identified.

Recommendation - The District should contact representatives of the Center Point-Urbana Foundation and request the \$2,710 be repaid to the District.

Response - The District will request return of the funds from the Center Point-Urbana Foundation.

Conclusion - Response accepted.