

Janesville Consolidated School District

**Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings**

June 30, 2005

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Janesville Consolidated School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2004 Election)

Craig Smith	President	2004
Sandi Carroll	Vice President	2004
Ron Henry	Board Member	2006
Robert Gifford *	Board Member	2005
Barbara Reid	Board Member	2005
Vicki Hunemiller *	Board Member	2004

Board of Education

(After September 2004 Election)

Sandi Carroll	President	2007
Barbara Reid	Vice President	2005
Ron Henry	Board Member	2006
Rusty Roberts	Board Member	2007
Christine Mattingly	Board Member	2005

School Officials

Robert Weber	Superintendent	2005
Susan McClure	District Secretary/Treasurer and Business Manager	2005
Steven A. Weidner	Attorney	2005

* Robert Gifford resigned effective March 1, 2005. Vicki Hunemiller was appointed as his replacement.

Independent Auditor's Report

To the Board of Education of
Janesville Consolidated School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District, Janesville, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my 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 Janesville Consolidated School District at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated September 15, 2005 on my consideration of Janesville Consolidated School District's internal control over financial reporting and my 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 my 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 and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 34 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Janesville Consolidated School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Keith Oltrogge CPA". The signature is fluid and cursive, with the letters "CPA" written in a slightly larger, more distinct font at the end.

Keith Oltrogge
Certified Public Accountant

September 15, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Janesville Consolidated 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, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,596,529 in fiscal 2004 to \$2,682,959 in fiscal 2005, while General Fund expenditures decreased from \$2,582,850 in fiscal 2004 to \$2,540,939 in fiscal 2005. The District's General Fund balance increased from \$416,059 in fiscal 2004 to \$558,079 in fiscal 2005, a 25% increase.
- The District experienced a gain in enrollment. The September 2003 enrollment was 357.3, while the September 2004 enrollment was 364.8. This is an increase of 2%.
- The number of full-time equivalent employees has been reduced slightly, where possible, to help deal with the tight budget.
- The District has cut back on employee travel, student field trips, assistant coaches, and one spring play in light of the tight budget.
- In February 2004, Bremer County passed the 1% Local Option Sales and Services (SILO) Tax, which increased revenue beginning September 2004.
- The District purchased 2 new computer servers and an additional 22 new Dell computers with Windows XP Professional software to upgrade the High School computer lab with REAP grant funds.
- The roof and garage door on the Industrial Technology building were replaced using SILO Funds.
- Parking lots lights were installed and ventilation fans in the high school gymnasium were purchased using SILO funds.
- The District also purchased food carts to transport hot lunch from Waverly-Shell Rock Schools.
- Memorials signs were installed for the Nielsen Athletic Complex and the Gifford Field in memory of Pat Nielsen and Bob Gifford.

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 Assets and a Statement of Activities. These provide information about the activities of Janesville Consolidated 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 Janesville Consolidated 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 Janesville Consolidated School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to 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.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

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

Figure A-1
Janesville Consolidated School District Annual Financial Report

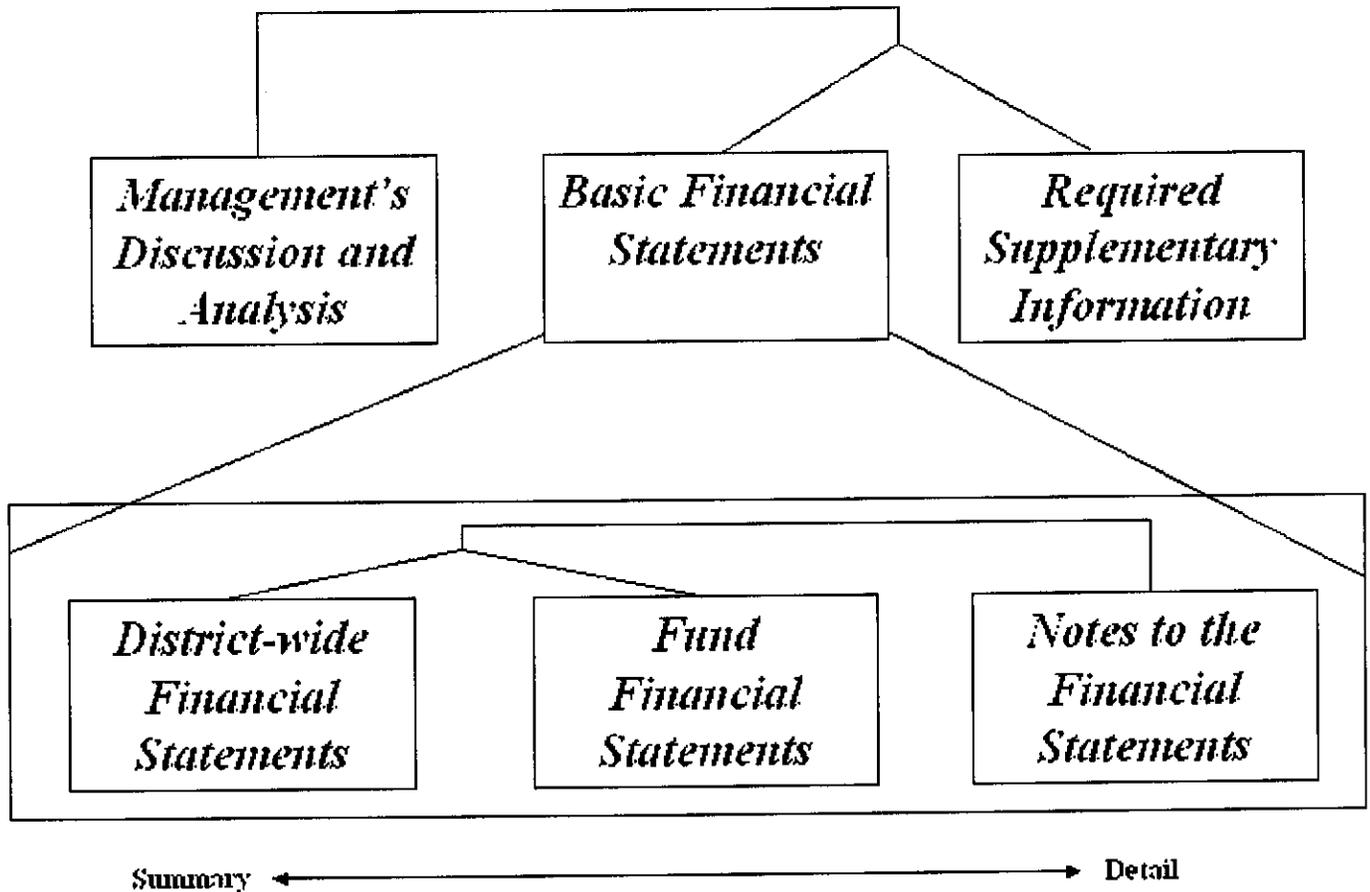


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**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 services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in fund net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
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, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets 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 and Childhood Development program are 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 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 Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Childhood Development Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

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

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

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2005 compared to June 30, 2004.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	\$2,749,374	\$2,958,638	\$26,605	\$20,795	\$2,775,979	\$2,979,433	-\$203,454
Capital assets	752,486	681,251	5,221	1,695	757,707	682,946	74,761
Total assets	\$3,501,860	\$3,639,889	\$31,826	\$22,490	\$3,533,686	\$3,662,379	-\$128,693
Long-term liabilities	\$20,585	\$40,284	\$-	\$-	\$20,585	\$40,284	-\$19,699
Other liabilities	1,659,274	2,098,505	22,907	23,155	1,682,181	2,121,660	-439,479
Total liabilities	\$1,679,859	\$2,138,789	\$22,907	\$23,155	\$1,702,766	\$2,161,944	-\$459,178
Net assets:							
Invested in capital assets, net of related debt	\$731,901	\$640,967	\$5,221	\$1,695	\$737,122	\$642,662	\$94,460
Restricted	577,125	497,446	-	-	577,125	497,446	79,679
Unrestricted	512,975	362,687	3,698	-2,360	516,673	360,327	156,346
Total net assets	\$1,822,001	\$1,501,100	\$8,919	-\$665	\$1,830,920	\$1,500,435	\$330,485

The District's combined net assets increased by nearly 18%, or approximately \$330,000, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$80,000, or 14% over the prior year. The increase was primarily a result of increased revenue in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$156,000, or 30%. This increase in unrestricted net assets was a result of the District's increased revenues and careful management of expenses.

Figure A-4 shows the change in net assets for the year ended June 30, 2005.

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

	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	\$370,559	\$131,354	\$501,913
Operating grants, contributions and restricted interest	252,481	30,994	283,475
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	998,260	-	998,260
Local option sales and service tax	218,365	-	218,365
Unrestricted state grants	1,303,089	-	1,303,089
Unrestricted investment earnings	23,527	62	23,589
Other	6,521	-	6,521
Total revenues	\$3,172,802	\$162,410	\$3,335,212
Program expenses:			
Governmental activities:			
Instruction	\$2,034,054	\$-	\$2,034,054
Support services	712,121	-	712,121
Non-instructional programs	-	157,142	157,142
Other expenses	101,410	-	101,410
Total expenses	\$2,847,585	\$157,142	\$3,004,727
Change in net assets before transfers	\$325,217	\$5,268	\$330,485
Transfers	-4,316	4,316	-
Change in net assets	\$320,901	\$9,584	\$330,485

Property tax and unrestricted state grants account for 72% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 96% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,172,802 and expenses were \$2,847,585. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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.

	Figure A-5 Total and Net Cost of Governmental Activities	
	Total Cost of Services	Net Cost of Services
Instruction	\$2,034,054	\$1,565,937
Support Services	712,121	657,425
Non-instructional programs	-	-
Other expenses	101,410	1,183
Totals	\$2,847,585	\$2,224,545

- The cost financed by users of the District's programs was \$501,913.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$283,475.
- The net cost of governmental activities was financed with \$1,216,625 in property and other taxes and \$1,303,089 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$162,410 and expenses were \$157,142. The District's business type activities include the School Nutrition Fund and the Childhood Development Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Janesville Consolidated 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 a combined fund balance of \$1,091,026, well above last year's ending fund balances of \$861,688.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues.
- The General Fund balance increased from \$416,059 to \$558,079, due in part to the increase in enrollment and the overall reduction in expenditures.
- The District has been trying to control the decline of its General Fund balance by cutting classroom budgets, greatly reducing travel and field trips, and reducing staff slightly where possible.
- The decrease of Phase II dollars from the state and the total elimination of technology funding from the state has made it difficult to maintain staff development for teachers and keep all of the school's computers in operational order.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$45,511 in fiscal 2004 to \$59,528 in fiscal 2005. Revenues increased slightly and the District reduced spending from the PPEL Fund.
- The Capital Projects Fund balance increased due to the increase in revenues from the local option sales tax. The District ended fiscal 2004 with a balance of \$341,372. Fiscal 2005 ended with a balance of \$441,649.
- The District used PPEL dollars and Capital Project dollars, on hand, to purchase food carts, complete the landscaping on the playground, replace the garage door and roof on the Industrial Technology building, install parking lot lights and install a ventilation system in the high school gymnasium. Also, memorial signs were installed for the Nielsen Athletic Complex and Gifford Field in memory of Pat Nielsen and Bob Gifford.
- The District used R.E.A.P. funds to purchase 2 new computer servers, replace computers in the High School computer lab and to purchase new library materials.

Proprietary Fund Highlights

- School Nutrition Fund net assets increased from \$21,971 at June 30, 2004 to \$29,848 at June 30, 2005, representing an increase of approximately 3%.
- Childhood Development Fund net assets increased from -\$22,636 at June 30, 2004 to -\$20,929 at June 30, 2005, representing an increase of approximately 7%.
- The Proprietary Fund's net assets increased due to an increase in revenues while expenditures remained the same as last year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Janesville Consolidated School District amended its annual budget one time to reflect additional expenditures associated with insurance costs and class sharing costs.

The District's receipts were \$58,546 less than budgeted receipts, a variance of 1.7%. The most significant variance resulted from the District receiving less in grants than originally anticipated.

The Districts 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 ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had invested \$.75 million, 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 represents a net increase of 9% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$64,820.

The original cost of the District's capital assets was \$3.10 million. Governmental funds account for \$3.09 million, with the remainder of \$0.01 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in the capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$1,418,170 at June 30, 2005, compared to \$1,416,094 reported at June 30, 2004. This increase resulted from the purchase of computer equipment.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Land	\$18,751	\$18,751	\$-	\$-	\$18,751	\$18,751	\$-
Buildings	586,607	566,050	-	-	586,607	566,050	20,557
Improvements other than buildings	23,983	3,124	-	-	23,983	3,124	20,859
Furniture and equipment	123,145	93,326	5,221	1,695	128,366	95,021	33,345
Totals	\$752,486	\$681,251	\$5,221	\$1,695	\$757,707	\$682,946	\$74,761

Long-Term Debt

At June 30, 2005, the District had \$20,585 in long-term debt outstanding. This represents a decrease of approximately 49% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2005	2004	2004-2005
Notes payable	\$20,585	\$40,284	-\$19,699

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 Instructional Support Levy was passed in September 2002 and funds were first received by the District in September 2004.
- The District levied a cash reserve amount of \$30,000 for fiscal year 2005.
- The District's employee group health insurance remained stable for fiscal year 2005.
- The state has now completely abandoned Phase III funding to schools for teacher staff development and curriculum work.
- The District received only \$3,211 in new general fund dollars for fiscal year 2005.
- Un-funded mandates such as "No Child Left Behind" and accounting changes such as "GASB 34" are making it very difficult for schools to keep adequate staffing and provide the necessary instructional materials.
- The District will be purchasing new bleachers for the High School gymnasium and a new floor for the Elementary gymnasium in the future.

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 Susan McClure, School Business Manager, Janesville Consolidated School, 505 Barrick Road, Janesville IA 50647.

Basic Financial Statements

Janesville Consolidated School District

Statement of Net Assets

June 30, 2005

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
ISCAP	\$ 531,944	\$ -	\$ 531,944
Other	1,218,106	17,350	1,235,456
Receivables:			
Property tax:			
Delinquent	7,636	-	7,636
Succeeding year	917,048	-	917,048
Accounts	21,964	-	21,964
Accrued interest:			
ISCAP	3,617	-	3,617
Due from other funds	23,048	-	23,048
Due from other governments	26,011	-	26,011
Inventories	-	9,255	9,255
Capital assets, net of accumulated depreciation	752,486	5,221	757,707
Total Assets	\$ 3,501,860	\$ 31,826	\$ 3,533,686
Liabilities			
Excess of warrants over bank balance	\$ 9,735	\$ 13,808	\$ 23,543
Accounts payable	5,118	-	5,118
Salaries and benefits payable	165,785	7,661	173,446
Due to other funds	21,610	1,438	23,048
Accrued interest payable	926	-	926
Deferred revenue-succeeding year property tax	917,048	-	917,048
ISCAP warrants payable	530,000	-	530,000
ISCAP accrued interest payable	3,895	-	3,895
Other current liabilities	5,157	-	5,157
Long-term liabilities:			
Portion due within one year:			
Note payable	20,585	-	20,585
Total Liabilities	\$ 1,679,859	\$ 22,907	\$ 1,702,766
Net Assets			
Invested in capital assets, net of related debt	\$ 731,901	\$ 5,221	\$ 737,122
Restricted for:			
Management levy	-6,351	-	-6,351
Physical plant and equipment levy	59,528	-	59,528
Other special revenue purposes	523,948	-	523,948
Unrestricted	512,975	3,698	516,673
Total Net Assets	\$ 1,822,001	\$ 8,919	\$ 1,830,920

See notes to financial statements.

Janesville Consolidated School District

Statement of Activities

Year Ended June 30, 2005

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 1,526,004	\$ 163,128	\$ 97,490	\$ -
Special instruction	281,963	-	51,829	-
Other instruction	226,087	155,670	-	-
	<u>\$ 2,034,054</u>	<u>\$ 318,798</u>	<u>\$ 149,319</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 39,484	\$ -	\$ -	\$ -
Instructional staff services	44,197	-	-	-
Administration services	307,870	-	-	-
Operation and maintenance of plant services	206,337	-	-	-
Transportation services	114,233	51,761	2,935	-
	<u>\$ 712,121</u>	<u>\$ 51,761</u>	<u>\$ 2,935</u>	<u>\$ -</u>
Non-instructional programs	\$ -	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ -	\$ -	\$ -	\$ -
Long-term debt interest	1,183	-	-	-
AEA flow-through	100,227	-	100,227	-
Depreciation (unallocated) *	-	-	-	-
	<u>\$ 101,410</u>	<u>\$ -</u>	<u>\$ 100,227</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 2,847,585</u>	<u>\$ 370,559</u>	<u>\$ 252,481</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 90,763	\$ 63,268	\$ 30,994	\$ -
Childhood development	66,379	68,086	-	-
	<u>\$ 157,142</u>	<u>\$ 131,354</u>	<u>\$ 30,994</u>	<u>\$ -</u>
Total	<u>\$ 3,004,727</u>	<u>\$ 501,913</u>	<u>\$ 283,475</u>	<u>\$ -</u>

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -1,265,386	\$ -	\$ -1,265,386
-230,134	-	-230,134
-70,417	-	-70,417
<u>\$ -1,565,937</u>	<u>\$ -</u>	<u>\$ -1,565,937</u>
\$ -39,484	\$ -	\$ -39,484
-44,197	-	-44,197
-307,870	-	-307,870
-206,337	-	-206,337
-59,537	-	-59,537
<u>\$ -657,425</u>	<u>\$ -</u>	<u>\$ -657,425</u>
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
-1,183	-	-1,183
-	-	-
-	-	-
<u>\$ -1,183</u>	<u>\$ -</u>	<u>\$ -1,183</u>
<u>\$ -2,224,545</u>	<u>\$ -</u>	<u>\$ -2,224,545</u>
\$ -	\$ 3,499	\$ 3,499
-	1,707	1,707
<u>\$ -</u>	<u>\$ 5,206</u>	<u>\$ 5,206</u>
<u>\$ -2,224,545</u>	<u>\$ 5,206</u>	<u>\$ -2,219,339</u>

Janesville Consolidated School District

Statement of Activities

Year Ended June 30, 2005

	<u>Program Revenues</u>		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Expenses</u>			
General Revenues:			
Property Tax Levied For:			
General purposes			
Debt service			
Capital outlay			
Local option sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other general revenues			
Sale of equipment			
 Total General Revenues			
 Change in net assets before transfers			
Transfers			
 Change in net assets			
Net assets beginning of year			
 Net Assets End of Year			

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

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 950,859	\$ -	\$ 950,859
-	-	-
47,401	-	47,401
218,365	-	218,365
1,303,089	-	1,303,089
23,527	62	23,589
4,421	-	4,421
2,100	-	2,100
<hr/> \$ 2,549,762	<hr/> \$ 62	<hr/> \$ 2,549,824
\$ 325,217	\$ 5,268	\$ 330,485
-4,316	4,316	-
<hr/> \$ 320,901	<hr/> \$ 9,584	<hr/> \$ 330,485
1,501,100	-665	1,500,435
<hr/> \$ 1,822,001	<hr/> \$ 8,919	<hr/> \$ 1,830,920

Janesville Consolidated School District

Balance Sheet
Governmental Funds

June 30, 2005

Assets	General	Capital Projects	Non-major Special Revenue	Total
Cash and Pooled Investments:				
ISCAP	\$ 531,944	\$ -	\$ -	\$ 531,944
Other	699,390	435,285	83,431	1,218,106
Receivables:				
Property Tax:				
Delinquent	6,608	-	1,028	7,636
Succeeding year	770,446	-	146,602	917,048
Accounts	21,964	-	-	21,964
Accrued Interest:				
ISCAP	3,617	-	-	3,617
Due from other funds	3,131	-	19,917	23,048
Due from other governments	4,151	21,860	-	26,011
Total Assets	\$ 2,041,251	\$ 457,145	\$ 250,978	\$ 2,749,374
Liabilities and Fund Balances				
Liabilities:				
Excess of warrants over bank balance	\$ -	\$ -	\$ 9,735	\$ 9,735
Accounts payable	3,468	-	1,650	5,118
Salaries and benefits payable	165,785	-	-	165,785
Due to other funds	4,421	15,496	1,693	21,610
ISCAP warrants payable	530,000	-	-	530,000
ISCAP accrued interest payable	3,895	-	-	3,895
Deferred Revenue:				
Succeeding year property tax	770,446	-	146,602	917,048
Other current liabilities	5,157	-	-	5,157
Total Liabilities	\$ 1,483,172	\$ 15,496	\$ 159,680	\$ 1,658,348
Fund Balances:				
Unreserved	\$ 558,079	\$ 441,649	\$ 91,298	\$ 1,091,026
Total Liabilities and Fund Balances	\$ 2,041,251	\$ 457,145	\$ 250,978	\$ 2,749,374

See notes to financial statements.

Janesville Consolidated School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2005

Total fund balances of governmental funds (page 16)	\$ 1,091,026
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	752,486
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds	-
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	-926
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>-20,585</u>
Net assets of governmental activities (page 13)	<u>\$ 1,822,001</u>

Janesville Consolidated School District

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

Year Ended June 30, 2005

	General	Capital Projects	Non-Major Special Revenue	Total
Revenues:				
Local Sources:				
Local tax	\$ 880,953	\$ 218,365	\$ 117,307	\$ 1,216,625
Tuition	107,834	-	-	107,834
Other	138,779	3,262	150,732	292,773
Intermediate sources	-	-	-	-
State sources	1,488,563	-	177	1,488,740
Federal sources	66,830	-	-	66,830
Total Revenues	<u>\$ 2,682,959</u>	<u>\$ 221,627</u>	<u>\$ 268,216</u>	<u>\$ 3,172,802</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 1,434,138	\$ -	\$ 57,960	\$ 1,492,098
Special instruction	281,963	-	-	281,963
Other instruction	58,384	-	164,609	222,993
Support Services:				
Student services	\$ 39,484	\$ -	\$ -	\$ 39,484
Instructional staff services	44,197	-	-	44,197
Administration services	304,539	-	1,601	306,140
Operation and maintenance of plant services	180,999	-	23,485	204,484
Transportation services	97,008	-	-	97,008
Non-instructional programs	<u>\$ 666,227</u>	<u>\$ -</u>	<u>\$ 25,086</u>	<u>\$ 691,313</u>
Other Expenditures:				
Facilities acquisition	\$ -	\$ 117,034	\$ 12,009	\$ 129,043
Long-Term Debt:				
Principal	-	-	19,699	19,699
Interest	-	-	1,812	1,812
AEA flow-through	100,227	-	-	100,227
Total Expenditures	<u>\$ 100,227</u>	<u>\$ 117,034</u>	<u>\$ 33,520</u>	<u>\$ 250,781</u>
Total Expenditures	<u>\$ 2,540,939</u>	<u>\$ 117,034</u>	<u>\$ 281,175</u>	<u>\$ 2,939,148</u>
Excess of revenues over expenditures	<u>\$ 142,020</u>	<u>\$ 104,593</u>	<u>\$ -12,959</u>	<u>\$ 233,654</u>
Other Financing Sources (Uses):				
Operating transfers in	\$ -	\$ -	\$ 21,511	\$ 21,511
Operating transfers out	-	-4,316	-21,511	-25,827
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -4,316</u>	<u>\$ -</u>	<u>\$ -4,316</u>
Net change in fund balances	\$ 142,020	\$ 100,277	\$ -12,959	\$ 229,338
Fund balances beginning of year	416,059	341,372	104,257	861,688
Fund Balances End of Year	<u>\$ 558,079</u>	<u>\$ 441,649</u>	<u>\$ 91,298</u>	<u>\$ 1,091,026</u>

See notes to financial statements.

Janesville Consolidated 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, 2005

Net change in fund balances – total governmental funds (page 18) \$ 229,338

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

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

Expenditures for capital assets	\$ 136,055	
Depreciation expense	-64,820	71,235

Certain delinquent property tax not collected for several months after year end is not considered available revenue and is deferred in the governmental funds.

-

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

Issued	\$ -	
Repaid	19,699	19,699

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.

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

Early retirement	\$ -	
Compensated absences	-	-

Change in Net Assets of Governmental Activities (page 15) \$ 320,901

Janesville Consolidated School District

Statement of Net Assets
Proprietary Funds

June 30, 2005

	Hot Lunch	Childhood Development	Total
Assets			
Cash and cash equivalents	\$ 17,350	\$ -	\$ 17,350
Inventories	9,255	-	9,255
Capital assets, net of accumulated depreciation	5,221	-	5,221
Total Assets	\$ 31,826	\$ -	\$ 31,826
Liabilities			
Excess of warrants over bank balance	\$ -	\$ 13,808	\$ 13,808
Salaries and benefits payable	540	7,121	7,661
Due to other funds	1,438	-	1,438
Total Liabilities	\$ 1,978	\$ 20,929	\$ 22,907
Net Assets			
Invested in capital assets, net of related debt	\$ 5,221	\$ -	\$ 5,221
Unrestricted	24,627	-20,929	3,698
Total Net Assets	\$ 29,848	\$ -20,929	\$ 8,919

Janesville Consolidated School District

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

June 30, 2005

	Hot Lunch	Childhood Development	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 63,268	\$ 68,086	\$ 131,354
Operating expenses:			
Non-instructional programs:			
Operations:			
Salaries	\$ 4,744	\$ 47,851	\$ 52,595
Benefits	506	13,936	14,442
Supplies	84,415	4,306	88,721
Purchased services	287	286	573
Miscellaneous	21	-	21
Depreciation	790	-	790
Total operating expenses	\$ 90,763	\$ 66,379	\$ 157,142
Operating income (loss)	\$ -27,495	\$ 1,707	\$ -25,788
Non-operating revenues:			
State sources	\$ 1,533	\$ -	\$ 1,533
Federal sources	29,461	-	29,461
Interest income	62	-	62
Total non-operating revenues	\$ 31,056	\$ -	\$ 31,056
Change in net assets before transfers	\$ 3,561	\$ 1,707	\$ 5,268
Transfers	4,316	-	4,316
Change in net assets	\$ 7,877	1,707	\$ 9,584
Net assets beginning of year	21,971	-22,636	-665
Net Assets End of Year	\$ 29,848	\$ -20,929	\$ 8,919

Janesville Consolidated School District

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2005

	Hot Lunch	Childhood Development	Total
Cash flows from operating activities:			
Cash received from daycare fees	\$ -	\$ 68,086	\$ 68,086
Cash received from sale of lunches and breakfasts	63,268	-	63,268
Cash paid to employees for services	-3,791	-51,649	-55,440
Cash paid to suppliers for goods or services	-77,542	-14,940	-92,482
Net cash provided (used) by operating activities	\$ -18,065	\$ 1,497	\$ -16,568
Cash flows from non-capital financing activities:			
State grants received	\$ 1,533	\$ -	\$ 1,533
Federal grants received	20,929	-	20,929
Net cash provided by non-capital financing activities	\$ 22,462	\$ -	\$ 22,462
Cash flows from financing activities:			
Purchase of equipment	\$ -4,316	\$ -	\$ -4,316
Cash flows from investing activities:			
Interest on investments	\$ 62	\$ -	\$ 62
Net increase in cash and cash equivalents before transfers	\$ 143	\$ 1,497	\$ 1,640
Transfers	4,316	-	4,316
Net increase in cash and cash equivalents	\$ 4,459	\$ 1,497	\$ 5,956
Cash and cash equivalents beginning of year	12,891	-15,305	-2,414
Cash and Cash Equivalents End of Year	\$ 17,350	\$ -13,808	\$ 3,542
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -27,495	\$ 1,707	\$ -25,788
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Commodities used	5,153	-	5,153
Depreciation	790	-	790
Decrease in inventories	2,028	-	2,028
Increase (decrease) in salaries and benefits payable	21	-210	-189
Increase in other liabilities	1,438	-	1,438
Net Cash Provided (Used) by Operating Activities	\$ -18,065	\$ 1,497	\$ -16,568

Non-cash investing, capital and financing activities:

During the year ended June 30, 2005, the District received \$8,532 of federal commodities.

Janesville Consolidated School District

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2005

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 251,348
Total assets	<u>\$ 251,348</u>
Liabilities	<u>\$ -</u>
Net Assets	
Reserved for scholarships	<u>\$ 251,348</u>

Janesville Consolidated School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Year Ended June 30, 2005

	<u>Private Purpose Trust Scholarship</u>
Additions: Local sources:	
Interest income	\$ 3,718
Contributions and donations	65,558
Total Additions	<u>\$ 69,276</u>
Deductions: Support services:	
Scholarships awarded	<u>\$ 3,000</u>
Change in net assets	\$ 66,276
Net assets beginning of year	<u>185,072</u>
Net Assets End of Year	<u>\$ 251,348</u>

Janesville Consolidated School District

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

Janesville Consolidated School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. 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 City of Janesville, Iowa and portions of the predominately agricultural territories in Bremer and Black Hawk 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, Janesville Consolidated 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. Janesville Consolidated School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – 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 Bremer County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund 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 Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt 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 assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

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

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

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 revenues 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 expenditures, 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.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Childhood Development Fund. These funds are used to account for the food service and daycare operations of the District.

The District also reports fiduciary funds, which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is 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 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, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2004.

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, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. 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 repair 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	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

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

Deferred Revenue – 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 revenue in the governmental fund financial statements represents 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 revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

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

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 Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2005 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.

Interest Rate Risk – The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

(3) **Due From and Due to Other funds**

The detail of inter-fund receivables and payables at June 30, 2005 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Physical Plant and Equipment Levy	\$ 1,693
General	Hot Lunch	1,438
		<u>\$ 3,131</u>
Special Revenue: Physical Plant and Equipment Levy Management	Special Revenue: Capital Projects General	\$ 15,496
		4,421
		<u>\$ 19,917</u>
Total		<u>\$ 23,048</u>

The Physical Plant and Equipment Levy Fund is repaying the Capital Projects Fund for equipment purchased. The Hot Lunch Fund is repaying the General Fund for salaries. The General Fund is repaying the Management Fund for insurance reimbursement that was incorrectly recorded. The balance will be repaid by June 30, 2006.

(4) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
Hot Lunch	Special Revenue: Capital Projects	\$ 4,316
Debt Service	Special Revenue: Physical Plant and Equipment Levy	21,511
		<u>\$ 25,827</u>
Total		<u>\$ 25,827</u>

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

(5) **Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2005 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2004-2005B	1/28/05	1/27/06	\$ 262,757	\$ 3,560	\$ 262,000	\$ 3,844
2005-2006A	6/30/05	6/30/06	269,187	57	268,000	51
Total			\$ 531,944	\$ 3,617	\$ 530,000	\$ 3,895

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2005 is as follows:

Series	Balance Beginning Of Year	Advances Received	Advances Repaid	Balance End of Year
2004-05A	\$ -	\$ 40,000	\$ 40,000	\$ -

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2004-05A	3.000%	2.463%
2004-05B	3.500%	2.280%
2005-06A	3.903%	2.500%

(6) **Capital Assets**

Capital assets activity for the year ended June 30, 2005 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Adjustments	Balance End Of Year
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 18,751	\$ -	\$ -	\$ -	\$ 18,751
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	\$ 18,751	\$ -	\$ -	\$ -	\$ 18,751
Capital assets being depreciated:					
Buildings	\$ 1,405,803	\$ 51,720	\$ -	\$ -	\$ 1,457,523
Improvements other than buildings	192,032	3,193	-	19,176	214,401
Furniture and equipment	1,416,094	82,000	60,748	-19,176	1,418,170
Total capital assets being depreciated	\$ 3,013,929	\$ 136,913	\$ 60,748	\$ -	\$ 3,090,094
Less accumulated depreciation for:					
Buildings	\$ 839,753	\$ 31,163	\$ -	\$ -	\$ 870,916
Improvements other than buildings	188,908	1,510	-	-	190,418
Furniture and equipment	1,322,768	32,147	59,890	-	1,295,025
Total accumulated depreciation	\$ 2,351,429	\$ 64,820	\$ 59,890	\$ -	\$ 2,356,359
Total capital assets being depreciated, net	\$ 662,500	\$ 72,093	\$ 858	\$ -	\$ 733,735
Governmental Activities Capital Assets, Net	\$ 681,251	\$ 72,093	\$ 858	\$ -	\$ 752,486
	Balance Beginning Of Year	Increases	Decreases		Balance End Of Year
Business type activities:					
Furniture and equipment	\$ 5,833	\$ 4,316	\$ -	\$ -	\$ 10,149
Less accumulated depreciation	4,138	790	-	-	4,928
Business Type Activities Capital Assets, Net	\$ 1,695	\$ 3,526	\$ -	\$ -	\$ 5,221

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 40,918
Special	-
Other	3,094

Support services:

Instructional staff	-
Administration	1,730
Operation and maintenance of plant	1,853
Transportation	17,225
	\$ 64,820

Unallocated

Total Depreciation Expense – Governmental Activities	\$ 64,820
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Business Type Activities:

Food service operations	\$ 790
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(7) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2005 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Bus loan payable	\$ 40,284	\$ -	\$ 19,699	\$ 20,585	\$ 20,585

Bus Loan

The District purchased two Blue Bird School Buses in August of 2001 for \$107,557. \$21,511 was paid as a down payment, leaving \$86,046 to be paid over the next four years. Repayment is as follows:

Due Date	Principal	Implicit Interest	Total
8-21-05	\$ 20,585	\$ 926	\$ 21,511

During the year ended June 30, 2005, the District made principal and interest payments totaling \$21,511 under the agreements.

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$67,602, \$68,651, and \$65,970, respectively, equal to the required contributions for each year.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$100,227 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Required Supplementary Information

Janesville Consolidated School District

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2005

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 1,617,232	\$ 131,416
Intermediate sources	-	-
State sources	1,488,740	1,533
Federal sources	66,830	29,461
Total Receipts	<u>\$ 3,172,802</u>	<u>\$ 162,410</u>
Disbursements:		
Instruction	\$ 1,997,054	\$ -
Support services	691,313	-
Non-instructional programs	-	157,142
Other expenditures	250,781	-
Total Disbursements	<u>\$ 2,939,148</u>	<u>\$ 157,142</u>
Excess (deficiency) of receipts over (under) disbursements	\$ 233,654	\$ 5,268
Other financing sources (uses), net	<u>-4,316</u>	<u>4,316</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 229,338	\$ 9,584
Balances beginning of year	861,688	-665
Balances End of Year	<u>\$ 1,091,026</u>	<u>\$ 8,919</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts		Final To Actual Variance
		Original	Final	
\$	1,748,648	\$ 1,779,495	\$ 1,779,495	\$ -30,847
	-	2,800	2,800	-2,800
	1,490,273	1,510,123	1,510,123	-19,850
	96,291	101,340	101,340	-5,049
\$	3,335,212	\$ 3,393,758	\$ 3,393,758	\$ -58,546
<hr/>				
\$	1,997,054	\$ 2,049,617	\$ 2,184,376	\$ 187,322
	691,313	902,543	902,543	211,230
	157,142	201,411	201,411	44,269
	250,781	407,201	407,201	156,420
\$	3,096,290	\$ 3,560,772	\$ 3,695,531	\$ 599,241
<hr/>				
\$	238,922	\$ -167,014	\$ -301,773	\$ 540,695
<hr/>				
	-	-	-	-
<hr/>				
\$	238,922	\$ -167,014	\$ -301,773	\$ 540,695
	861,023	625,539	383,331	477,692
<hr/>				
\$	1,099,945	\$ 458,525	\$ 81,558	\$ 1,018,387

Janesville Consolidated School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2005

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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 accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$134,759.

Other Supplementary Information

Janesville Consolidated School District

Combining Balance Sheet
Non-Major Special Revenue Funds

June 30, 2005

	Debt Service	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
Assets					
Cash and pooled investments	\$ -	\$ -	\$ 38,121	\$ 45,310	\$ 83,431
Receivables:					
Property Tax:					
Delinquent	-	613	-	415	1,028
Succeeding year	-	70,000	-	76,602	146,602
Inter-fund receivable	-	4,421	-	15,496	19,917
Total Assets	\$ -	\$ 75,034	\$ 38,121	\$ 137,823	\$ 250,978
Liabilities & Fund Equity					
Liabilities:					
Excess of warrants over bank balance	\$ -	\$ 9,735	\$ -	\$ -	\$ 9,735
Accounts payable	-	1,650	-	-	1,650
Inter-fund payable	-	-	-	1,693	1,693
Deferred Revenue:					
Succeeding year property tax	-	70,000	-	76,602	146,602
Total Liabilities	\$ -	\$ 81,385	\$ -	\$ 78,295	\$ 159,680
Fund Equity:					
Unreserved fund balances	\$ -	\$ -6,351	\$ 38,121	\$ 59,528	\$ 91,298
Total Liabilities & Fund Equity	\$ -	\$ 75,034	\$ 38,121	\$ 137,823	\$ 250,978

Janesville Consolidated School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Special Revenue Funds**

Year Ended June 30, 2005

	Debt Service	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:					
Local Sources:					
Local tax	\$ -	\$ 69,906	\$ -	\$ 47,401	\$ 117,307
Other	-	4,421	146,246	65	150,732
State sources	-	106	-	71	177
Total Revenues	\$ -	\$ 74,433	\$ 146,246	\$ 47,537	\$ 268,216
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ -	\$ 57,960	\$ -	\$ -	\$ 57,960
Other instruction	-	-	164,609	-	164,609
Support Services:					
Administration services	-	1,601	-	-	1,601
Operation and maintenance of plant services	-	23,485	-	-	23,485
Other Expenditures:					
Facilities acquisition	-	-	-	12,009	12,009
Long-term debt:					
Principal	19,699	-	-	-	19,699
Interest	1,812	-	-	-	1,812
Total Expenditures	\$ 21,511	\$ 83,046	\$ 164,609	\$ 12,009	\$ 281,175
Excess (deficiency) of revenues over (under) expenditures	\$ -21,511	\$ -8,613	\$ -18,363	\$ 35,528	\$ -12,959
Other Financing Sources (Uses):					
Operating transfers in	\$ 21,511	\$ -	\$ -	\$ -	\$ 21,511
Operating transfer out	-	-	-	-21,511	-21,511
Total Other Financing Sources (Uses)	\$ 21,511	\$ -	\$ -	\$ -21,511	\$ -
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	\$ -	\$ 8,613	\$ -18,363	\$ 14,017	\$ -12,959
Fund balances beginning of year	-	2,262	56,484	45,511	104,257
Fund Balances End of Year	\$ -	\$ -6,351	\$ 38,121	\$ 59,528	\$ 91,298

See accompanying independent auditor's report.

Janesville Consolidated School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2005

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Book Fair	\$ 1,804	\$ 80	\$ 25	\$ -	\$ 1,859
7-12 Secondary Account	445	2,375	270	-	2,550
Graduated Classes	3,205	-	293	-	2,912
12 th Grade	1,385	869	1,631	-	623
11 th Grade	306	4,711	4,059	-	958
10 th Grade	-	685	648	-	37
9 th Grade	-	190	-	-	190
Choir/Band Trip	15,434	60,855	76,244	-	45
High School Student Council	953	1,243	2,046	-60	90
Cheerleaders-Varsity	62	-	-	-	62
Athletics	3,958	20,486	23,484	-	960
Drama/Music	2,745	158	1,864	-	1,039
Home Economics	410	-	-	-	410
Pop Machine	8,140	5,978	5,855	-	8,263
Revolving	287	8,227	8,081	-136	297
Interest	1,259	119	1,000	-54	324
Softball Complex	552	508	292	-	768
Playground Equipment	433	382	-	-	815
Publications	1,349	10,102	8,011	-	3,440
Band Resale	152	302	311	-	143
Honor Society	383	533	630	-	286
Junior High Student Council	283	-	10	-60	213
Art Fund	399	1,242	736	-	905
6 th Grade	103	-	-	-	103
Boys' Basketball	281	292	133	-	440
Football	435	-	54	-	381
Boys' Track	140	-	-	-	140
Wrestling	246	-	-	-	246
Girls' Basketball	801	-	-	-	801
Volleyball	3,575	1,193	4,573	-	195
Girls' Track	216	436	465	-	187
Textbooks-Other	40	9,577	9,634	17	-
Junior High Cheerleaders	46	-	-	-	46
Swing Choir	441	1,004	1,273	-	172
Elementary Activities	2,239	10,646	9,599	-	3,286
Miscellaneous	1,361	300	413	-	1,248
Spanish Club	2,008	2,654	2,175	-	2,487
Technology Fund	608	496	24	-	1,080
Speech Club	-	603	776	293	120
Total	\$ 56,484	\$ 146,246	\$ 164,609	\$ -	\$ 38,121

See accompanying independent auditor's report.

Janesville Consolidated School District

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

For the Last Four Years

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues:				
Local Sources:				
Local tax	\$ 1,216,625	\$ 1,185,948	\$ 1,065,719	\$ 1,009,408
Tuition	107,834	125,235	175,207	125,367
Other	292,773	248,434	208,166	159,895
Intermediate sources	-	-	-	-
State sources	1,488,740	1,307,140	1,369,317	1,343,123
Federal sources	66,830	87,318	100,202	64,216
Total	\$ 3,172,802	\$ 2,954,075	\$ 2,918,611	\$ 2,702,009
Expenditures:				
Instruction:				
Regular instruction	\$ 1,492,098	\$ 1,546,863	\$ 1,427,696	\$ 1,403,261
Special instruction	281,963	241,735	221,302	215,273
Other instruction	222,993	151,924	172,634	221,892
Support services:				
Student services	39,484	39,717	37,307	38,767
Instructional staff services	44,197	43,323	42,549	41,238
Administrative services	306,140	276,388	268,452	327,023
Operation and maintenance of plant services	204,484	206,824	198,105	192,909
Transportation services	97,008	97,803	86,050	77,077
Central support services	-	-	1,528	-
Non-instructional programs	-	43,872	-	-
Other expenditures:				
Facilities acquisition	129,043	110,066	153,300	9,275
Long-term debt:				
Principal	19,699	18,850	27,839	30,817
Interest and other charges	1,812	2,661	3,994	1,016
AEA flow-through	100,227	98,044	105,861	109,029
Total	\$ 2,939,148	\$ 2,878,070	\$ 2,746,617	\$ 2,667,577

**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**

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
Janesville Consolidated School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated September 15, 2005. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Janesville Consolidated School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe I-A-05 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Janesville Consolidated School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Janesville Consolidated School District and other parties to whom Janesville Consolidated School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Janesville Consolidated School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

September 15, 2005

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2005

Part I – Findings Related to the General Purpose Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-05 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I 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.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2005

Part II - Other Findings Related to Statutory Reporting:

- II-A-05 Official Depositories - Official Depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.
- II-B-05 Certified Budget – Disbursements for the year ended June 30, 2005 did not exceed the amended certified budget.
- II-C-05 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-D-05 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-E-05 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-F-05 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 the coverage is adequate for current operations.
- II-G-05 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions were found that I believe should have been approved in the Board minutes but were not. Certain minutes were not published within the two week period after the meeting date, as required by Chapter 279.35 of the Code of Iowa.
- Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.
- Response – Procedures have been revised to ensure the minutes are published as required.
- Conclusion – Response accepted.
- II-H-05 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-I-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-05 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely and I noted no significant deficiencies in the amounts reported.