

Jesup Community School District

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

June 30, 2012

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Independent Auditor's Report

To the Board of Education of
Jesup Community 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 Jesup Community School District, Jesup, Iowa, as of and for the year ended June 30, 2012, 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 opinions 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 opinions.

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 Jesup Community School District at June 30, 2012, 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 January 31, 2013 on my consideration of Jesup Community 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 39 through 41 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I 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 my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jesup Community 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 eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in my 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information 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 PC". The signature is fluid and cursive, with the letters "CPA PC" written in a more structured, blocky font at the end.

Keith Oltrogge
Certified Public Accountant

January 31, 2013

Jesup Community School District
Management's Discussion and Analysis

For Fiscal Year ended June 30, 2012

Jesup 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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$8,428,464 in fiscal 2011 to \$8,231,430 in fiscal 2012, and General Fund expenditures decreased from \$8,038,049 in fiscal 2011 to \$7,968,188 in fiscal 2012. The District's General Fund balance increased from \$956,584 in fiscal year 2011 to \$1,219,826 in fiscal year 2012, a 27.5% increase.
- The decrease in General Fund revenues was attributable to a decrease in federal revenues in fiscal year 2012.
- The decrease in the General Fund expenditures was due primarily to the decrease in support services and other expenditures.
- The District's solvency ratio decreasing from 14.5% in 2011 to 14.0% in fiscal 2012. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

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 Jesup 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 Jesup 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 Jesup Community School District acts solely as an agent or custodian for the benefit of those outside of District.

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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan

Other Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

Figure A-1
Jesup Community School District Annual Financial Report

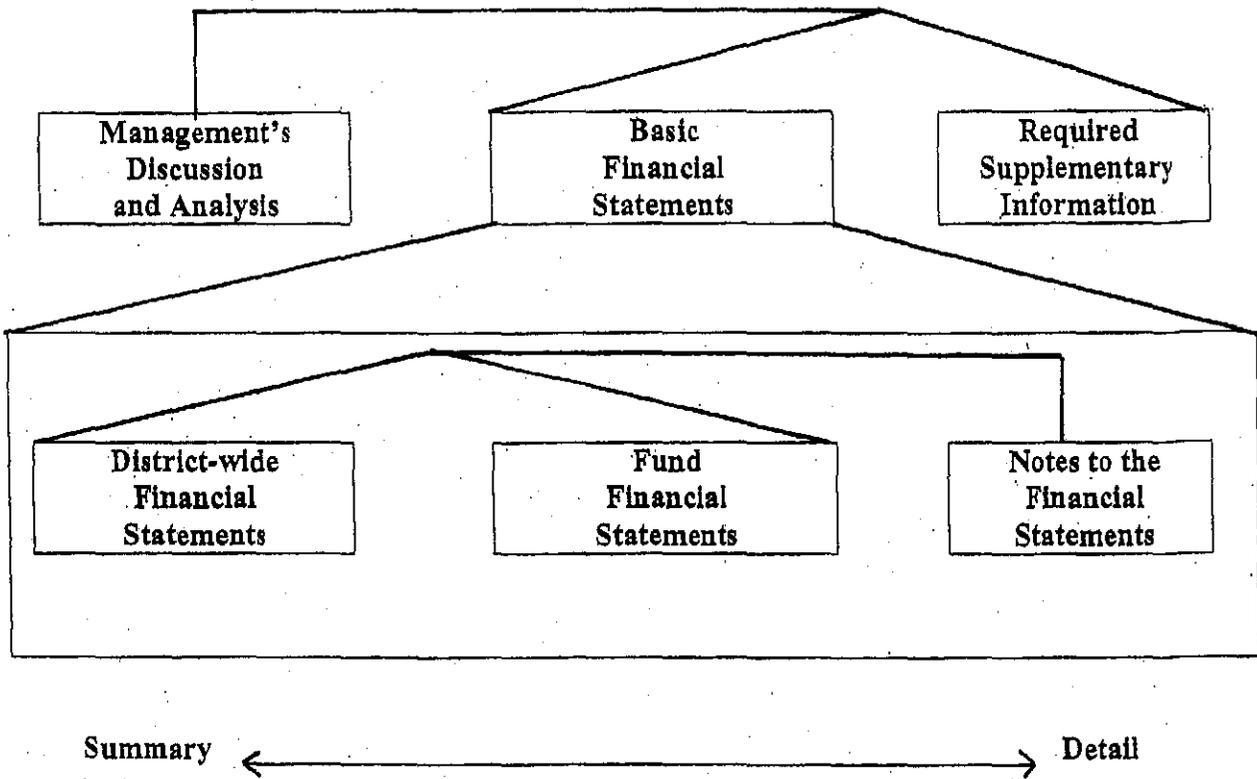


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**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, swimming pool, community recreation and child care programs 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 four Enterprise Funds: the School Nutrition Fund, Swimming Pool Fund, Community Recreation Fund and Before and After School Fund.

The required financial statements for proprietary funds include a statement of net assets, 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. This fund consists of a 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 includes 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, 2012 compared to June 30, 2011.

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,
	2012	2011	2012	2011	2012	2011	2011-2012
Current and other assets	\$8,854,434	\$5,342,083	\$160,077	\$204,146	\$9,014,511	\$5,546,229	62.5%
Capital assets	8,551,637	8,282,128	38,529	22,136	8,590,166	8,304,264	3.4%
Total assets	\$17,406,071	\$13,624,211	\$198,606	\$226,282	\$17,604,677	\$13,850,493	27.1%
Long-term liabilities	\$6,380,561	\$3,730,601	\$-	\$-	\$6,380,561	\$3,730,601	71.0%
Other liabilities	3,983,553	3,507,931	8,058	7,778	3,991,611	3,515,709	13.5%
Total liabilities	\$10,364,114	\$7,238,532	\$8,058	\$7,778	\$10,372,172	\$7,246,310	43.1%
Net assets:							
Invested in capital assets, net of related debt	\$2,081,637	\$4,847,128	\$38,529	\$22,136	\$2,120,166	\$4,869,264	-56.5%
Restricted	3,992,402	773,714	-	-	3,992,402	773,714	416.0%
Unrestricted	967,918	764,837	152,019	196,368	1,119,937	961,205	16.5%
Total net assets	\$7,041,957	\$6,385,679	\$190,548	\$218,504	\$7,232,505	\$6,604,183	9.5%

The District’s combined net assets increased by nearly 9.5%, or \$628,000, 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 subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets increased \$3,218,688, or 416.0% over the prior year, due to the unexpended \$3,065,000 general obligation bonds issued.

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 by \$158,732, or 16.5% due in part to the reclassification to restricted net assets.

Figure A-4 shows the change in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2012	2011	2012	2011	2012	2011	2011-2012
Revenues:							
Program revenues:							
Charges for service	\$889,113	\$838,902	\$282,939	\$275,731	\$1,172,052	\$1,114,633	5.2%
Operating grants, contributions and restricted interest	1,148,680	1,873,058	146,692	141,862	1,295,372	2,014,920	-35.7%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	2,863,361	2,545,263	-	-	2,863,361	2,545,263	12.5%
Statewide sales, service and use tax	670,873	633,197	-	-	670,873	633,197	6.0%
Unrestricted state grants	3,891,133	3,674,948	-	-	3,891,133	3,674,948	5.9%
Unrestricted investment earnings	37,572	1,983	814	128	38,386	2,111	1,718.4%
Other	197,925	76,402	-	-	197,925	76,402	158.1%
Total revenues	\$9,698,657	\$9,643,753	\$430,445	\$417,721	\$10,129,102	\$10,061,474	0.7%
Program expenses:							
Governmental activities:							
Instruction	\$6,206,707	\$6,075,650	\$-	\$-	\$6,206,707	\$6,075,650	2.2%
Support services	2,241,161	2,234,626	-	628	2,241,161	2,235,254	0.3%
Non-instructional programs	291	10,201	468,497	406,818	468,788	417,019	12.4%
Other expenses	704,588	551,710	-	-	704,588	551,710	27.7%
Total expenses	\$9,152,747	\$8,872,187	\$468,497	\$407,446	\$9,621,244	\$9,279,633	3.7%
Change in net assets	\$545,910	\$771,566	-\$38,052	\$10,275	\$507,858	\$781,841	-35.1%

In fiscal year 2012, property tax and unrestricted state grants account for 69.6% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.8% of business type activities revenue.

The District's total revenues were approximately \$10.1 million, of which approximately \$9.7 million was for governmental activities and less than \$0.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.7% increase in revenues and a 3.7% increase in expenses. Property tax increased approximately \$318,000.

Governmental Activities

Revenues for governmental activities were \$9,698,657 and expenses were \$9,152,747.

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, 2012, compared to the year ended June 30, 2011.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services		Change	Net Cost of Services		Change
	2012	2011	2011-2012	2012	2011	2011-2012
Instruction	\$6,206,707	\$6,075,650	2.2%	\$4,242,297	\$3,409,265	24.4%
Support services	2,241,161	2,234,626	0.3%	2,167,778	2,189,051	-1.0%
Non-instructional programs	291	10,201	-97.2%	291	10,201	-97.2%
Other expenses	704,588	551,710	27.7%	704,588	551,710	27.7%
Totals	\$9,152,747	\$8,872,187	3.2%	\$7,114,954	\$6,160,227	15.5%

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$1,172,052.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,295,372.
- The net cost of governmental activities was financed with \$3,534,234 in property and other taxes and \$3,891,133 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$430,445 and expenses were \$468,497. The District's business type activities include the Before & After School Fund, School Nutrition Fund, Swimming Pool Fund and Community Rec Programs. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Jesup 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 a combined fund balance of \$7,041,957, well above last year's ending fund balances of \$6,385,648.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in state and federal grants resulted in an increase in revenues. The increase in revenues was more than the District's General Fund expenditures.
- The General Fund balance increased from \$956,584 to \$1,219,826 due, in part, to the increase in state and local sources.
- The Capital Projects Funds balances increased from \$472,735 to \$691,650 due, in part, to decrease in facilities acquisitions.

Proprietary Fund Highlights

- School Nutrition Fund net assets decreased from \$126,644 to \$98,196 at June 30, 2012, due, in part, to the increase in expenditures.
- Community Rec Programs Fund was created to account for all community programs. The Swimming Pool and Before and After School Funds were transferred into this fund.

BUDGETARY HIGHLIGHTS

The District's receipts were \$322,380 more than budgeted receipts, a variance of 3.3%. The most significant variance resulted from the District receiving more in federal sources 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.

In spite of the District's budget practice, the certified budget was exceeded in the other expenditures functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$8,390,166, 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 1.0% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$438,944.

The original cost of the District's capital assets was \$15,250,904. Governmental funds account for \$15,178,703, with the remainder of \$72,201 accounted for in the Proprietary, School Nutrition Fund.

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,
	2012	2011	2012	2011	2012	2011	2011-2012
Land	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	-
Construction in process	23,909	-	-	-	23,909	-	100%
Buildings	7,187,382	7,315,685	-	-	7,187,382	7,315,685	-1.7%
Improvements other than Buildings	327,709	229,035	-	-	327,709	229,035	43.1%
Furniture and equipment	779,137	703,908	38,529	22,136	817,666	726,044	12.6%
Totals	\$8,351,637	\$8,282,128	\$38,529	\$22,136	\$8,390,166	\$8,304,264	1.0%

Long-Term Debt

At June 30, 2012, the District had \$6,270,000 in general obligation bonds outstanding. This represents an increase of 82.5% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$18.9 million.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2012	2011	2011-2012
General obligation bonds	\$6,270,000	\$3,435,000	82.5%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

State and Federal budget cutbacks could affect the funding of aid and grants received from those governmental sources which would adversely affect the District's spending and budgets..

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 Erin Frahm, District Secretary/Treasurer and Business Manager, Jesup Community School District, 531 Prospect Street, P.O. Box 287, Jesup IA 50648.

Basic Financial Statements

Jesup Community School District

Statement of Net Assets

June 30, 2012

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 5,726,895	\$ 156,975	\$ 5,883,870
Receivables:			
Property tax:			
Delinquent	20,832	-	20,832
Succeeding year	3,018,674	-	3,018,674
Accounts	40,854	220	41,074
Due from other governments	247,179	-	247,179
Inventories	-	2,882	2,882
Capital assets, net of accumulated depreciation	8,351,637	38,529	8,390,166
Total Assets	\$ 17,406,071	\$ 198,606	\$ 17,604,677
Liabilities			
Accounts payable	\$ 238,404	\$ 211	\$ 238,615
Salaries and benefits payable	691,214	1,319	692,533
Accrued interest payable	35,261	-	35,261
Deferred revenue-succeeding year property tax	3,018,674	-	3,018,674
Deferred revenue-other	-	6,528	6,528
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	240,000	-	240,000
Portion due after one year:			
General obligation bonds payable	6,030,000	-	6,030,000
Net OPEB liability	110,561	-	110,561
Total Liabilities	\$ 10,364,114	\$ 8,058	\$ 10,372,172
Net Assets			
Invested in capital assets, net of related debt	\$ 2,081,637	\$ 38,529	\$ 2,120,166
Restricted for:			
Categorical funding	106,086	-	106,086
Management levy purposes	77,002	-	77,002
Physical plant and equipment	101,725	-	101,725
Student activities	103,521	-	103,521
Debt service	3,014,143	-	3,014,143
Capital projects	589,925	-	589,925
Unrestricted	967,918	152,019	1,119,937
Total Net Assets	\$ 7,041,957	\$ 190,548	\$ 7,232,505

See notes to financial statements.

Jesup Community School District

Statement of Activities

Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 4,077,475	\$ 519,112	\$ 933,976	\$ -
Special instruction	1,047,178	62,246	137,450	-
Other instruction	1,082,054	299,219	12,407	-
	<u>\$ 6,206,707</u>	<u>\$ 880,577</u>	<u>\$ 1,083,833</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 134,359	\$ -	\$ 5,856	\$ -
Instructional staff services	228,275	-	-	-
Administration services	831,083	-	-	-
Operation and maintenance of plant services	624,088	3,630	58,991	-
Transportation services	423,356	4,906	-	-
	<u>\$ 2,241,161</u>	<u>\$ 8,536</u>	<u>\$ 64,847</u>	<u>\$ -</u>
Non-Instructional:				
Community services	\$ 291	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ 126,425	\$ -	\$ -	\$ -
Long-term debt interest	211,258	-	-	-
AEA flow-through	366,905	-	-	-
	<u>\$ 704,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 9,152,747</u>	<u>\$ 889,113</u>	<u>\$ 1,148,680</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 409,154	\$ 233,412	\$ 146,480	\$ -
Swimming pool operations	1,120	-	-	-
Before & after school	21,487	18,711	212	-
Community rec programs	36,736	30,816	-	-
Total Business Type Activities	<u>\$ 468,497</u>	<u>\$ 282,939</u>	<u>\$ 146,692</u>	<u>\$ -</u>
Total	<u>\$ 9,621,244</u>	<u>\$ 1,172,052</u>	<u>\$ 1,295,372</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-2,624,387	\$	-	\$ -2,624,387
	-847,482		-	-847,482
	-770,428		-	-770,428
\$	-4,242,297	\$	-	\$ -4,242,297
\$	-128,503	\$	-	\$ -128,503
	-228,275		-	-228,275
	-831,083		-	-831,083
	-561,467		-	-561,467
	-418,450		-	-418,450
\$	-2,167,778	\$	-	\$ -2,167,778
\$	-291	\$	-	\$ -291
\$	-126,425	\$	-	\$ -126,425
	-211,258		-	-211,258
	-366,905		-	-366,905
\$	-704,588	\$	-	\$ -704,588
\$	-7,114,954	\$	-	\$ -7,114,954
\$	-	\$	-29,262	\$ -29,262
	-		-1,120	-1,220
	-		-2,564	-2,564
	-		-5,920	-5,920
\$	-	\$	-38,866	\$ -38,866
\$	-7,114,954	\$	-38,866	\$ -7,153,820

Jesup Community School District

Statement of Activities

Year Ended June 30, 2012

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

General Revenues:

Property Tax Levied For:

General purposes

Debt service

Capital outlay

Statewide sales, services and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total General Revenues

Change in net assets before other sources (uses)

Sale of assets

Transfers

Changes in net asset

Net assets beginning of year

Prior period adjustment

Adjusted net assets beginning of year

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 2,611,878	\$ -	\$ 2,611,878
177,991	-	177,991
73,492	-	73,492
670,873	-	670,873
3,891,133	-	3,891,133
37,572	814	38,386
197,925	-	197,925
<u>\$ 7,660,864</u>	<u>\$ 814</u>	<u>\$ 7,661,678</u>
\$ 545,910	\$ -38,052	\$ 507,858
\$ 120,495	\$ -	\$ 120,495
-10,096	10,096	-
<u>\$ 110,399</u>	<u>\$ 10,096</u>	<u>\$ 120,495</u>
\$ 656,309	\$ -27,956	\$ 628,353
\$ 6,385,679	\$ 218,504	\$ 6,604,183
-31	-	-31
<u>\$ 6,385,648</u>	<u>\$ 218,504</u>	<u>\$ 6,604,152</u>
<u>\$ 7,041,957</u>	<u>\$ 190,548</u>	<u>\$ 7,232,505</u>

Jesup Community School District

Balance Sheet
Governmental Funds

June 30, 2012

	General	Debt Service	Capital Projects	Non-Major Funds	Total
Assets					
Cash and Pooled Investments	\$ 1,942,795	\$ 3,012,855	\$ 592,648	\$ 178,597	\$ 5,726,895
Receivables:					
Property Tax:					
Delinquent	18,211	1,288	532	801	20,832
Succeeding year	2,426,874	374,354	77,445	140,001	3,018,674
Accounts	32,576	-	6,938	1,340	40,854
Due from other governments	72,380	-	174,799	-	247,179
Total Assets	\$ 4,492,836	\$ 3,388,497	\$ 852,362	\$ 320,739	\$ 9,054,434
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 154,922	\$ -	\$ 83,267	\$ 215	\$ 238,404
Salaries and benefits payable	691,214	-	-	-	691,214
Deferred Revenue:					
Succeeding year property tax	2,426,874	374,354	77,445	140,001	3,018,674
Total Liabilities	\$ 3,273,010	\$ 374,354	\$ 160,712	\$ 140,216	\$ 3,948,292
Fund Balances:					
Restricted for:					
Categorical funding	\$ 106,086	\$ -	\$ -	\$ -	\$ 106,086
Debt service	-	3,014,143	-	-	3,014,143
Management levy purposes	-	-	-	77,002	77,002
Student activities	-	-	-	103,521	103,521
School infrastructure	-	-	589,925	-	589,925
Physical plant and equipment	-	-	101,725	-	101,725
Unassigned	1,113,740	-	-	-	1,113,740
Total Fund Balance	\$ 1,219,826	\$ 3,014,143	\$ 691,650	\$ 180,523	\$ 5,106,142
Total Liabilities and Fund Balances	\$ 4,492,836	\$ 3,388,497	\$ 852,362	\$ 320,739	\$ 9,054,434

Jesup Community School District

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

June 30, 2012

Total fund balances of governmental funds (page 16)	\$ 5,106,142
<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	8,351,637
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	-35,261
Long-term liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds	<u>-6,380,561</u>
Net assets of governmental activities (page 13)	<u>\$ 7,041,957</u>

Jesup Community School District

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

Year Ended June 30, 2012

	General	Debt Service	Capital Projects	Non-Major Funds	Total
Revenues:					
Local Sources:					
Local tax	\$ 2,501,777	\$ 177,991	\$ 744,365	\$ 110,101	\$ 3,534,234
Tuition	559,975	-	-	-	559,975
Other	130,066	1,104	145,416	288,049	564,635
Intermediate sources	-	-	-	-	-
State sources	4,847,274	99	41	61	4,847,475
Federal sources	192,338	-	-	-	192,338
Total Revenues	\$ 8,231,430	\$ 179,194	\$ 889,822	\$ 398,211	\$ 9,698,657
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 3,688,851	\$ -	\$ -	\$ 46,997	\$ 3,735,848
Special instruction	1,047,038	-	-	-	1,047,038
Other instruction	778,866	-	-	294,388	1,073,254
	\$ 5,514,755	\$ -	\$ -	\$ 341,385	\$ 5,856,140
Support Services:					
Student services	\$ 127,332	\$ -	\$ -	\$ 6,600	\$ 133,932
Instructional staff services	227,248	-	-	600	227,848
Administration services	819,126	-	-	4,900	824,026
Operation and maintenance of plant services	551,001	-	35,090	33,522	619,613
Transportation services	361,821	-	76,000	6,980	444,801
	\$ 2,086,528	\$ -	\$ 111,090	\$ 52,602	\$ 2,250,220
Non-instructional:					
Community service	\$ -	\$ -	\$ -	\$ 291	\$ 291
Other Expenditures:					
Facilities acquisition	\$ -	\$ -	\$ 499,812	\$ -	\$ 499,812
Long-Term Debt:					
Principal	-	230,000	-	-	230,000
Interest and fiscal charges	-	199,743	-	-	199,743
AEA flow-through	366,905	-	-	-	366,905
	\$ 366,905	\$ 429,743	\$ 499,812	\$ -	\$ 1,296,460
Total Expenditures	\$ 7,968,188	\$ 429,743	\$ 610,902	\$ 394,278	\$ 9,403,111

See notes to financial statements.

Jesup Community School District

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

Year Ended June 30, 2012

	General	Debt Service	Capital Projects	Non-Major Funds	Total
Excess (deficiency) of revenues over (under) expenditures	\$ 263,242	\$ -250,549	\$ 278,920	\$ 3,933	\$ 295,546
Other Financing Sources (Uses):					
Operating transfers in (out)	\$ -	\$ 180,500	\$ -180,500	\$ -10,096	\$ -10,096
General obligation bonds issued	-	3,065,000	-	-	3,065,000
Sale of assets	-	-	120,495	-	120,495
Total other financing sources (uses)	\$ -	\$ 3,245,500	\$ -60,005	\$ -10,096	\$ 3,175,399
Net change in fund balances	\$ 263,242	\$ 2,994,951	\$ 218,915	\$ -6,163	\$ 3,470,945
Fund balances beginning of year	\$ 956,584	\$ 19,192	\$ 472,766	\$ 186,686	\$ 1,635,228
Prior period adjustment	-	-	-31	-	-31
Adjusted fund balances beginning of year	\$ 956,584	\$ 19,192	\$ 472,735	\$ 186,686	\$ 1,635,197
Fund Balances End of Year	\$ 1,219,826	\$ 3,014,143	\$ 691,650	\$ 180,523	\$ 5,106,142

Jesup 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, 2012

Net change in fund balances – total governmental funds (page 18) \$ 3,470,945

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 Activities 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	\$ 511,412	
Depreciation expense	-432,927	
Adjustment for sale of assets	<u>-8,976</u>	69,509

Proceeds from the issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increase 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 issues exceeded repayments, as follows:

Repaid	\$ -3,065,000	
	<u>230,000</u>	-2,835,000

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.

-11,515

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:

Other postemployment benefits		<u>-37,630</u>
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Change in Net Assets of Governmental Activities (page 15)

\$ 656,309

Jesup Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2012

	Community Rec Program	School Nutrition	Total
Assets			
Cash and cash equivalents	\$ 92,695	\$ 64,280	\$ 156,975
Due from other fund	-	343	343
Accounts receivable	-	220	220
Inventories	-	2,882	2,882
Capital assets, net of accumulated depreciation	-	38,529	38,529
Total Assets	\$ 92,695	\$ 106,254	\$ 198,949
Liabilities			
Accounts payable	\$ -	\$ 211	\$ 211
Due to other fund	343	-	343
Salaries and benefits payable	-	1,319	1,319
Deferred revenue	-	6,528	6,528
Total Liabilities	\$ 343	\$ 8,058	\$ 8,401
Net Assets			
Invested in capital assets, net of related debt	\$ -	\$ 38,529	\$ 38,529
Unrestricted	92,352	59,667	152,019
Total Net Assets	\$ 92,352	\$ 98,196	\$ 190,548

See notes to financial statements.

Jesup Community School District

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

Year Ended June 30, 2012

	Community Rec Programs	Before & After School	Swimming Pool	School Nutrition	Total
Operating revenues:					
Local sources:					
Charges for service	\$ 30,816	\$ 18,711	\$ -	\$ 233,412	\$ 282,939
Operating expenses:					
Instruction					
Other instruction	\$ 10,196	\$ -	\$ -	\$ -	\$ 10,196
Support services:					
Administration services	\$ 50	\$ -	\$ 150	\$ -	\$ 200
	\$ 10,246	\$ -	\$ 150	\$ -	\$ 10,396
Non-instructional programs:					
Operations:					
Salaries	\$ 20,004	\$ 11,238	\$ 852	\$ 141,762	\$ 173,856
Benefits	2,842	1,400	118	21,994	26,354
Purchased services	-	150	-	3,079	3,229
Supplies	3,644	8,699	-	236,302	248,645
Depreciation	-	-	-	6,017	6,017
	\$ 26,490	\$ 21,487	\$ 970	\$ 409,154	\$ 458,101
Total operating expenses	\$ 36,736	\$ 21,487	\$ 1,120	\$ 409,154	\$ 468,497
Operating income (loss)	\$ -5,920	\$ -2,776	\$ -1,120	\$ -175,742	\$ -185,558
Non-operating revenues:					
State sources	\$ -	\$ -	\$ -	\$ 4,018	\$ 4,018
Federal sources	-	212	-	142,462	142,674
Interest income	-	-	-	814	814
Total non-operating revenues	\$ -	\$ 212	\$ -	\$ 147,294	\$ 147,506
Net change before other financing sources (uses)	\$ -5,920	\$ -2,564	\$ -1,120	\$ -28,448	\$ -38,052
Other financing sources (uses)					
Operating transfers in (out)	98,272	-70,425	-17,751	-	10,096
Net change in net assets	\$ 92,352	\$ -72,989	\$ -18,871	\$ -28,448	\$ -27,956
Net assets beginning of year	-	72,989	18,871	126,644	218,504
Net Assets End of Year	\$ 92,352	\$ -	\$ -	\$ 98,196	\$ 190,548

See notes to financial statements.

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2012

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 233,700
Cash paid to employees for services	-163,319
Cash paid to suppliers for goods or services	-227,292
Net cash used by operating activities	<u>\$ -156,911</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 4,018
Federal grants received	128,123
Net cash provided by non-capital financing activities	<u>\$ 132,141</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 814</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -22,410</u>
Net decrease in cash and cash equivalents	\$ -46,366
Cash and cash equivalents beginning of year	<u>110,646</u>
Cash and Cash Equivalents End of Year	<u>\$ 64,280</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -175,742
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	13,996
Depreciation	6,017
(Increase) in inventories	-1,440
(Increase) in accounts receivable	-23
(Decrease) in salaries and benefits payable	-241
Increase in deferred revenue	311
Increase in accounts payable	<u>211</u>
Net Cash Used by Operating Activities	<u>\$ -156,911</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$13,996 of federal commodities.

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2012

	<u>Swimming Pool</u>
Cash flows from operating activities:	
Cash received from services	\$ -
Cash paid to employees for services	-970
Cash paid to suppliers for goods or services	-150
Net cash used by operating activities	<u>\$ -1,120</u>
Cash flows from capital and related financing activities:	
Operating transfer in	<u>\$ -17,751</u>
Net increase in cash and cash equivalents	\$ -18,871
Cash and cash equivalents beginning of year	<u>18,871</u>
Cash and Cash Equivalents End of Year	<u>\$ -</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating income	\$ -1,120
Adjustments to reconcile operating loss to net cash used by operating activities:	
Net Cash Used by Operating Activities	<u>\$ -1,120</u>

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2012

	Before and After School
Cash flows from operating activities:	
Cash received from services	\$ 18,711
Cash paid to employees for services	-12,638
Cash paid to suppliers for goods or services	-8,849
Net cash provided by operating activities	<u>\$ -2,776</u>
Cash flows from non-capital financing activities:	
Federal grants received	<u>\$ 212</u>
Cash flows from capital and related financing activities	
Operating transfer out	<u>\$ -70,425</u>
Net decrease in cash and cash equivalents	\$ -72,989
Cash and cash equivalents beginning of year	<u>72,989</u>
Cash and Cash Equivalents End of Year	<u>\$ -</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating income	<u>\$ -2,776</u>
Net Cash Used by Operating Activities	<u>\$ -2,776</u>

See notes to financial statements.

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2012

	Community Rec Program
Cash flows from operating activities:	
Cash received from services	\$ 30,816
Cash paid to employees for services	-22,846
Cash paid to suppliers for goods or services	-13,890
Net cash provided by operating activities	<u>\$ -5,920</u>
Cash flows from capital and related financing activities	
Operating transfer out	<u>\$ 98,272</u>
Net decrease in cash and cash equivalents	\$ 92,352
Cash and cash equivalents beginning of year	<u>-</u>
Cash and Cash Equivalents End of Year	<u>\$ 92,352</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating income	<u>\$ -5,920</u>
Net Cash Used by Operating Activities	<u>\$ -5,920</u>

Jesup Community School District

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2012

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 8,181
Total Assets	<u>\$ 8,181</u>
Liabilities	
Accounts payable	<u>\$ -</u>
Net assets	
Reserved for scholarships	<u>\$ 8,181</u>

See notes to financial statements.

Jesup Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year Ended June 30, 2012

	<u>Private Purpose Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 335
Deductions:	
Instruction:	
Scholarships awarded	\$ -
Change in net assets	\$ 335
Net assets beginning of year	<u>7,846</u>
Net Assets End of Year	<u>\$ 8,181</u>

Jesup Community School District

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

Jesup Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-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 Jesup, Iowa and portions of the predominately agricultural territories in Buchanan 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, Jesup 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. Jesup Community 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 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 the following 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. 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 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 Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

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

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, Before and After School Fund, School Nutrition Fund, Swimming Pool Fund and Community Rec Programs. These funds are used to account for the food service and swimming pool operations, before and after school program and community rec programs 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.

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.

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 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 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.

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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

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, 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.

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

Unassigned – All amounts not included in other spendable classifications.

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.

During the year ended June 30, 2012, expenditures in the non-instructional program exceeded the amount budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 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.

(3) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Statewide Sales, Services and Use Tax	\$ 180,500
Capital Projects – Statewide Sales, Services and Use Taxes	Capital Projects – Other	100,000
Enterprise – Community Rec	Special Revenue - Activity	10,096
Enterprise – Community Rec	Enterprise – Before & After School	70,425
Enterprise – Community Rec	Enterprise – Swimming Pool	17,751
		<u>\$ 378,772</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 33,500	\$ -	\$ -	\$ 33,500
Construction in progress	-	23,909	-	23,909
Total capital assets not being depreciated	<u>\$ 33,500</u>	<u>\$ 23,909</u>	<u>\$ -</u>	<u>\$ 57,409</u>
Capital assets being depreciated:				
Buildings	\$ 10,887,999	\$ 106,169	\$ 9,882	\$ 10,984,286
Improvements other than buildings	673,019	119,717	-	792,736
Furniture and equipment	3,082,655	261,617	-	3,344,272
Total capital assets being depreciated	<u>\$ 14,643,673</u>	<u>\$ 487,503</u>	<u>\$ 9,882</u>	<u>\$ 15,121,294</u>
Less accumulated depreciation for:				
Buildings	\$ 3,572,314	\$ 225,496	\$ 906	\$ 3,796,904
Improvements other than buildings	443,984	21,043	-	465,027
Furniture and equipment	2,378,747	186,388	-	2,565,135
Total accumulated depreciation	<u>\$ 6,395,045</u>	<u>\$ 432,927</u>	<u>\$ 906</u>	<u>\$ 6,827,066</u>
Total capital assets being depreciated, net	<u>\$ 8,248,628</u>	<u>\$ 54,576</u>	<u>\$ 8,976</u>	<u>\$ 8,294,228</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,282,128</u>	<u>\$ 78,485</u>	<u>\$ 8,976</u>	<u>\$ 8,351,637</u>
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 49,791	\$ 22,410	\$ -	\$ 72,201
Less accumulated depreciation	27,655	6,017	-	33,672
Business Type Activities Capital Assets, Net	<u>\$ 22,136</u>	<u>\$ 16,393</u>	<u>\$ -</u>	<u>\$ 38,529</u>
Depreciation expense was charged to the following functions:				
Governmental Activities:				
Instruction:				
Regular				\$ 311,684
Special				140
Other				29,329
Support services:				
Administration				3,674
Operation and maintenance of plant				33,545
Transportation				54,555
Total Depreciation Expense – Governmental Activities				<u>\$ 432,927</u>
Business Type Activities:				
Food service operations				<u>\$ 6,017</u>

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
General obligation bonds	\$ 3,435,000	\$ 3,065,000	\$ 230,000	\$ 6,270,000	\$ 240,000
Net OPEB liability	72,931	37,630	-	110,561	-
Total	\$ 3,507,931	\$ 3,102,630	\$ 230,000	\$ 6,380,561	\$ 240,000

General Obligation Bonds Payable

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issued May 2003			
	Interest Rates	Principal	Interest	Total
2013	3.80%	\$ 240,000	\$ 133,853	\$ 373,853
2014	4.00%	245,000	124,733	369,733
2015	4.00%	255,000	114,933	369,933
2016	4.00%	265,000	104,733	369,733
2017	4.00%	275,000	94,133	369,133
2018	4.10%	290,000	83,133	373,133
2019	4.20%	300,000	71,243	371,243
2020	4.25%	310,000	58,643	368,643
2021	4.35%	325,000	45,468	370,468
2022	4.45%	340,000	31,330	371,330
2023	4.50%	360,000	16,200	376,200
Total		\$ 3,205,000	\$ 878,402	\$ 4,083,402

During the year ended June 30, 2012, the District made principal, interest and fees payments totaling \$429,743 under the agreements.

General Obligation Refunding Bonds

Year Ending June 30,	Issued March 1, 2012			
	Interest Rates	Principal	Interest	Total
2013	0.45%	\$ -	\$ 45,518	\$ 45,518
2014	0.45%	295,000	39,015	334,015
2015	0.60%	295,000	37,687	332,687
2016	0.80%	295,000	35,918	330,918
2017	1.00%	295,000	33,557	328,557
2018	1.25%	305,000	30,608	335,608
2019	1.40%	305,000	26,795	331,795
2020	1.50%	310,000	22,525	332,525
2021	1.70%	315,000	17,875	332,875
2022	1.85%	320,000	12,520	332,520
2023	2.00%	330,000	6,600	336,600
Total		\$ 3,065,000	\$ 308,618	\$ 3,373,618

The net bond proceeds of \$3,006,673 were deposited into an Escrow Fund at Banker's Trust to be used together with earnings to pay off the 2003 General Obligation Bonds.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered payroll for the years ended June 30, 2012, 2011 and 2010. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$438,545, \$364,499, and \$338,662 respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 83 active and 4 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.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No 45. The ARC represents a level of funding 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, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligations:

Annual required contribution	\$	49,673
Interest on net OPEB obligation		1,823
Adjustment to annual required contribution		-4,146
Annual OPEB cost	\$	47,350
Contributions made		-9,720
Increase in net OPEB obligation	\$	37,630
Net OPEB obligation beginning of year		72,931
Net OPEB obligation end of year	\$	110,561

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, 2012.

For the year ended June 30, 2012, the District contributed \$656,380 to the medical plan. Plan members eligible for benefits contributed \$20,451, or 3.0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$43,359	14.8%	\$36,930
June 30, 2011	\$43,976	18.1%	\$72,931
June 30, 2012	\$47,350	20.5%	\$110,561

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$303,832, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$303,832. The covered payroll (annual payroll of active employees covered by the plan) was \$4,362,143 and the ratio of the UAAL to covered payroll was 14.4%. As of June 30, 2012, there were no trust fund assets.

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

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$333.77 per month for retirees less than age 65 and \$515.60 per month for retirees who have attained age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

Jesup 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.

(9) 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 \$366,905 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Home School Assistance	\$ 1,726
Beginning Teacher Mentoring	129
Teacher Salary Supplement	51,147
Non Public Textbook	1,079
Core Curriculum	35,235
PWIM	15
At Risk	10,937
Market Factor (08)	2,726
Drop Out Prevention	3,092
Total	<u>\$ 106,086</u>

(11) Subsequent Events

The District has evaluated subsequent events through January 31, 2013 which is the date that the financial statement were available to be issued.

Required Supplementary Information

Jesup Community School District

**Budgetary Comparison Schedule of Revenue, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2012

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 4,658,844	\$ 283,753
Intermediate sources	-	-
State sources	4,847,475	4,018
Federal sources	192,338	142,674
Total Receipts	<u>\$ 9,698,657</u>	<u>\$ 430,445</u>
Disbursements:		
Instruction	\$ 5,856,140	\$ 10,196
Support services	2,250,220	200
Non-instructional programs	291	458,101
Other expenditures	1,296,460	-
Total Disbursements	<u>\$ 9,403,111</u>	<u>\$ 468,497</u>
Excess (deficiency) of revenue over (under) expenditures/expenses	\$ 295,546	\$ -38,052
Other financing sources, net	<u>3,175,399</u>	<u>10,096</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures/expenses and other financing uses	<u>\$ 3,470,945</u>	<u>-27,956</u>
Balances beginning of year	\$ 1,635,228	\$ 218,504
Prior period adjustment	-31	-
Adjusted balances beginning of year	<u>\$ 1,635,197</u>	<u>\$ 218,504</u>
Balances End of Year	<u>\$ 5,106,142</u>	<u>\$ 190,548</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	4,942,597	\$ 4,597,914	\$ 344,683
	-	-	-
	4,851,493	4,862,808	-11,315
	335,012	346,000	-10,988
\$	10,129,102	\$ 9,806,722	\$ 322,380
\$	5,866,336	\$ 6,284,000	\$ 417,664
	2,250,420	2,326,900	76,480
	458,392	540,000	81,608
	1,296,460	1,281,152	-15,308
\$	9,871,608	\$ 10,432,052	\$ 560,444
\$	257,494	\$ -625,330	\$ 882,824
	3,185,495	-	3,185,495
\$	3,442,989	\$ -625,330	\$ 4,068,319
\$	1,853,732	\$ 823,470	\$ 1,030,262
	-31	-	-31
\$	1,853,701	\$ 823,470	\$ 1,030,231
\$	5,296,690	\$ 198,140	\$ 5,098,550

Jesup Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2012

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 a GAAP basis.

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

During the year ended June 30, 2012, expenditures in the non-instructional programs exceeded the amount budgeted.

Jesup Community School District
Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

June 30, 2012

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	\$-	\$329	\$329	0.0%	\$3,731	8.8%
2011	July 1, 2009	\$-	\$303	\$303	0.0%	\$4,081	7.4%
2012	July 1, 2009	\$-	\$303	\$303	0.0%	\$4,362	14.4%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

Jesup Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2012

	<u>Special Revenue</u>		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 76,201	\$ 102,396	\$ 178,597
Receivables:			
Property Tax:			
Delinquent	801	-	801
Succeeding year	140,001	-	140,001
Accounts	-	1,340	1,340
Total Assets	\$ 217,003	\$ 103,736	\$ 320,739
Liabilities & Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 215	\$ 215
Deferred revenue:			
Succeeding year property tax	140,001	-	140,001
Total Liabilities	\$ 140,001	\$ 215	\$ 140,216
Fund Equity:			
Restricted for:			
Management levy purposes	\$ 77,002	\$ -	\$ 77,002
Student activities	-	103,521	103,521
Total Fund Balances	\$ 77,002	\$ 103,521	\$ 180,523
Total Liabilities & Fund Balances	\$ 217,003	\$ 103,736	\$ 320,739

Jesup Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Funds

Year Ended June 30, 2012

	<u>Special Revenue</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Total</u>
Revenues:			
Local Sources:			
Local tax	\$ 110,101	\$ -	\$ 110,101
Other	216	287,833	288,049
State sources	61	-	61
Total Revenues	<u>\$ 110,378</u>	<u>\$ 287,833</u>	<u>\$ 398,211</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 46,997	\$ -	\$ 46,997
Other instruction	-	294,388	294,388
Support Services:			
Student services	6,600	-	6,600
Instructional staff services	600	-	600
Administration services	4,900	-	4,900
Operation and maintenance of plant services	33,522	-	33,522
Transportation services	6,980	-	6,980
Non-instructional:			
Community services	-	291	291
	<u>\$ 99,599</u>	<u>\$ 294,679</u>	<u>\$ 394,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,779</u>	<u>\$ -6,846</u>	<u>\$ 3,933</u>
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ -	\$ -10,096	\$ -10,096
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	<u>\$ 10,779</u>	<u>\$ -16,942</u>	<u>\$ -6,163</u>
Fund balances beginning of year	<u>\$ 66,223</u>	<u>\$ 120,463</u>	<u>\$ 186,686</u>
Fund Balances End of Year	<u>\$ 77,002</u>	<u>\$ 103,521</u>	<u>\$ 180,523</u>

See accompanying independent auditor's report.

Jesup Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2012

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Project Funds	
Assets				
Cash and pooled investments	\$ 246,011	\$ 154,293	\$ 192,344	\$ 592,648
Receivables:				
Property Tax:				
Delinquent	-	532	-	532
Succeeding year	-	77,445	-	77,445
Due from other governments	174,799	-	-	174,799
Accounts	-	-	6,938	6,938
Total Assets	\$ 420,810	\$ 232,270	\$ 199,282	\$ 852,362
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	\$ 21,417	\$ 53,100	\$ 8,750	\$ 83,267
Deferred revenue:				
Succeeding year property tax	-	77,445	-	77,445
Total Liabilities	\$ 21,417	\$ 130,545	\$ 8,750	\$ 160,712
Fund Balances:				
Restricted for:				
School infrastructure	\$ 399,393	\$ -	\$ 190,532	\$ 589,925
Physical plant and equipment	-	101,725	-	101,725
Total fund balances	\$ 399,393	\$ 101,725	\$ 190,532	\$ 691,650
Total Liabilities and Fund Balances	\$ 420,810	\$ 232,270	\$ 199,282	\$ 852,362

Jesup Community School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts**

Year Ended June 30, 2012

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Project Funds	
Revenues:				
Local Sources:				
Local tax	\$ 670,873	\$ 73,492	\$ -	\$ 744,365
Other	4,995	5,386	135,035	145,416
State sources	-	41	-	41
Total Revenues	<u>\$ 675,868</u>	<u>\$ 78,919</u>	<u>\$ 135,035</u>	<u>\$ 889,822</u>
Expenditures:				
Support Services:				
Operation and maintenance of plant services	\$ -	\$ 35,090	\$ -	\$ 35,090
Transportation	-	76,000	-	76,000
Other Expenditures:				
Facilities acquisition	309,190	143,908	46,714	499,812
Total Expenditures	<u>\$ 309,190</u>	<u>\$ 254,998</u>	<u>\$ 46,714</u>	<u>\$ 610,902</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 366,678</u>	<u>\$ -176,079</u>	<u>\$ 88,321</u>	<u>\$ 278,920</u>
Other Financing Sources (Uses):				
Operating transfers in (out)	\$ -280,500	\$ -	\$ 100,000	\$ -180,500
Sale of assets	-	120,495	-	120,495
Total Other Financing Sources (Uses)	<u>\$ -280,500</u>	<u>\$ 120,495</u>	<u>\$ 100,000</u>	<u>\$ -60,005</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>\$ 86,178</u>	<u>\$ -55,584</u>	<u>\$ 188,321</u>	<u>\$ 218,915</u>
Fund balances beginning of year	\$ 313,215	\$ 157,340	\$ 2,211	\$ 472,766
Prior period adjustment	-	-31	-	-31
Adjusted fund balances, beginning of year	<u>\$ 313,215</u>	<u>\$ 157,309</u>	<u>\$ 2,211</u>	<u>\$ 472,735</u>
Fund Balances End of Year	<u>\$ 399,393</u>	<u>\$ 101,725</u>	<u>\$ 190,532</u>	<u>\$ 691,650</u>

Jesup Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2012

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Choir robes	\$ 1,087	\$ 220	\$ -	\$ -	\$ 1,307
Activity books	317	10,572	-	-	10,889
Athletics	37,568	101,584	115,622	-363	23,167
Fine arts	3,864	2,793	5,258	-	1,399
Student Council	8,467	1,957	1,902	-600	7,922
Summer ball	7,395	2,992	10,387	-	-
FCCLA	112	2,186	2,158	-	140
High School Fine Arts Trip	3,083	20,910	24,923	2,001	1,071
Language Club	757	-	-	-	757
Miscellaneous	2,934	9,189	11,249	-	874
Yearbook	708	10,989	11,408	1,349	1,638
National Honor Society	-	337	269	-	68
Class of 2005	-	934	-	100	1,034
Class of 2011	999	375	375	-999	-
Class of 2012	2,751	-	1,210	25	1,566
Class of 2013	3,361	7,420	9,224	75	1,632
Class of 2014	195	6,387	3,695	50	2,937
Middle School	1,493	21,711	19,964	250	3,490
FFA	12,968	19,767	19,712	-	13,023
J-Stars	25,358	23,793	28,523	-1,888	18,740
Tree Project	500	-	500	-	-
Interest account	123	3,404	-	-	3,527
Elementary	4,926	5,896	7,607	-	3,215
PTO	1,497	34,417	30,789	-	5,125
Total	\$ 120,463	\$ 287,833	\$ 304,775	\$ -	\$ 103,521

Jesup Community School District

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

For the Last Nine Years

	Modified Accrual Basis			
	2012	2011	2010	2009
Revenues:				
Local Sources:				
Local tax	\$ 3,534,234	\$ 3,178,459	\$ 2,941,733	\$ 2,835,251
Tuition	559,975	551,657	463,047	413,652
Other	564,635	365,630	444,694	400,113
Intermediate sources	-	-	-	-
State sources	4,847,475	4,683,159	4,107,694	4,284,148
Federal sources	192,338	864,848	411,234	320,382
Total	\$ 9,698,657	\$ 9,643,753	\$ 8,368,402	\$ 8,253,546
Expenditures:				
Instruction:				
Regular instruction	\$ 3,735,848	\$ 3,694,159	\$ 3,560,488	\$ 3,480,389
Special instruction	1,047,038	1,041,907	1,115,856	1,055,944
Other instruction	1,073,254	1,047,427	1,006,812	908,797
Support services:				
Student services	133,932	178,789	135,271	124,779
Instructional staff services	227,848	291,987	212,840	204,314
Administration services	824,026	799,342	846,470	791,922
Operation and maintenance of plant services	619,613	576,787	563,030	568,582
Transportation services	444,801	373,936	457,480	444,009
Non-instructional:				
Community services	291	10,201	8,465	12,024
Other expenditures:				
Facilities acquisition	499,812	621,047	441,200	365,611
Long-term debt:				
Principal	230,000	220,000	244,251	239,246
Interest and other charges	199,743	150,848	158,222	165,310
AEA flow-through	366,905	402,182	396,965	318,371
Total	\$ 9,403,111	\$ 9,408,612	\$ 9,147,350	\$ 8,679,298

See accompanying independent auditor's report.

Modified Accrual Basis

2008	2007	2006	2005	2004
\$ 2,714,990	\$ 2,595,434	\$ 2,403,758	\$ 1,815,802	\$ 1,858,831
365,464	327,907	275,991	298,173	308,685
411,311	431,642	521,100	833,829	737,297
-	-	-	-	-
3,904,474	3,686,043	3,522,995	3,141,551	3,291,040
223,379	234,996	273,936	675,829	1,337,382
<u>\$ 7,619,618</u>	<u>\$ 7,276,022</u>	<u>\$ 6,997,780</u>	<u>\$ 6,765,184</u>	<u>\$ 7,533,235</u>

\$ 3,164,596	\$ 2,821,626	\$ 2,668,183	\$ 2,519,755	\$ 2,523,006
871,587	768,508	736,763	727,863	721,687
828,366	793,271	751,050	689,613	459,065
124,883	116,722	113,227	439,592	284,723
183,242	147,291	129,927	179,958	163,584
747,242	696,152	665,048	718,590	763,110
562,346	528,321	447,598	368,754	454,477
393,511	462,137	329,828	282,983	265,734
9,686	9,627	4,551	5,911	4,332
493,501	354,400	901,040	3,016,743	2,767,935
229,246	248,492	185,000	175,000	170,000
171,810	178,935	185,872	192,435	198,810
283,684	272,123	249,422	246,686	251,380
<u>\$ 8,063,700</u>	<u>\$ 7,397,605</u>	<u>\$ 7,367,509</u>	<u>\$ 9,563,883</u>	<u>\$ 9,027,843</u>

**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
Jesup Community 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 Jesup Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated January 31, 2013. 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

The management of Jesup Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Jesup Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Jesup Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Jesup Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control over financial reporting I consider to be to be 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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-12 to be a significant deficiency

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jesup Community 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 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, 2012 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.

Jesup Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Jesup Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jesup Community School District and other parties to whom Jesup Community 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 Jesup Community 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

January 31, 2013

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2012

Part I – Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-12 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

NON-COMPLIANCE:

None

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2012

Part II - Other Findings Related to Statutory Reporting:

II-A-12 Certified Budget – Expenditures for the year ended June 30, 2012 exceeded the certified budget amount in the non-instruction function.

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

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

II-B-12 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-C-12 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-12 Business Transactions – No business transactions between the District and District officials or employees were noted.

II-E-12 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-F-12 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted.

II-G-12 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-12 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-12 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2012

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

II-K-12 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

II-L-12 Statewide Sales, Services and Use Tax – No instances 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. 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, 2012, the District's reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	313,215
Revenues/transfers in:			
Sales tax revenues	\$	478,477	
Other local revenues		4,995	
School infrastructure supplemental amount		192,396	675,868
			<hr/>
		\$	989,083
Expenditures/transfers out:			
School infrastructure construction	\$	309,190	
Transfers to other funds:			
Debt service fund		180,500	
Other fund		100,000	589,690
			<hr/>
Ending balance		\$	<u>399,393</u>

For the year ended June 30, 2012, the District reduced the following levies as a result of the money received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation		Property Tax Dollars
Debt service levy	\$ 0.1939	\$	670,873
Physical plant and equipment levy	-		-
Public educational and recreational levy	-		-