

Janesville Consolidated School District

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

June 30, 2013

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-12
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 13
Statement of Activities	B 14-15
Governmental Fund Financial Statements:	
Balance Sheet	C 16
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position	D 17
Statement of Revenues, Expenditures and Changes in Fund Balances	E 18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities	F 20
Proprietary Fund Financial Statements:	
Statement of Net Position	G 21
Statement of Revenues, Expenses and Changes in Fund Net Position	H 22
Statement of Cash Flows	I 23
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	J 24
Statement of Changes in Fiduciary Net Position	K 25
Notes to Financial Statements	26-37
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Funds	38
Notes to Required Supplementary Information-Budgetary Reporting	39
Schedule of Funding Progress for the Retiree Health Plan	40
Other Supplementary Information:	<u>Schedule</u>
Non-major Funds:	
Combining Balance Sheet	1 41
Combining Schedule of Revenues, Expenditures and Changes In Fund Balance	2 42
Capital Project Accounts:	
Combining Balance Sheet	3 43
Combining Schedule of Revenues, Expenditures	4 44
Schedule of Changes in Special Revenue Fund-Student Activity Accounts	5 45
Schedule of Revenues by Source and Expenditures by Function-All Governmental Funds	6 46
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 <u>Government Auditing Standards</u>	47-48
Schedule of Findings	49-52

Janesville Consolidated School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Sandi Carroll*	President	2015
Barbara Reid**	Vice President	2015
Tracy Meyer	Board Member	2013
Lindsey Eibey	Board Member	2013
Christine Mattingly***	Board Member	2015
Teresa Gergen****	Board Member	2013
School Officials		
Steven Gray*****	Superintendent	2013
Kelly Weidman	District Secretary/Treasurer and Business Manager	2013
Steven A. Weidner	Attorney	2013

*Resigned January 28, 2013

**Appointed President February 11, 2013

***Appointed Vice President February 11, 2013

****Board appointed February 11, 2013

*****Resigned June 30, 2013

Independent Auditor's Report

To the Board of Education of
Janesville Consolidated School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District, Janesville, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 Janesville Consolidated School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that 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 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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 information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

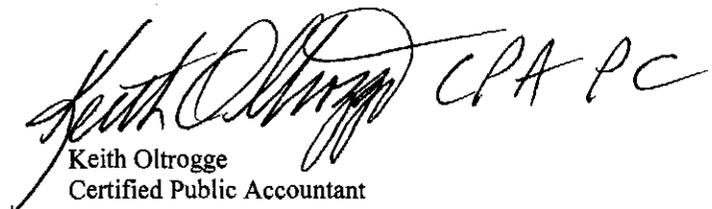
Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Janesville Consolidated School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (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.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 24, 2014 on my consideration of Janesville Consolidated School District's internal control over financial reporting and on 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 in considering Janesville Consolidated School District's internal control over financial reporting and compliance.



Keith Oltrogge
Certified Public Accountant

January 24, 2014

Janesville Consolidated School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Janesville Consolidated School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,516,740 in fiscal 2012 to \$4,143,444 in fiscal 2013, while General Fund expenditures increased from \$3,602,507 in fiscal 2012 to \$3,644,409 in fiscal 2013. The District's General Fund balance increased from adjusted \$382,029 in fiscal 2012 to \$882,264 in fiscal 2013, a 130.9% increase.
- The increase in General Fund revenues was attributable to an increase in local sources in fiscal 2013. The increase in expenditures was due primarily to an increase in instruction.
- The District's solvency ratio has increased from 8.7% at June 30, 2012 to 19.7% at June 30, 2013. 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 Position and a Statement of Activities. These provide information about the activities of Janesville Consolidated School District as a whole and present an overall view of the District's finances.

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

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

Figure A-1
Janesville Consolidated School District Annual Financial Report

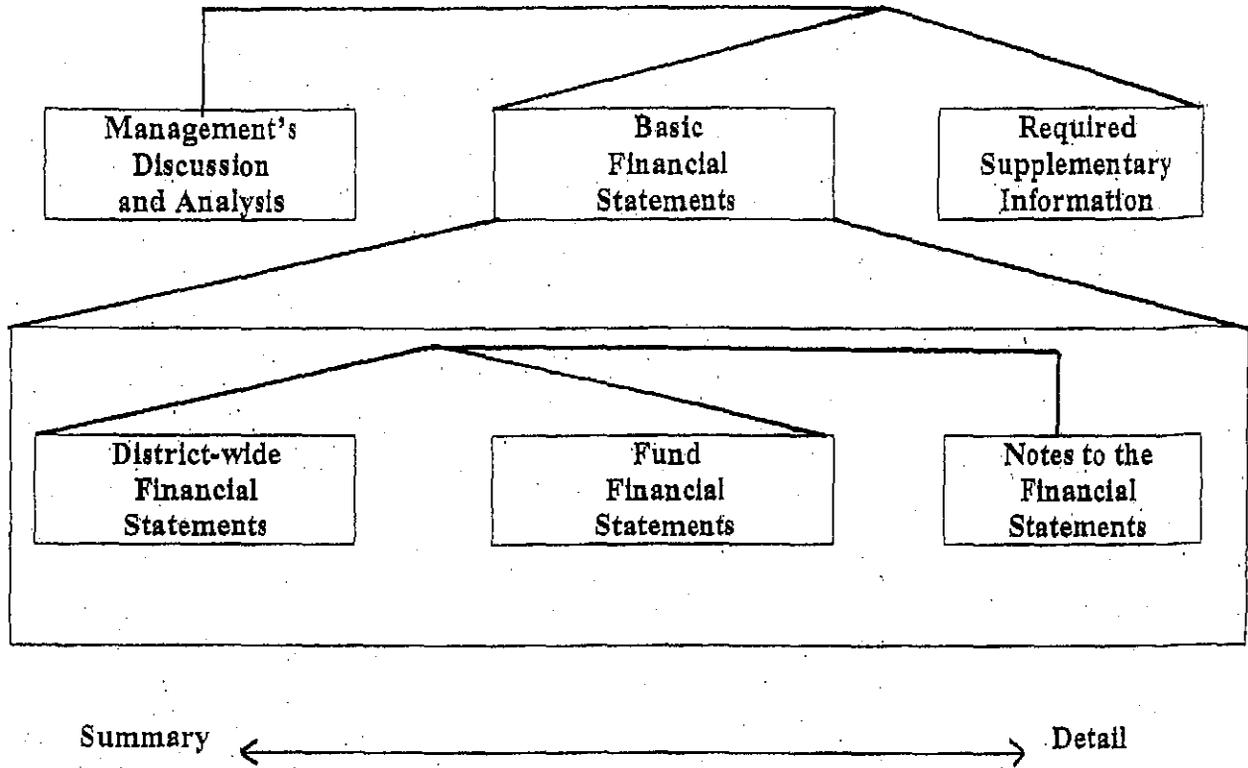


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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 Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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 position at June 30, 2013 compared to June 30, 2012.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	\$3,699,310	\$2,896,412	\$156,009	\$133,795	\$3,855,319	\$3,030,207	27.2%
Capital assets	3,386,322	3,646,558	14,335	11,506	3,400,657	3,658,064	-7.0%
Total assets	\$7,085,632	\$6,542,970	\$170,344	\$145,301	\$7,255,976	\$6,688,271	8.5%
Long-term liabilities	\$2,428,932	\$2,651,155	\$-	\$-	\$2,428,932	\$2,651,155	-8.4%
Other liabilities	1,940,971	1,962,009	23,576	22,128	1,964,547	1,984,137	-1.0%
Total liabilities	\$4,369,903	\$4,613,164	\$23,576	\$22,128	\$4,393,479	\$4,635,292	-5.2%
Net position:							
Net investment in capital assets	\$1,023,898	\$1,089,009	\$14,335	\$11,506	\$1,038,233	\$1,100,515	-5.7%
Restricted	759,874	591,547	-	-	759,874	591,547	28.5%
Unrestricted	941,482	254,947	122,908	105,970	1,064,390	360,917	194.9%
Total net position	\$2,725,254	\$1,935,503	\$137,243	\$117,476	\$2,862,497	\$2,052,979	39.4%

The District’s combined net position increased 39.4%, or \$809,518, from the prior year. The largest portion of the District’s net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net position increased approximately \$168,327, or 28.5% over the prior year. The increase was primarily due to the decrease in expenditures for facilities acquisitions of the Capital Projects Funds.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$703,473, or 194.9%. This increase in unrestricted net position was primarily a result of the increase in revenue in the General Fund.

Figure A-4 shows the change in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	2013	2012	2013	2012	2013	2012	2012-2013
Revenues:							
Program revenues:							
Charges for service	\$930,507	\$390,575	\$180,745	\$198,403	\$1,111,252	\$588,978	88.7%
Operating grants, contribution and restricted interest	559,487	527,537	56,855	42,177	616,342	569,714	8.2%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	1,437,030	1,235,577	-	-	1,437,030	1,235,577	16.3%
Income surtax	160,792	164,810	-	-	160,792	164,810	-2.4%
Statewide sales, service and use tax	274,892	292,819	-	-	274,892	292,819	-6.1%
Unrestricted state grants	1,549,836	1,568,860	-	-	1,549,836	1,568,860	-1.2%
Unrestricted investment earnings	6,644	7,176	154	142	6,798	7,318	-7.1%
Other	48,318	54,055	-	-	48,318	54,055	-10.6%
Total revenues	\$4,967,506	\$4,241,409	\$237,754	\$240,722	\$5,205,260	\$4,482,131	16.1%
Program expenses:							
Governmental activities:							
Instruction	\$3,111,128	\$2,937,627	\$9,189	\$98,941	\$3,120,317	\$3,036,568	2.8%
Support services	937,587	1,006,518	-	-	937,587	1,006,518	-6.9%
Non-instructional programs	-	-	208,798	144,644	208,798	144,644	44.4%
Other expenses	283,715	269,139	-	-	283,715	269,139	5.4%
Total expenses	\$4,332,430	\$4,213,284	\$217,987	\$243,585	\$4,550,417	\$4,456,869	2.1%
Change in net position	\$635,076	\$28,125	\$19,767	-\$2,863	\$654,843	\$25,262	2,492.2%

In fiscal year 2013, property tax and unrestricted state grants account for 57.4% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$5.2 million, of which approximately \$5.0 million was for governmental activities and less than \$0.2 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 16.1% increase in revenues and a 2.1% increase in expenses. Property tax increased approximately \$201,000. The increase in expenses is related to an increase in non-instructional expenses.

Governmental Activities

Revenues for governmental activities were \$4,967,506 and expenses were \$4,332,430. In a difficult budget year, the District was able to balance the budget by trimming expenses to match revenues.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-2013	2013	2012	Change 2012-2013
Instruction	\$3,111,128	\$2,937,627	5.9%	\$1,627,558	\$2,056,500	-20.9%
Support Services	937,587	1,006,518	-6.9%	931,163	969,533	-4.0%
Non-instructional programs	-	-	-	-	-	-
Other expenses	283,715	269,139	5.4%	283,715	269,139	5.4%
Totals	\$4,332,430	\$4,213,284	2.8%	\$2,842,436	\$3,295,172	-13.7%

- The cost financed by users of the District’s programs was \$1,111,252.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$616,342.
- The net cost of governmental activities was financed with \$1,872,714 in property and other taxes and \$1,549,836 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$237,754 and expenses were \$217,987. The District’s business type activities include the School Nutrition Fund and the Childhood Development Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Janesville Consolidated School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,725,254, well above last year’s ending adjusted fund balances of \$2,100,313.

Governmental Fund Highlights

- The District’s increasing General Fund financial position is the result of many factors. Increases during the year in local sources resulted in an increase in revenue. The District’s increase in General Fund expenditures was only slightly over last year, resulting in a \$500,235 increase in the General Fund.
- The District has been trying to maintain its General Fund by controlling classroom budgets, reducing travel and field trips, and reducing staff slightly where possible.
- The General Fund balance increased from adjusted \$382,029 to \$882,264, due in part to the increase in revenue from local sources.
- The Capital Projects Fund balance increased from \$353,523 to \$493,817 due in part to the decrease in facilities acquisition expenditures.

Proprietary Fund Highlights

- School Nutrition Fund net position decreased from \$43,991 at June 30, 2012 to \$40,919 at June 30, 2013, representing a decrease of approximately 7.0%.
- Childhood Development Fund net position increased from \$73,485 at June 30, 2012 to \$96,324 at June 30, 2013 due to a decrease in the cost of services.

BUDGETARY HIGHLIGHTS

The District's receipts were \$703,849 more than budgeted receipts, a variance of 15.6%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

The Districts total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$3.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 7.0% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$319,145.

The original cost of the District's capital assets was \$6.88 million. Governmental funds account for \$6.86 million, with the remainder of \$0.02 million 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,
	2013	2012	2013	2012	2013	2012	2012-2013
Land	\$18,751	\$18,751	\$-	\$-	\$18,751	\$18,751	-
Buildings	2,702,246	2,831,462	-	-	2,702,246	2,831,462	-4.6%
Improvements other than buildings	140,713	151,138	-	-	140,713	151,138	-6.9%
Furniture and equipment	524,612	645,207	14,335	11,506	538,947	656,713	-17.9%
Totals	\$3,386,322	\$3,646,558	\$14,335	\$11,506	\$3,400,657	\$3,658,064	-7.0%

Long-Term Debt

At June 30, 2013, the District had \$2,362,424 in long-term debt outstanding. This represents a decrease of approximately 7.6% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 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 \$10 million.

Figure A-7

Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2013	2012	2012-2013
Revenue bonds	\$2,205,000	\$2,325,000	-5.2%
Capital Leases	157,424	232,549	-32.3%
	<u>\$2,362,424</u>	<u>\$2,557,549</u>	<u>-7.6%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Reduction in federal and state funding continues to present challenges for the district's budget.

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 Kelly Weidman, Business Manager, Janesville Consolidated School, 505 Barrick Road, Janesville IA 50647.

Basic Financial Statements

Janesville Consolidated School District

Statement of Net Position

June 30, 2013

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,820,909	\$ 155,069	\$ 1,975,978
Receivables:			
Property tax:			
Delinquent	10,124	-	10,124
Succeeding year	1,463,382	-	1,463,382
Income surtax	159,837	-	159,837
Accounts	154,159	940	155,099
Due from other governments	90,899	-	90,899
Capital assets, net of accumulated depreciation	3,386,322	14,335	3,400,657
Total Assets	\$ 7,085,632	\$ 170,344	\$ 7,255,976
Liabilities			
Accounts payable	\$ 158,156	\$ 4,960	\$ 163,116
Salaries and benefits payable	311,571	12,530	324,101
Accrued interest payable	7,862	-	7,862
Deferred revenue-succeeding year property tax	1,463,382	-	1,463,382
Deferred revenue-other	-	6,086	6,086
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	125,000	-	125,000
Accrued vacations	979	-	979
Early retirement	37,102	-	37,102
Capital lease	77,492	-	77,492
Portion due after one year:			
Capital lease	79,932	-	79,932
Revenue bonds payable	2,080,000	-	2,080,000
Net OPEB liability	28,427	-	28,427
Total Liabilities	\$ 4,369,903	\$ 23,576	\$ 4,393,479
Net Position			
Net investment in capital assets	\$ 1,023,898	\$ 14,335	\$ 1,038,233
Restricted for:			
Categorical funding	63,351	-	63,351
Management levy purposes	141,921	-	141,921
Student activities	56,441	-	56,441
Debt service	4,344	-	4,344
Capital projects	450,145	-	450,145
Physical plant and equipment	43,672	-	43,672
Unrestricted	941,482	122,908	1,064,390
Total Net Position	\$ 2,725,254	\$ 137,243	\$ 2,862,497

See notes to financial statements.

Janesville Consolidated School District

Statement of Activities

Year Ended June 30, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Functions/Programs</u>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,315,911	\$ 513,464	\$ 513,652	\$ -
Special instruction	406,961	177,495	40,630	-
Other instruction	388,256	237,024	1,305	-
	<u>\$ 3,111,128</u>	<u>\$ 927,983</u>	<u>\$ 555,587</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 70,317	\$ -	\$ 1,800	\$ -
Instructional staff services	30,677	-	-	-
Administration services	422,352	-	-	-
Operation and maintenance of plant services	245,511	2,524	-	-
Transportation services	168,730	-	2,100	-
	<u>\$ 937,587</u>	<u>\$ 2,524</u>	<u>\$ 3,900</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 33,455	\$ -	\$ -	\$ -
Long-term debt interest	106,083	-	-	-
AEA flow-through	144,177	-	-	-
	<u>\$ 283,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 4,332,430</u>	<u>\$ 930,507</u>	<u>\$ 559,487</u>	<u>\$ -</u>
Business Type Activities:				
Instruction:				
Childhood development	\$ 9,189	\$ 16,122	\$ -	\$ -
Non-Instructional Programs:				
Food service operations	\$ 164,988	\$ 104,907	\$ 56,855	\$ -
Childhood development	43,810	59,716	-	-
	<u>\$ 208,798</u>	<u>\$ 164,623</u>	<u>\$ 56,855</u>	<u>\$ -</u>
Total Business Type Activities	<u>\$ 217,987</u>	<u>\$ 180,745</u>	<u>\$ 56,855</u>	<u>\$ -</u>
Total	<u>\$ 4,550,417</u>	<u>\$ 1,111,252</u>	<u>\$ 616,342</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -1,288,795	\$ -	\$ -1,288,795
-188,836	-	-188,836
-149,927	-	-149,927
<u>\$ -1,627,558</u>	<u>\$ -</u>	<u>\$ -1,627,558</u>
\$ -68,517	\$ -	\$ -68,517
-30,677	-	-30,677
-422,352	-	-422,352
-242,987	-	-242,987
-166,630	-	-166,630
<u>\$ -931,163</u>	<u>\$ -</u>	<u>\$ -931,163</u>
\$ -33,455	\$ -	\$ -33,455
-106,083	-	-106,083
-144,177	-	-144,177
<u>\$ -283,715</u>	<u>\$ -</u>	<u>\$ -283,715</u>
<u>\$ -2,842,436</u>	<u>\$ -</u>	<u>\$ -2,842,436</u>
<u>\$ -</u>	<u>\$ 6,933</u>	<u>\$ 6,933</u>
\$ -	\$ -3,226	\$ -3,226
-	15,906	15,906
<u>\$ -</u>	<u>\$ 12,680</u>	<u>\$ 12,680</u>
<u>\$ -</u>	<u>\$ 19,613</u>	<u>\$ 19,613</u>
<u>\$ -2,842,436</u>	<u>\$ 19,613</u>	<u>\$ -2,822,823</u>

Janesville Consolidated School District

Statement of Activities

Year Ended June 30, 2013

	<u>Program Revenues</u>		
		Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Expenses</u>	<u>Charges for Services</u>		

General Revenues:

Property Tax Levied For:
 General purposes
 Capital outlay
Income surtax
Statewide sales, service and use tax
Unrestricted state grants
Unrestricted investment earnings
Other general revenues

Change in net position before other sources
Sale of assets
Change in net position

Net position beginning of year, restated (Note 15)
Prior period adjustment

Adjusted net position beginning of year

Net Position End of Year

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ 1,251,899	\$ -	\$ 1,251,899
185,131	-	185,131
160,792	-	160,792
274,892	-	274,892
1,549,836	-	1,549,836
6,644	154	6,798
48,318	-	48,318
<u>\$ 3,477,512</u>	<u>\$ 154</u>	<u>\$ 3,477,666</u>
\$ 635,076	\$ 19,767	\$ 654,843
1,200	-	1,200
<u>\$ 636,276</u>	<u>\$ 19,767</u>	<u>\$ 656,043</u>
\$ 2,100,313	\$ 117,476	\$ 2,217,789
-11,335	-	-11,335
<u>\$ 2,088,978</u>	<u>\$ 117,476</u>	<u>\$ 2,206,454</u>
<u>\$ 2,725,254</u>	<u>\$ 137,243</u>	<u>\$ 2,862,497</u>

Janesville Consolidated School District

Balance Sheet
Governmental Funds

June 30, 2013

	General	Capital Projects	Non-Major Funds	Total
Assets				
Cash and Pooled Investments	\$ 1,129,757	\$ 415,350	\$ 275,802	\$ 1,820,909
Receivables:				
Property Tax:				
Delinquent	8,152	1,298	674	10,124
Succeeding year	1,143,433	194,949	125,000	1,463,382
Income surtax	159,837	-	-	159,837
Accounts	150,916	-	3,243	154,159
Due from other funds	9,525	-	-	9,525
Due from other governments	13,730	77,169	-	90,899
Total Assets	\$ 2,615,350	\$ 688,766	\$ 404,719	\$ 3,708,835
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 157,674	\$ -	\$ 482	\$ 158,156
Salaries and benefits payable	272,142	-	39,429	311,571
Deferred Revenue:				
Succeeding year property tax	1,143,433	194,949	125,000	1,463,382
Other	159,837	-	-	159,837
Total Liabilities	\$ 1,733,086	\$ 194,949	\$ 164,911	\$ 2,092,946
Fund Balances:				
Restricted for:				
Categorical funding	\$ 63,351	\$ -	\$ -	\$ 63,351
Debt services	-	-	4,344	4,344
Management levy purposes	-	-	179,023	179,023
Student activities	-	-	56,441	56,441
School infrastructure	-	450,145	-	450,145
Physical plant and equipment	-	43,672	-	43,672
Unassigned	818,913	-	-	818,913
Total Fund Balance	\$ 882,264	\$ 493,817	\$ 239,808	\$ 1,615,889
Total Liabilities and Fund Balances	\$ 2,615,350	\$ 688,766	\$ 404,719	\$ 3,708,835

See notes to financial statements.

Janesville Consolidated School District

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

June 30, 2013

Total fund balances of governmental funds (page 16)	\$ 1,615,889
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,386,322
Other Long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	159,837
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.	-7,862
Long-term liabilities, including bonds payable, accrued vacations, early retirement and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>-2,428,932</u>
Net position of governmental activities (page 13)	<u>\$ 2,725,254</u>

Janesville Consolidated School District

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

Year Ended June 30, 2013

	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Local Sources:				
Local tax	\$ 1,322,073	\$ 460,023	\$ 95,591	\$ 1,877,687
Tuition	669,205	-	-	669,205
Other	78,140	952	237,171	316,263
Intermediate sources	-	-	-	-
State sources	1,987,337	35,212	86	2,022,635
Federal sources	86,689	-	-	86,689
Total Revenues	\$ 4,143,444	\$ 496,187	\$ 332,848	\$ 4,972,479
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 2,050,565	\$ -	\$ 39,429	\$ 2,089,994
Special instruction	406,961	-	-	406,961
Other instruction	163,836	-	206,672	370,508
	\$ 2,621,362	\$ -	\$ 246,101	\$ 2,867,463
Support Services:				
Student services	\$ 69,341	\$ -	\$ -	\$ 69,341
Instructional staff services	30,677	-	-	30,677
Administration services	435,509	18	-	435,527
Operation and maintenance of plant services	195,271	-	48,324	243,595
Transportation services	148,072	515	-	148,587
	\$ 878,870	\$ 533	\$ 48,324	\$ 927,727
Other Expenditures:				
Facilities acquisition	\$ -	\$ 53,842	\$ -	\$ 53,842
Long-Term Debt:				
Principal	-	-	195,125	195,125
Interest, fees and discounts	-	-	106,393	106,393
AEA flow-through	144,177	-	-	144,177
	\$ 144,177	\$ 53,842	\$ 301,518	\$ 499,537
Total Expenditures	\$ 3,644,409	\$ 54,375	\$ 595,943	\$ 4,294,727
Excess (deficiency) of revenues over (under) expenditures	\$ 499,035	\$ 441,812	\$ -263,095	\$ 677,752

Janesville Consolidated School District

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

Year Ended June 30, 2013

	General	Capital Projects	Non-Major Funds	Totals
Other Financing Sources (Uses):				
Sale of assets	\$ 1,200	\$ -	\$ -	\$ 1,200
Operating transfers in (out)	-	-301,518	301,518	-
Total other financing sources (uses)	\$ 1,200	\$ -301,518	\$ 301,518	\$ 1,200
Net change in fund balances	\$ 500,235	\$ 140,294	\$ 38,423	\$ 678,952
Fund balances beginning of year	\$ 393,364	\$ 353,523	\$ 201,385	\$ 948,272
Prior period adjustment	-11,335	-	-	-11,335
Adjusted fund balances beginning of year	\$ 382,029	\$ 353,523	\$ 201,385	\$ 936,937
Fund Balances End of Year	\$ 882,264	\$ 493,817	\$ 239,808	\$ 1,615,889

See notes to financial statements.

Janesville Consolidated School District

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities

Year Ended June 30, 2013

Net change in fund balances – total governmental funds (page 19) \$ 678,952

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	\$ 56,563	
Depreciation expense	<u>-316,799</u>	-260,236

Income surtax revenue not received until several months after the District’s fiscal year end is not considered available revenue and is deferred in the governmental funds. It is, however, recorded as revenue in the Statement of Activities.

-4,973

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

Repaid		195,125
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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.

310

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

Accrued vacations	\$ 2,667	
Early retirement	37,101	
Other postemployment benefits	<u>-12,670</u>	27,098

Change in Net Position of Governmental Activities (page 15) \$ 636,276

Janesville Consolidated School District

Statement of Net Position
Proprietary Funds

June 30, 2013

	Hot Lunch	Childhood Development	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 43,141	\$ 111,928	\$ 155,069
Accounts receivable	90	850	940
Total current assets	<u>\$ 43,231</u>	<u>\$ 112,778</u>	<u>\$ 156,009</u>
Non-Current Assets:			
Capital assets, net of accumulated depreciation	14,335	-	14,335
Total Non-Current Assets	<u>\$ 14,335</u>	<u>\$ -</u>	<u>\$ 14,335</u>
Total Assets	<u>\$ 57,566</u>	<u>\$ 112,778</u>	<u>\$ 170,344</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 1,036	\$ 3,924	\$ 4,960
Due to other funds	9,525	-	9,525
Salaries and benefits payable	-	12,530	12,530
Deferred revenue	6,086	-	6,086
Total current liabilities	<u>\$ 16,647</u>	<u>\$ 16,454</u>	<u>\$ 33,101</u>
Total Liabilities	<u>\$ 16,647</u>	<u>\$ 16,454</u>	<u>\$ 33,101</u>
Net Position			
Net investment in capital assets	\$ 14,335	\$ -	\$ 14,335
Unrestricted	26,584	96,324	122,908
Total Net Position	<u>\$ 40,919</u>	<u>\$ 96,324</u>	<u>\$ 137,243</u>

See notes to financial statements.

Janesville Consolidated School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

Year Ended June 30, 2013

	Hot Lunch	Childhood Development	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 104,907	\$ 75,838	\$ 180,745
Operating expenses:			
Instruction:			
Other instruction:			
Salaries	\$ -	\$ 7,793	\$ 7,793
Benefits	-	1,396	1,396
	\$ -	\$ 9,189	\$ 9,189
Non-instructional programs:			
Operations:			
Salaries	\$ 8,709	\$ 23,179	\$ 31,888
Benefits	1,175	12,064	13,239
Supplies	151,108	8,538	159,646
Purchased services	1,650	29	1,679
Depreciation	2,346	-	2,346
	\$ 164,988	\$ 43,810	\$ 208,798
Total operating expenses	\$ 164,988	\$ 52,999	\$ 217,987
Operating income (loss)	\$ -60,081	\$ 22,839	\$ -37,242
Non-operating revenues:			
State sources	\$ 1,308	\$ -	\$ 1,308
Federal sources	55,547	-	55,547
Interest income	154	-	154
Total non-operating revenues	\$ 57,009	\$ -	\$ 57,009
Change in net position	\$ -3,072	\$ 22,839	\$ 19,767
Net Position beginning of year	43,991	73,485	117,476
Net Position End of Year	\$ 40,919	\$ 96,324	\$ 137,243

Janesville Consolidated School District

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2013

	Hot Lunch	Childhood Development	Total
Cash flows from operating activities:			
Cash received from daycare and preschool fees	\$ -	\$ 75,688	\$ 75,688
Cash received from sale of lunches and breakfasts	103,386	-	103,386
Cash paid to employees for services	-6,056	-46,482	-52,538
Cash paid to suppliers for goods or services	-141,892	-4,643	-146,535
Net cash provided (used) by operating activities	\$ -44,562	\$ 24,563	\$ -19,999
Cash flows from non-capital financing activities:			
State grants received	\$ 1,308	\$ -	\$ 1,308
Federal grants received	45,706	-	45,706
Net cash provided by non-capital financing activities	\$ 47,014	\$ -	\$ 47,014
Cash flows from capital and related financing activities:			
Acquisition of capital assets	\$ -5,175	\$ -	\$ -5,175
Cash flows from investing activities:			
Interest on investments	\$ 154	\$ -	\$ 154
Net increase (decrease) in cash and cash equivalents	\$ -2,569	\$ 24,563	\$ 21,994
Cash and cash equivalents beginning of year	45,710	87,365	133,075
Cash and Cash Equivalents End of Year	\$ 43,141	\$ 111,928	\$ 155,069
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -60,081	\$ 22,839	\$ -37,242
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Commodities used	9,841	-	9,841
Depreciation	2,346	-	2,346
(Increase)/Decrease in accounts receivable	-70	150	80
Increase/(Decrease) in salaries and benefits payable	-	-2,350	-2,350
(Decrease) in deferred revenue	-1,451	-	-1,451
Increase in due to other funds	3,828	-	3,828
Increase in accounts payable	1,025	3,924	4,949
Net Cash Provided (Used) by Operating Activities	\$ -44,562	\$ 24,563	\$ -19,999

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received \$9,841 of federal commodities.

See notes to financial statements.

Janesville Consolidated School District

Statement of Fiduciary Net Position
Fiduciary Fund

June 30, 2013

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 273,265
Total assets	<u>\$ 273,265</u>
Liabilities	<u>\$ -</u>
Net Position	
Reserved for scholarships	<u>\$ 273,265</u>

See notes to financial statements.

Janesville Consolidated School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2013

	<u>Private Purpose Trust Scholarship</u>
Additions: Local sources: Interest income	\$ 4,197
Deductions: Support services: Scholarships awarded	\$ 6,500
Change in net position	\$ -2,303
Net position beginning of year	<u>275,568</u>
Net Position End of Year	<u>\$ 273,265</u>

Janesville Consolidated School District

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

Janesville Consolidated School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Janesville, Iowa and portions of the predominately agricultural territories in Bremer and Black Hawk Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organization – The District participates in two jointly governed organizations that provide services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Bremer and Black Hawk Counties Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position (previously referred to as 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 Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

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

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position 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 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, School Nutrition Fund and Childhood Development Fund. These funds are used to account for the food service and daycare operations of the District.

The District also reports fiduciary funds, which focus on net position and changes in net position. 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 position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

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.

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 Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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 Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The District’s deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2013, the District had investments in the Iowa Schools Joint Investment Trust as follows:

Total	<u>Amortized Cost</u> <u>\$382,449</u>
-------	---

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk – The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody’s Investors Service.

(3) Due From and Due to Other funds

The detail of inter-fund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise – Hot Lunch Fund	<u>\$ 9,525</u>

The Enterprise – Hot Lunch Fund is repaying the General Fund for Salaries and Benefits. The balances will be repaid by June 30, 2014.

(4) **Interfund Transfers**

Transfer to	Transfer from	Amount
Debt Service	Statewide Sales, Services and Use Tax	\$ 219,068
Debt Service	Physical Plant and Equipment Levy	82,450
		<u>\$ 301,518</u>

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

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 18,751	\$ -	\$ -	\$ 18,751
Total capital assets not being depreciated	<u>\$ 18,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,751</u>
Capital assets being depreciated:				
Buildings	\$ 4,094,610	\$ 5,110	\$ -	\$ 4,099,720
Improvements other than buildings	370,018	-	-	370,018
Furniture and equipment	2,316,703	51,453	-	2,368,156
Total capital assets being depreciated	<u>\$ 6,781,331</u>	<u>\$ 56,563</u>	<u>\$ -</u>	<u>\$ 6,837,894</u>
Less accumulated depreciation for:				
Buildings	\$ 1,263,148	\$ 134,326	\$ -	\$ 1,397,474
Improvements other than buildings	218,880	10,425	-	229,305
Furniture and equipment	1,671,496	172,048	-	1,843,544
Total accumulated depreciation	<u>\$ 3,153,524</u>	<u>\$ 316,799</u>	<u>\$ -</u>	<u>\$ 3,470,323</u>
Total capital assets being depreciated, net	<u>\$ 3,627,807</u>	<u>\$ -260,236</u>	<u>\$ -</u>	<u>\$ 3,367,571</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,646,558</u>	<u>\$ -260,236</u>	<u>\$ -</u>	<u>\$ 3,386,322</u>
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 22,976	\$ 5,175	\$ -	\$ 28,151
Less accumulated depreciation	11,470	2,346	-	13,816
Business Type Activities Capital Assets, Net	<u>\$ 11,506</u>	<u>\$ 2,829</u>	<u>\$ -</u>	<u>\$ 14,335</u>

Depreciation expense was charged to the following functions:

Governmental Activities:		
Instruction:		
Regular		\$ 276,491
Other		17,748
Support services:		
Operation and maintenance of plant		2,417
Transportation		20,143
Total Depreciation Expense – Governmental Activities		<u>\$ 316,799</u>
Business Type Activities:		
Food service operations		<u>\$ 2,346</u>

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Accrued vacations	\$ 3,646	\$ -	\$ 2,667	\$ 979	\$ 979
Revenue bonds	2,325,000	-	120,000	2,205,000	125,000
Early retirement	74,203	-	37,101	37,102	37,102
Capital Leases	232,549	-	75,125	157,424	77,492
Net OPEB liability	15,757	12,670	-	28,427	-
	<u>\$ 2,651,155</u>	<u>\$ 12,670</u>	<u>\$ 234,893</u>	<u>\$ 2,428,932</u>	<u>\$ 240,573</u>

Early Retirement

The District offered a voluntary early retirement plan to its certified employees. Eligible employees must be at least fifty-five and must have completed two years of service to the District. The eligible employee will receive a cash payment of \$1,250 per year of consecutive certified employment to the District. The payout will be divided into three equal payments to be made annually for three years with the first on July 20, 2013.

Capital Lease – Computers

The District entered into a Capital Lease with Apple to purchase computers on June 15, 2013 for \$314,998.65. Annual lease payments will be \$82,450.16 with a 3.15% interest rate over the next three years.

Revenue Bonds

Details of the District’s June 30, 2013 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2009		
	Interest Rates	Principal	Interest
2014	3.4%	\$125,000	\$33,275
2015	3.7%	130,000	29,025
2016	3.9%	135,000	24,215
2017	4.1%	140,000	18,950
2018	4.3%	145,000	13,210
2019	4.5%	155,000	6,975
		<u>\$830,000</u>	<u>\$125,650</u>
			<u>\$955,650</u>

The District pledged future statewide sales, services and use tax revenues to repay the \$1,295,000 of bonds issued in May 2009. The bonds were issued for the purpose of refinancing the 2006 Local Option Sales and Services Tax Bonds. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2019. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50 percent of the statewide sales, service and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$955,650. For the current year \$120,000 principal and \$36,995 interest was paid on the bonds and total statewide sales, service and use tax revenues were \$309,938.

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

- a) \$129,500 of School statewide sales, services and use tax revenues currently on hand shall be deposited to a Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Special Revenue Account.
- c) Monies in the Special Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District did comply with these revenue bond provisions during the year ended June 30, 2013.

Year Ending June 30,	Bond Issue of March 15, 2013			
	Interest Rates	Principal	Interest	Total
2014	3.70%	\$-	\$61,073	\$61,073
2015	3.70%	-	61,072	61,072
2016	3.70%	-	61,073	61,073
2017	3.70%	-	61,072	61,072
2018	3.70%	-	61,073	61,073
2019	3.70%	-	61,072	61,072
2020	3.70%	130,000	61,073	191,073
2021	3.90%	135,000	56,262	191,262
2022	4.20%	140,000	50,998	190,998
2023	4.35%	145,000	45,117	190,117
2024	4.50%	155,000	38,810	193,810
2025	4.60%	160,000	31,835	191,835
2026	4.70%	170,000	24,475	194,475
2027	4.80%	175,000	16,485	191,485
2028	4.90%	165,000	8,085	173,085
		<u>\$1,375,000</u>	<u>\$699,575</u>	<u>\$2,074,575</u>

The District pledged future statewide sales, service and use tax revenues to repay the \$1,375,000 of bonds issued in March 2012. The bonds were issued for the purpose of refinancing a portion of the costs of the school remodeling. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2028. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 75% of the statewide sales, service and use tax revenues. The total principal and interest remaining to be paid on the notes is \$2,074,575. For the current year, no principal and \$61,072 of interest was paid on the bonds.

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

- a) \$137,500 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with these revenue bond provisions during the year ended June 30, 2013.

During the year ended June 30, 2013, the District made principal, interest and fee payments totaling \$301,518 under the agreements.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered payroll for the years ended June 30, 2013. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$152,494, \$135,200, and \$113,818, respectively, equal to the required contributions for each year.

(8) 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 23 active members and 4 retirees 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, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligations:

Annual required contribution	\$	18,648
Interest on net OPEB obligation		394
Adjustment to annual required contribution		-1,726
Annual OPEB cost	\$	17,316
Contributions made		-4,646
Increase in net OPEB obligation	\$	12,670
Net OPEB obligation beginning of year		15,757
Net OPEB obligation end of year	\$	28,427

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. 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, 2013.

For the year ended June 30, 2013, the District contributed \$197,034 to the medical plan. Plan members eligible for benefits contributed \$25,605, or 11.5% 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, 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$9,513	70.0%	\$2,856
June 30, 2011	\$9,494	66.3%	\$5,673
June 30, 2012	\$10,084	0.0%	\$15,757
June 30, 2013	\$18,648	24.9%	\$28,427

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$73,175, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,175. The covered payroll (annual payroll of active employees covered by the plan) was \$1,451,437 and the ratio of the UAAL to covered payroll was 5.0%. As of June 30, 2013, 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, 2012 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, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$447.26 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$144,177 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

Program	Amount
Gifted and Talented Programs	\$ 55,103
Market Factor 07	2,118
At Risk	1,756
Professional Development	4,374
Total	<u>\$ 63,351</u>

(12) Subsequent Events

The District has evaluated subsequent events through January 24, 2014 which is the date that the financial statements were available to be issued.

(13) Prior Period Adjustment

The District made a -\$11,335 prior period adjustment to the General Fund.

(14) Related Party Transactions

The District had business transactions between the District and District officials totaling \$943 during the year ended June 30, 2013.

(15) Restatement of Net Position

The levy for the District's income surtaxes applicable to and collected during the year ended June 30, 2012 were levied and certified during the year ended June 30, 2011. Under the modified accrual basis of accounting as described in Note 1 to the financial statements, because those taxes were not collected within sixty days after year end for application to current obligations, those taxes were properly deferred in the fund financial statements. However, those taxes related directly to the fiscal year ended June 30, 2012 and should have been recognized as revenue in the District-wide financial statements which are prepared on the full accrual basis of accounting, as described in Note 1 to the financial statements.

The District has corrected this item for the year ended June 30, 2013 and the effects of this correction on the related financial statement item are as follows:

	Net Position, Governmental Activities
Balance as reported at June 30, 2012	\$ 1,935,503
Adjustments:	
Income surtax recognition	164,810
Balance as restated on July 1, 2012	<u>\$ 2,100,313</u>

Required Supplementary Information

Janesville Consolidated School District

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

Required Supplementary Information

Year Ended June 30, 2013

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 2,863,155	\$ 180,899
Intermediate sources	-	-
State sources	2,022,635	1,308
Federal sources	86,689	55,547
Total Receipts	<u>\$ 4,972,479</u>	<u>\$ 237,754</u>
Disbursements:		
Instruction	\$ 2,867,463	\$ 9,189
Support services	927,727	-
Non-instructional programs	-	208,798
Other expenditures	499,537	-
Total Disbursements	<u>\$ 4,294,727</u>	<u>\$ 217,987</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ 677,752	\$ 19,767
Other financing sources, net	<u>1,200</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	<u>\$ 678,952</u>	<u>\$ 19,767</u>
Balances beginning of year	\$ 948,272	\$ 117,476
Prior period adjustment	<u>-11,335</u>	<u>-</u>
Adjusted balances beginning of year	<u>\$ 936,937</u>	<u>\$ 117,476</u>
Balances End of Year	<u>\$ 1,615,889</u>	<u>\$ 137,243</u>

See accompanying independent auditor's report.

	Total Actual		Budgeted Amounts		Final To Actual Variance
\$	3,044,054	\$	2,370,498	\$	673,556
	-		-		-
	2,023,943		2,044,886		-20,943
	142,236		91,000		51,236
\$	5,210,233	\$	4,506,384	\$	703,849
\$	2,876,652	\$	3,167,023	\$	290,371
	927,727		1,085,000		157,273
	208,798		379,041		170,243
	499,537		1,702,107		1,202,570
\$	4,512,714	\$	6,333,171	\$	1,820,457
\$	697,519	\$	-1,826,787	\$	2,524,306
	1,200		-		1,200
\$	698,719	\$	-1,826,787	\$	2,525,506
\$	1,065,748	\$	1,925,912	\$	-860,164
	-11,335		-		-11,335
\$	1,054,413	\$	1,925,912	\$	-871,499
\$	1,753,132	\$	99,125	\$	1,654,007

Janesville Consolidated School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2013

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.

Janesville Consolidated School District

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

Required Supplementary Information

June 30, 2013

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	-	\$101	\$101	-	\$989	10.3%
2011	July 1, 2009	-	\$100	\$100	-	\$1,301	7.7%
2012	July 1, 2009	-	\$97	\$97	-	\$1,280	7.6%
2013	July 1, 2012	-	\$73	\$73	-	\$1,451	5.0%

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

Supplementary Information

Janesville Consolidated School District

Combining Balance Sheet
Non-Major Funds

June 30, 2013

	Debt Service	Special Revenue		Total
		Student Activity	Management Levy	
Assets				
Cash and pooled investments	\$ 4,344	\$ 53,680	\$ 217,778	\$ 275,802
Receivables:				
Accounts	-	3,243	-	3,243
Property tax:				
Delinquent	-	-	674	674
Succeeding year	-	-	125,000	125,000
Total Assets	\$ 4,344	\$ 56,923	\$ 343,452	\$ 404,719
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 482	\$ -	\$ 482
Deferred revenue:				
Succeeding year property tax	-	-	125,000	125,000
Salaries and benefits payable	-	-	39,429	39,429
Total Liabilities	\$ -	\$ 482	\$ 164,429	\$ 164,911
Fund Balance:				
Restricted for:				
Debt service	\$ 4,344	\$ -	\$ -	\$ 4,344
Student activities	-	56,441	-	56,441
Management levy	-	-	179,023	179,023
Total Fund Balance	\$ 4,344	\$ 56,441	\$ 179,023	\$ 239,808
Total Liabilities & Fund Balances	\$ 4,344	\$ 56,923	\$ 343,452	\$ 404,719

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

Year Ended June 30, 2013

	Debt Service	Special Revenue		Total
		Student Activity	Management Levy	
Revenues:				
Local Sources:				
Local taxes	\$ -	\$ -	\$ 95,591	\$ 95,591
Other	-	237,171	-	237,171
State sources	-	-	86	86
Total Revenues	\$ -	\$ 237,171	\$ 95,677	\$ 332,848
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ -	\$ 39,429	\$ 39,429
Other instruction	-	206,672	-	206,672
Support Services:				
Operation and maintenance of plant services	-	-	48,324	48,324
Other Expenditures:				
Long-term Debt:				
Principal	195,125	-	-	195,125
Interest	106,393	-	-	106,393
Total Expenditures	\$ 301,518	\$ 206,672	\$ 87,753	\$ 595,943
Excess (deficiency) of revenues over (under) expenditures	\$ -301,518	\$ 30,499	\$ 7,924	\$ -263,095
Other Financing Sources (Uses):				
Operating transfers in	\$ 301,518	\$ -	\$ -	\$ 301,518
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing (uses)	\$ -	\$ 30,499	\$ 7,924	\$ 38,423
Fund balances beginning of year	4,344	25,942	171,099	201,385
Fund Balances End of Year	\$ 4,344	\$ 56,441	\$ 179,023	\$ 239,808

See accompanying independent auditor's report.

Janesville Consolidated School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 372,976	\$ 42,374	\$ 415,350
Receivables:			
Property Tax:			
Delinquent	-	1,298	1,298
Succeeding year	-	194,949	194,949
Due from other governments	77,169	-	77,169
Total Assets	\$ 450,145	\$ 238,621	\$ 688,766
Liabilities & Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	\$ 194,949	\$ 194,949
Total Liabilities	\$ -	\$ 194,949	\$ 194,949
Fund Balances:			
Restricted for:			
School infrastructure	\$ 450,145	\$ -	\$ 450,145
Physical plant and equipment	-	43,672	43,672
Total fund balances	\$ 450,145	\$ 43,672	\$ 493,817
Total Liabilities and Fund Balances	\$ 450,145	\$ 238,621	\$ 688,766

See accompanying independent auditor's report.

Janesville Consolidated School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts

Year Ended June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local Sources:			
Local tax	\$ 274,892	\$ 185,131	\$ 460,023
Other	600	352	952
State sources	35,046	166	35,212
Total Revenues	<u>\$ 310,538</u>	<u>\$ 185,649</u>	<u>\$ 496,187</u>
Expenditures:			
Current:			
Support Services:			
Administration services	\$ -	\$ 18	\$ 18
Transportation	-	515	515
Other Expenditures:			
Facilities acquisition	20,871	32,971	53,842
Total Expenditures	<u>\$ 20,871</u>	<u>\$ 33,504</u>	<u>\$ 54,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 289,667</u>	<u>\$ 152,145</u>	<u>\$ 441,812</u>
Other Financing Sources (Uses):			
Operating transfers in (out)	<u>\$ -219,068</u>	<u>\$ -82,450</u>	<u>\$ -301,518</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 70,599</u>	<u>\$ 69,695</u>	<u>\$ 140,294</u>
Fund balances beginning of year	379,546	-26,023	353,523
Fund Balances End of Year	<u>\$ 450,145</u>	<u>\$ 43,672</u>	<u>\$ 493,817</u>

See accompanying independent auditor's report.

Janesville Consolidated School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2013

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-Fund Transfer	Balance End of Year
Book Fair	\$ 88	\$ 3,166	\$ 3,241	\$ -	\$ 13
7-12 Secondary Account	900	2,439	1,658	-50	1,631
12 th Grade	761	212	297	-	676
11 th Grade	687	1,368	1,365	-	690
10 th Grade	-	812	545	-	267
9 th Grade	-	-	-	-	-
Choir/Band Trip	1,547	81,684	79,688	-335	3,208
High School Student Council	274	1,183	993	-	464
Athletics	6,198	91,058	76,492	-	20,764
Musical	2,694	5,555	7,034	-	1,215
Pop Machine	295	2,891	2,920	-	266
Interest	666	147	-	-	813
Softball Complex	783	-	783	-	-
Publications	6,768	6,628	5,070	1	8,327
Band Resale	460	2,007	2,318	1	150
Honor Society	87	1,706	1,750	-	43
Junior High Student Council	11	-	-	-	11
Art Fund	1,203	462	927	-1	737
MS Band	198	-	-	-	198
Swing Choir	-	-	-	335	335
Elementary Activities	1,078	3,304	2,141	-	2,241
Miscellaneous	741	18,159	18,900	-	-
Technology Fund	550	-	550	-	-
Speech Club	-43	-	-	49	6
Revolving Fund	-4	-	-	-	-4
Marquee Sign	-	14,390	-	-	14,390
Total	\$ 25,942	\$ 237,171	\$ 206,672	\$ -	\$ 56,441

Janesville Consolidated School District

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

For the Last Ten Years

	Modified Accrual Basis			
	2013	2012	2011	2010
Revenues:				
Local Sources:				
Local tax	\$ 1,877,687	\$ 1,693,206	\$ 1,546,639	\$ 1,550,266
Tuition	669,205	159,950	124,801	124,850
Other	316,263	291,856	222,449	214,180
State sources	2,022,635	2,010,461	1,765,918	1,438,228
Federal sources	86,689	85,936	188,131	276,175
Total	\$ 4,972,479	\$ 4,241,409	\$ 3,847,938	\$ 3,603,699
Expenditures:				
Instruction:				
Regular instruction	\$ 2,089,994	\$ 2,304,185	\$ 2,029,218	\$ 1,758,815
Special instruction	406,961	426,325	426,565	406,536
Other instruction	370,508	340,299	353,033	311,231
Support services:				
Student services	69,341	45,952	26,401	66,400
Instructional staff services	30,677	45,956	17,562	32,791
Administrative services	435,527	479,134	361,407	381,524
Operation and maintenance of plant services	243,595	235,966	242,654	231,165
Transportation services	148,587	171,939	181,171	131,435
Community service	-	-	1,209	326
Other expenditures:				
Facilities acquisition	53,842	1,007,898	662,467	441,274
Long-term debt:				
Principal	195,125	225,207	136,815	110,000
Interest and other charges	106,393	116,304	59,440	49,491
AEA flow-through	144,177	147,975	152,063	143,134
Total	\$ 4,294,727	\$ 5,547,140	\$ 4,650,005	\$ 4,064,122

See accompanying independent auditor's report.

Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
\$ 1,486,626	\$ 1,428,595	\$ 1,365,558	\$ 1,293,783	\$ 1,216,625	\$ 1,185,948
136,737	166,772	132,999	117,732	107,834	125,235
245,609	234,050	294,063	249,477	292,773	248,434
1,730,143	1,699,638	1,610,246	1,580,463	1,488,740	1,307,140
141,138	102,976	96,770	55,451	66,830	87,318
\$ 3,740,253	\$ 3,632,031	\$ 3,499,636	\$ 3,296,906	\$ 3,172,802	\$ 2,954,075
\$ 1,649,683	\$ 1,559,627	\$ 1,573,567	\$ 1,452,592	\$ 1,492,098	\$ 1,546,863
345,086	377,495	335,331	285,007	281,963	241,735
246,288	175,580	174,201	206,118	222,993	151,924
75,510	54,011	50,086	49,502	39,484	39,717
28,540	26,036	29,506	38,679	44,197	43,323
401,722	365,434	337,623	337,187	306,140	276,388
214,769	246,267	228,308	243,661	204,484	206,824
141,034	138,877	142,231	126,865	97,008	97,803
-	100	-	-	-	73,872
179,246	1,329,753	769,037	124,770	129,043	110,066
1,600,000	20,612	19,649	42,207	19,699	18,850
68,400	69,410	47,306	926	1,812	2,661
126,729	119,377	112,250	107,248	100,227	98,044
\$ 5,077,007	\$ 4,482,579	\$ 3,819,095	\$ 3,014,762	\$ 2,939,148	\$ 2,878,070

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

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

To the Board of Education of
Janesville Consolidated School District:

I have audited 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District as of and for the year ended June 30, 2013, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 24, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Janesville Consolidated School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Janesville Consolidated School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Janesville Consolidated School District's internal control.

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

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. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-13 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-13 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Janesville Consolidated School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance 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, 2013 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.

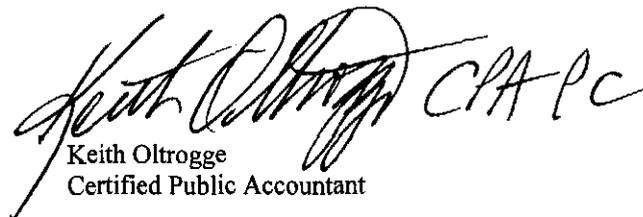
Janesville Consolidated School District's Responses to Findings

Janesville Consolidated School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. Janesville Consolidated School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

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

 CPA PC
Keith Oltrogge
Certified Public Accountant

January 24, 2014

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2013

Part I – Findings Related to the General Purpose Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL WEAKNESSES:

I-A-13 Segregation of Duties

Finding - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the same individual is responsible for preparation of checks and deposits, recording the transaction in the journals, and reconciling the bank statement.

Recommendation – With the limited number of personnel involved in accounting for Organization activity, an ideal system of segregation of accounting duties and functions cannot be achieved to assure adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. This is not unusual in an organization of your size. Under these circumstances, the most effective controls lie in (1) the administration's and the Board's knowledge of the Organization's financial operations and (2) striving to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transactions.

Response – Every effort will be made to further evaluate and restructure accounting tasks limited by the number of employees available to perform said functions. Janesville Consolidated School has added a Finance Committee as a sub-committee of the school board that has improved internal control.

Conclusion – Response accepted.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2013

Part I – Findings Related to the General Purpose Financial Statements (continued):

I-B-13 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’s 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.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2013

Part II - Other Findings Related to Required Statutory Reporting:

- II-A-13 Certified Budget – Expenditures for the year ended June 30, 2013 did not exceed the certified budget.
- II-B-13 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-13 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-13 Business Transactions – Business transactions between the District and District officials or employees are as detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Todd Weidman, Spouse – Employee	Service	\$350
Sandi Carroll – Board Member	Catering	\$593

In accordance with an Attorney General’s opinion dated November 9, 1976, the above transactions do not appear to represent conflicts of interest.

- II-E-13 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-13 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions were found that I believe should have been approved in the Board minutes but were not.
- II-G-13 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-13 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-13 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2013

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

II-K-13 Student Activity Fund – The Student Activity Fund includes an account which should have been reclassified by a residual equity transfer in prior years in order for the fund to conform to U.S. generally accepted accounting principles in accordance with Chapter 257.31(4) of the Code of Iowa. This account is the Miscellaneous Account.

Recommendation – The District should make a corrective transfer to account for this in the General Fund or another activity fund account.

Response – We will review this account and reallocate where necessary to other proper activities.

Conclusion – Response accepted.

II-L-13 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

II-M-13 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, service and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$	379,546
Revenues/transfers in:			
Sales tax revenues	\$	274,892	
Other local revenues		600	
School infrastructure supplemental amount		35,046	310,538
		\$	<u>690,084</u>
Expenditures/transfers out:			
School infrastructure construction	\$	20,871	
Transfers to other funds:			
Debt service fund		219,068	239,939
			<u>239,939</u>
Ending balance		\$	<u>450,145</u>

For the year ended June 30, 2013, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 1.8790	\$ 309,938
Physical plant and equipment levy	0.7062	147,987
Public educational and recreational levy	-	-