

**Jesup Community School District**

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

**June 30, 2013**

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Independent Auditor's Report

To the Board of Education of  
Jesup Community 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 Jesup Community School District, Jesup, 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 Jesup Community 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 Finding 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.

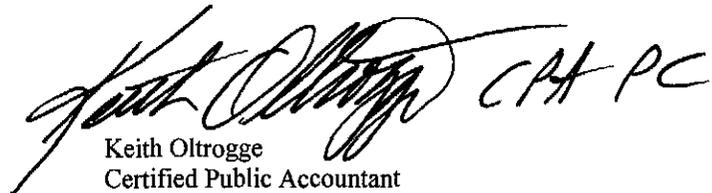
### *Supplementary Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jesup Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the 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 December 30, 2013 on my consideration of Jesup Community 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 Jesup Community School District's internal control over financial reporting and compliance.



Keith Oltrogge  
Certified Public Accountant

December 30, 2013

**Jesup Community School District**  
**Management's Discussion and Analysis**

**For Fiscal Year ended June 30, 2013**

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

**2013 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$8,231,430 in fiscal 2012 to \$8,091,333 in fiscal 2013, and General Fund expenditures increased from \$7,968,188 in fiscal 2012 to \$8,402,029 in fiscal 2013. The District's General Fund balance decreased from \$1,219,826 in fiscal year 2012 to \$911,343 in fiscal year 2013, a 25.3% decrease.
- The decrease in General Fund revenues was attributable to a decrease in local revenues in fiscal year 2013.
- The increase in the General Fund expenditures was due primarily to the increase in instruction and support services.
- The District's solvency ratio decreased from 14.0% in 2012 to 9.3% in fiscal 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 Jesup Community School District as a whole and present an overall view of the District's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan

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

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

**Figure A-1**  
**Jesup Community School District Annual Financial Report**

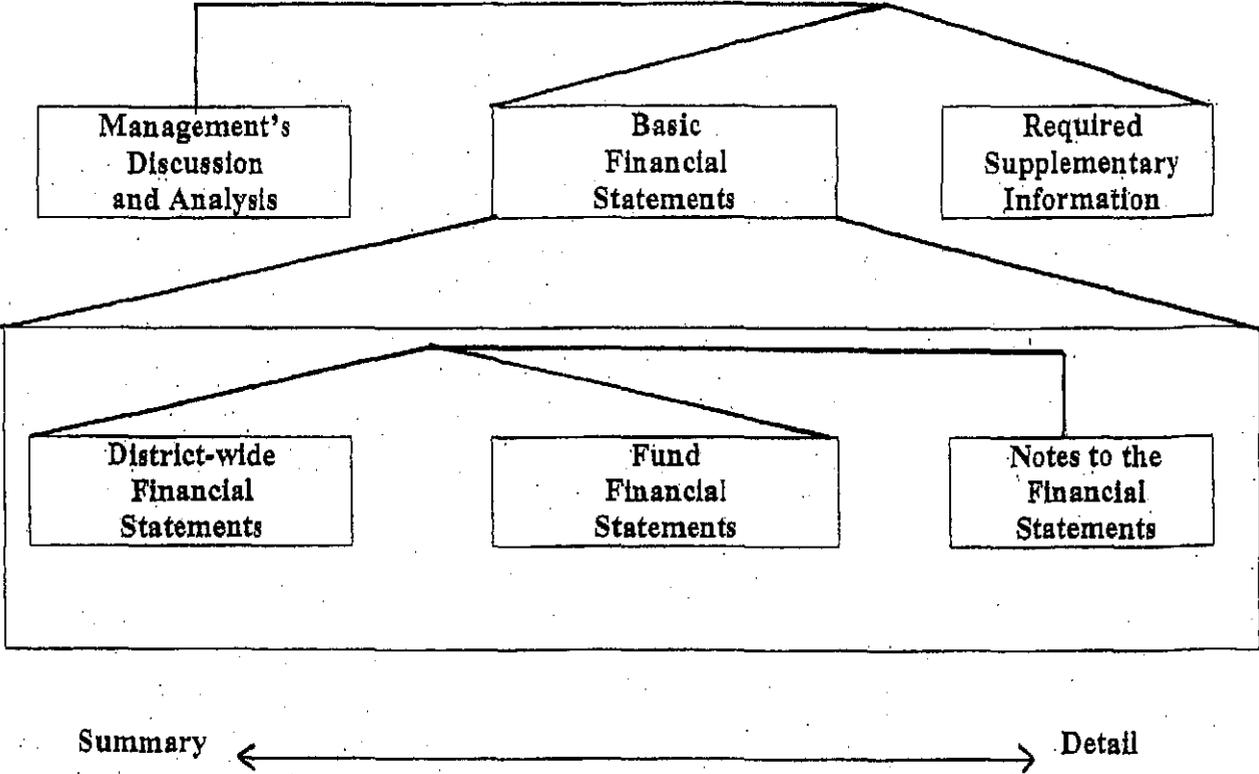


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net 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 are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

### *Fund Financial Statements*

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

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

The District has three kinds of funds:

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

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

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

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

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

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

The required financial statements for fiduciary funds 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 assets 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	\$13,346,292	\$8,854,434	\$112,937	\$160,077	\$13,459,229	\$9,014,511	49.3%
Capital assets	9,331,271	8,551,637	33,925	38,529	9,365,196	8,590,166	9.0%
Total assets	\$22,677,563	\$17,406,071	\$146,862	\$198,606	\$22,824,425	\$17,604,677	29.6%
Long-term liabilities	\$11,027,332	\$6,380,561	\$-	\$-	\$11,027,332	\$6,380,561	72.8%
Other liabilities	4,252,176	3,983,553	28,344	8,058	4,280,520	3,991,611	7.2%
Total liabilities	\$15,279,508	\$10,364,114	\$28,344	\$8,058	\$15,307,852	\$10,372,172	47.6%
Net position:							
Net Investment in capital assets	-\$1,538,729	\$2,081,637	\$33,925	\$38,529	-\$1,504,804	\$2,120,166	-171.0%
Restricted	8,426,385	3,992,402	-	-	8,426,385	3,992,402	111.1%
Unrestricted	500,299	967,918	94,693	152,019	594,992	1,119,937	-46.9%
Total net position	\$7,387,955	\$7,041,957	\$128,618	\$190,548	\$7,516,573	\$7,232,505	3.9%

The District’s combined net position increased by nearly 4%, or \$284,068, over the prior year. The largest portion of the District’s net position is in restricted net position.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net position increased \$4,433,983, or 111.1% over the prior year, due to the unexpended \$7,805,000 revenue bonds issued.

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 – decreased by \$524,945, or 46.9% due in part to the reclassification to restricted net position.

Figure A-4 shows the changes 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
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for service	\$688,911	\$889,113	\$297,118	\$282,939	\$986,029	\$1,172,052	-15.9%
Operating grants, contributions and restricted interest	1,148,273	1,148,680	156,589	146,692	1,304,862	1,295,372	0.7%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
<b>General revenues:</b>							
Property tax	3,022,463	2,863,361	-	-	3,022,463	2,863,361	5.6%
Statewide sales, service and use tax	591,727	670,873	-	-	591,727	670,873	-11.8%
Unrestricted state grants	4,162,770	3,891,133	-	-	4,162,770	3,891,133	7.0%
Unrestricted investment earnings	44,905	37,572	376	814	45,281	38,386	18.0%
Other	100,583	197,925	-	-	100,583	197,925	-49.2%
<b>Total revenues</b>	<b>\$9,759,632</b>	<b>\$9,698,657</b>	<b>\$454,083</b>	<b>\$430,445</b>	<b>\$10,213,715</b>	<b>\$10,129,102</b>	<b>0.8%</b>
<b>Program expenses:</b>							
<b>Governmental activities:</b>							
Instruction	\$6,450,575	\$6,206,707	\$-	\$-	\$6,450,575	\$6,206,707	3.9%
Support services	2,356,361	2,241,161	-	-	2,356,361	2,241,161	5.1%
Non-instructional programs	-	291	516,013	468,497	516,013	468,788	10.0%
Other expenses	608,912	704,588	-	-	608,912	704,588	13.6%
<b>Total expenses</b>	<b>\$9,415,848</b>	<b>\$9,152,747</b>	<b>\$516,013</b>	<b>\$468,497</b>	<b>\$9,931,861</b>	<b>\$9,621,244</b>	<b>3.2%</b>
<b>Change in net position</b>	<b>\$343,784</b>	<b>\$545,910</b>	<b>-\$61,930</b>	<b>-\$38,052</b>	<b>\$281,854</b>	<b>\$507,858</b>	<b>-44.5%</b>

In fiscal year 2013, property tax and unrestricted state grants account for 70.3% 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 \$10.2 million, of which approximately \$9.8 million was for governmental activities and less than \$0.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.8% increase in revenues and a 3.2% increase in expenses. Property tax increased approximately \$159,000.

### Governmental Activities

Revenues for governmental activities were \$9,759,632 and expenses were \$9,415,848.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2013, compared to the year ended June 30, 2012.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**

	Total Cost of Services		Change	Net Cost of Services		Change
	2013	2012	2012-2013	2013	2012	2012-2013
Instruction	\$6,450,575	\$6,206,707	3.9%	\$4,660,342	\$4,242,297	9.9%
Support services	2,356,361	2,241,161	5.1%	2,309,410	2,167,778	6.4%
Non-instructional programs	-	291	-100%	-	291	-100%
Other expenses	608,912	704,588	-13.6%	608,912	704,588	-13.6%
<b>Totals</b>	<b>\$9,415,848</b>	<b>\$9,152,747</b>	<b>2.9%</b>	<b>\$7,578,664</b>	<b>\$7,114,954</b>	<b>6.5%</b>

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$986,029.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,304,862.
- The net cost of governmental activities was financed with \$3,614,190 in property and other taxes and \$4,162,770 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$454,083 and expenses were \$516,013. The District's business type activities include the School Nutrition Fund and Community Rec Programs. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$7,387,955, well above last year's adjusted ending fund balances of \$7,044,171.

### **Governmental Fund Highlights**

- The District's deteriorating General Fund financial position is the result of many factors. A decrease during the year in local sources resulted in a decrease in revenues. Also there was an increase in expenditures.
- The General Fund adjusted balance decreased from \$1,222,039 to \$911,343 due, in part, to the decrease in local sources and the increase in expenditures.
- The Capital Projects Funds balances increased from \$691,651 to \$7,941,406 due, in part, from the issuance of the revenue bonds for \$7,805,000.
- The Debt Service Fund balance decreased from \$3,014,143 to \$53,877 due to the pay-off of the 2003 General Obligation Bonds of \$3,205,000.

### **Proprietary Fund Highlights**

- School Nutrition Fund net position decreased from \$98,196 to \$55,380 at June 30, 2013, due, in part, to the increase in expenditures and the decrease in revenue.
- Community Rec Programs Fund net position decreased from \$92,352 to \$7,238 at June 30, 2013 due to the increase in salaries and benefits.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$131,840 less than budgeted receipts, a variance of 0.3%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2013, the District had invested \$9,365,196, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 11.6% 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 \$441,347.

The original cost of the District's capital assets was \$16,650,336. Governmental funds account for \$16,595,080, with the remainder of \$55,256 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in process category. The District's construction in process totaled \$1,201,020 at June 30, 2013, compared to \$23,909 reported June 30, 2012. This significant increase resulted from construction activities financed by the issuance of the revenue bonds for \$7,805,000 for construction of the Bus Barn Maintenance Facility, Athletic Field Improvement (Track field) and the Early Childhood Addition.

**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	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	-
Construction in process	1,201,020	23,909	-	-	1,201,020	23,909	4,923.2%
Buildings	7,093,724	7,187,382	-	-	7,093,724	7,187,382	-1.4%
Improvements other than Buildings	317,199	327,709	-	-	317,199	327,709	-3.3%
Furniture and equipment	685,828	779,137	33,925	38,529	719,753	817,666	-12.0%
<b>Totals</b>	<b>\$9,331,271</b>	<b>\$8,351,637</b>	<b>\$33,925</b>	<b>\$38,529</b>	<b>\$9,365,196</b>	<b>\$8,390,166</b>	<b>11.6%</b>

### Long-Term Debt

At June 30, 2013, the District had \$10,870,000 in general obligation bonds outstanding. This represents an increase of 73.3% 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 \$20.7 million.

In May 2013, the District issued a \$7,805,000 of revenue bonds for construction projects. In May the District also paid off the 2003 General Obligation Bonds.

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

	Total District		Total Change
	June 30,		June 30,
	2013	2012	2012-2013
Revenue bonds	\$7,805,000	\$-	100%
General obligation bonds	3,065,000	6,270,000	-51.2%
<b>Total</b>	<b>\$10,870,000</b>	<b>\$6,270,000</b>	<b>73.3%</b>

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

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

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sheila Wenthold, District Secretary/Treasurer and Business Manager, Jesup Community School District, 531 Prospect Street, P.O. Box 287, Jesup IA 50648.

## **Basic Financial Statements**

## Jesup Community School District

## Statement of Net Position

June 30, 2013

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 9,684,717	\$ 111,064	\$ 9,795,781
Receivables:			
Property tax:			
Delinquent	27,032	-	27,032
Succeeding year	3,187,465	-	3,187,465
Accounts	60,816	87	60,903
Due from other governments	386,262	-	386,262
Inventories	-	1,786	1,786
Capital assets, net of accumulated depreciation	9,331,271	33,925	9,365,196
<b>Total Assets</b>	<b>\$ 22,677,563</b>	<b>\$ 146,862</b>	<b>\$ 22,824,425</b>
<b>Liabilities</b>			
Accounts payable	\$ 337,580	\$ 3,024	\$ 340,604
Salaries and benefits payable	690,255	18,031	708,286
Accrued interest payable	36,876	-	36,876
Deferred revenue-succeeding year property tax	3,187,465	-	3,187,465
Deferred revenue-other	-	7,289	3,289
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	295,000	-	295,000
Portion due after one year:			
Revenue bonds payable	7,805,000	-	7,805,000
General obligation bonds payable	2,770,000	-	2,770,000
Net OPEB liability	157,332	-	157,332
<b>Total Liabilities</b>	<b>\$ 15,279,508</b>	<b>\$ 28,344</b>	<b>\$ 15,307,852</b>
<b>Net Position</b>			
Net investment in capital assets	\$ -1,538,729	\$ 33,925	\$ -1,504,804
Restricted for:			
Categorical funding	132,597	-	132,597
Management levy purposes	102,326	-	102,326
Physical plant and equipment	90,439	-	90,439
Student activities	111,940	-	111,940
Debt service	53,877	-	53,877
Capital projects	7,935,206	-	7,935,206
Unrestricted	500,299	94,693	594,992
<b>Total Net Position</b>	<b>\$ 7,387,955</b>	<b>\$ 128,618</b>	<b>\$ 7,516,573</b>

**Jesup Community 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
<b><u>Functions/Programs</u></b>				
<b>Governmental Activities:</b>				
Instruction:				
Regular instruction	\$ 4,301,759	\$ 404,572	\$ 947,151	\$ -
Special instruction	1,041,558	33,781	145,826	-
Other instruction	1,107,258	250,211	8,692	-
	<u>\$ 6,450,575</u>	<u>\$ 688,564</u>	<u>\$ 1,101,669</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 157,849	\$ -	\$ -	\$ -
Instructional staff services	263,709	-	-	-
Administration services	880,407	-	-	-
Operation and maintenance of plant services	621,361	347	40,617	-
Transportation services	433,035	-	5,987	-
	<u>\$ 2,356,361</u>	<u>\$ 347</u>	<u>\$ 46,604</u>	<u>\$ -</u>
Other Expenditures:				
Long-term debt interest	\$ 246,522	\$ -	\$ -	\$ -
AEA flow-through	362,390	-	-	-
	<u>\$ 608,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Governmental Activities</b>	<u>\$ 9,415,848</u>	<u>\$ 688,911</u>	<u>\$ 1,148,273</u>	<u>\$ -</u>
<b>Business Type Activities:</b>				
Non-Instructional Programs:				
Food service operations	\$ 425,123	\$ 225,342	\$ 156,589	\$ -
Community rec programs	90,890	71,776	-	-
<b>Total Business Type Activities</b>	<u>\$ 516,013</u>	<u>\$ 297,118</u>	<u>\$ 156,589</u>	<u>\$ -</u>
<b>Total</b>	<u>\$ 9,931,861</u>	<u>\$ 986,029</u>	<u>\$ 1,304,862</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -2,950,036	\$ -	\$ -2,950,036
-861,951	-	-861,951
-848,355	-	-848,355
<u>\$ -4,660,342</u>	<u>\$ -</u>	<u>\$ -4,660,342</u>
\$ -157,849	\$ -	\$ -157,849
-263,709	-	-263,709
-880,407	-	-880,407
-580,397	-	-580,397
-427,048	-	-427,048
<u>\$ -2,309,410</u>	<u>\$ -</u>	<u>\$ -2,309,410</u>
\$ -246,522	\$ -	\$ -246,522
-362,390	-	-362,390
<u>\$ -608,912</u>	<u>\$ -</u>	<u>\$ -608,912</u>
<u>\$ -7,578,664</u>	<u>\$ -</u>	<u>\$ -7,578,664</u>
\$ -	\$ -43,192	\$ -43,192
-	-19,114	-19,114
<u>\$ -</u>	<u>\$ -62,306</u>	<u>\$ -62,306</u>
<u>\$ -7,578,664</u>	<u>\$ -62,306</u>	<u>\$ -7,640,970</u>

**Jesup Community School District**

**Statement of Activities**

**Year Ended June 30, 2013**

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

**General Revenues:**

Property Tax Levied For:

General purposes

Debt service

Capital outlay

Statewide sales, services and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total General Revenues

Changes in net position

Net position beginning of year

Prior period adjustment

Adjusted net position beginning of year

Net Position End of Year

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ 2,570,100	\$ -	\$ 2,570,100
374,821	-	374,821
77,542	-	77,542
591,727	-	591,727
4,162,770	-	4,162,770
44,905	376	45,281
100,583	-	100,583
<u>\$ 7,922,448</u>	<u>\$ 376</u>	<u>\$ 7,922,824</u>
\$ 343,784	\$ -61,930	\$ 281,854
\$ 7,041,957	\$ 190,548	\$ 7,232,505
2,214	-	2,214
<u>\$ 7,044,171</u>	<u>\$ 190,548</u>	<u>\$ 7,234,719</u>
<u>\$ 7,387,955</u>	<u>\$ 128,618</u>	<u>\$ 7,516,573</u>

## Jesup Community School District

Balance Sheet  
Governmental Funds

June 30, 2013

	General	Debt Service	Capital Projects	Non- Major Funds	Total
<b>Assets</b>					
Cash and Pooled Investments	\$ 1,471,441	\$ 50,509	\$ 7,950,467	\$ 212,300	\$ 9,684,717
Receivables:					
Property Tax:					
Delinquent	21,714	3,368	697	1,253	27,032
Succeeding year	2,575,614	370,233	81,618	160,000	3,187,465
Accounts	60,056	-	-	760	60,816
Due from other governments	132,478	-	253,784	-	386,262
<b>Total Assets</b>	<b>\$ 4,261,303</b>	<b>\$ 424,110</b>	<b>\$ 8,286,566</b>	<b>\$ 374,313</b>	<b>\$ 13,346,292</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Due to other fund	\$ 10,100	\$ -	\$ -	\$ -	\$ 10,100
Accounts payable	73,991	-	263,542	47	337,580
Salaries and benefits payable	690,255	-	-	-	690,255
Deferred Revenue:					
Succeeding year property tax	2,575,614	370,233	81,618	160,000	3,187,465
<b>Total Liabilities</b>	<b>\$ 3,349,960</b>	<b>\$ 370,233</b>	<b>\$ 345,160</b>	<b>\$ 160,047</b>	<b>\$ 4,225,400</b>
Fund Balances:					
Restricted for:					
Categorical funding	\$ 132,597	\$ -	\$ -	\$ -	\$ 132,597
Debt service	-	53,877	-	-	53,877
Management levy purposes	-	-	-	102,326	102,326
Student activities	-	-	-	111,940	111,940
School infrastructure	-	-	7,935,206	-	7,935,206
Physical plant and equipment	-	-	90,439	-	90,439
Unassigned	778,746	-	-84,239	-	694,507
<b>Total Fund Balance</b>	<b>\$ 911,343</b>	<b>\$ 53,877</b>	<b>\$ 7,941,406</b>	<b>\$ 214,266</b>	<b>\$ 9,120,892</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,261,303</b>	<b>\$ 424,110</b>	<b>\$ 8,286,566</b>	<b>\$ 374,313</b>	<b>\$ 13,346,292</b>

**Jesup Community School District**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**To the Statement of Net Position**

**June 30, 2013**

<b>Total fund balances of governmental funds (page 16)</b>	\$	9,120,892
 <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		9,331,271
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		-36,876
Long-term liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds		<u>-11,027,332</u>
<b>Net position of governmental activities (page 13)</b>	<b>\$</b>	<b><u>7,387,955</u></b>

## Jesup Community School District

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

Year Ended June 30, 2013

	General	Debt Service	Capital Projects	Non-Major Funds	Total
<b>Revenues:</b>					
<b>Local Sources:</b>					
Local tax	\$ 2,429,923	\$ 374,821	\$ 669,269	\$ 140,177	\$ 3,614,190
Tuition	414,336	-	-	-	414,336
Other	100,595	4,071	71,110	244,287	420,063
Intermediate sources	-	-	-	-	-
State sources	4,951,215	194	164,297	73	5,115,779
Federal sources	195,264	-	-	-	195,264
<b>Total Revenues</b>	<b>\$ 8,091,333</b>	<b>\$ 379,086</b>	<b>\$ 904,676</b>	<b>\$ 384,537</b>	<b>\$ 9,759,632</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular instruction	\$ 3,903,675	\$ -	\$ -	\$ 55,975	\$ 3,959,650
Special instruction	1,047,560	-	-	-	1,047,560
Other instruction	863,636	-	-	231,879	1,095,515
	<b>\$ 5,814,871</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 287,854</b>	<b>\$ 6,102,725</b>
<b>Support Services:</b>					
Student services	\$ 150,136	\$ -	\$ -	\$ 7,200	\$ 157,336
Instructional staff services	270,181	-	-	650	270,831
Administration services	867,454	-	-	5,450	872,904
Operation and maintenance of plant services	566,514	-	670	41,403	608,587
Transportation services	370,483	-	15,312	8,237	394,032
	<b>\$ 2,224,768</b>	<b>\$ -</b>	<b>\$ 15,982</b>	<b>\$ 62,940</b>	<b>\$ 2,303,690</b>
<b>Other Expenditures:</b>					
Facilities acquisition	\$ -	\$ -	\$ 1,333,384	\$ -	\$ 1,333,384
<b>Long-Term Debt:</b>					
Principal	-	3,205,000	-	-	3,205,000
Interest and fiscal charges	-	179,870	162,311	-	342,181
AEA flow-through	362,390	-	-	-	362,390
	<b>\$ 362,390</b>	<b>\$ 3,384,870</b>	<b>\$ 1,495,695</b>	<b>\$ -</b>	<b>\$ 5,242,955</b>
<b>Total Expenditures</b>	<b>\$ 8,402,029</b>	<b>\$ 3,384,870</b>	<b>\$ 1,511,677</b>	<b>\$ 350,794</b>	<b>\$ 13,649,370</b>

See notes to financial statements.

## Jesup Community School District

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

Year Ended June 30, 2013

	General	Debt Service	Capital Projects	Non-Major Funds	Total
Excess (deficiency) of revenues over (under) expenditures	\$ -310,696	\$ -3,005,784	\$ -607,001	\$ 33,743	\$ -3,889,738
Other Financing Sources (Uses):					
Operating transfers in (out)	\$ -	\$ 45,518	\$ -45,518	\$ -	\$ -
Revenue bonds issued	-	-	7,902,274	-	7,902,274
Total other financing sources (uses)	\$ -	\$ 45,518	\$ 7,856,756	\$ -	\$ 7,902,274
Net change in fund balances	\$ -310,696	\$ -2,960,266	\$ 7,249,755	\$ 33,743	\$ 4,012,536
Fund balances beginning of year	\$ 1,219,826	\$ 3,014,143	\$ 691,650	\$ 180,523	\$ 5,106,142
Prior period adjustment	2,213	-	1	-	2,214
Adjusted fund balances beginning of year	\$ 1,222,039	\$ 3,014,143	\$ 691,651	\$ 180,523	\$ 5,108,356
Fund Balances End of Year	\$ 911,343	\$ 53,877	\$ 7,941,406	\$ 214,266	\$ 9,120,892

Jesup Community School District

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

Year Ended June 30, 2013

Change in fund balances – total governmental funds (page 19) \$ 4,012,536

*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	\$ 1,416,377	
Depreciation expense	<u>-436,743</u>	979,634

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

Issued	\$ -7,805,000	
Repaid	<u>3,205,000</u>	-4,600,000

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

-1,615

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

Other postemployment benefits		<u>-46,771</u>
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Change in Net Position of Governmental Activities (page 15) \$ 343,784

## Jesup Community School District

Statement of Net Position  
Proprietary Funds

June 30, 2013

	Community Rec Program	School Nutrition	Total
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 82,781	\$ 28,283	\$ 111,064
Due from other fund	10,100	343	10,443
Accounts receivable	-	87	87
Inventories	-	1,786	1,786
<b>Total Current Assets</b>	<b>\$ 92,881</b>	<b>\$ 30,499</b>	<b>\$ 123,380</b>
<b>Non-Current Assets:</b>			
Capital assets, net of accumulated depreciation	\$ -	\$ 33,925	\$ 33,925
<b>Total Assets</b>	<b>\$ 92,881</b>	<b>\$ 64,424</b>	<b>\$ 157,305</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 3,024	\$ -	\$ 3,024
Due to other fund	343	-	343
Salaries and benefits payable	16,276	1,755	18,031
Deferred revenue	-	7,289	7,289
<b>Total Current Liabilities</b>	<b>\$ 19,643</b>	<b>\$ 9,044</b>	<b>\$ 28,687</b>
<b>Total Liabilities</b>	<b>\$ 19,643</b>	<b>\$ 9,044</b>	<b>\$ 28,687</b>
<b>Net Position</b>			
Net Investment in capital assets	\$ -	\$ 33,925	\$ 33,925
Unrestricted	73,238	21,455	94,693
<b>Total Net Position</b>	<b>\$ 73,238</b>	<b>\$ 55,380</b>	<b>\$ 128,618</b>

**Jesup Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**

**Year Ended June 30, 2013**

	Community Rec Programs	School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 71,776	\$ 225,342	\$ 297,118
Operating expenses:			
Instruction			
Other instruction	\$ 25,131	\$ -	\$ 25,131
Non-instructional programs:			
Operations:			
Salaries	\$ 51,898	\$ 142,087	\$ 193,985
Benefits	7,452	22,651	30,103
Purchased services	6,409	6,841	13,250
Supplies	-	248,940	248,940
Depreciation	-	4,604	4,604
	\$ 65,759	\$ 425,123	\$ 490,882
Total operating expenses	\$ 90,890	\$ 425,123	\$ 516,013
Operating income (loss)	\$ -19,114	\$ -199,781	\$ -218,895
Non-operating revenues:			
State sources	\$ -	\$ 3,854	\$ 3,854
Federal sources	-	152,735	152,735
Interest income	-	376	376
Total non-operating revenues	\$ -	\$ 156,965	\$ 156,965
Change in net position	\$ -19,114	\$ -42,816	\$ -61,930
Net position beginning of year	92,352	98,196	190,548
Net Position End of Year	\$ 73,238	\$ 55,380	\$ 128,618

See notes to financial statements.

## Jesup Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2013

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 225,216
Cash paid to employees for services	-163,900
Cash paid to suppliers for goods or services	-245,289
Net cash used by operating activities	<u>\$ -183,973</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 3,854
Federal grants received	143,746
Net cash provided by non-capital financing activities	<u>\$ 147,600</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 376</u>
Net decrease in cash and cash equivalents	\$ -35,997
Cash and cash equivalents beginning of year	<u>64,280</u>
Cash and Cash Equivalents End of Year	<u>\$ 28,283</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ -199,781
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	10,008
Depreciation	4,604
Decrease in inventories	78
Decrease in accounts receivable	133
Increase in salaries and benefits payable	436
Increase in deferred revenue	760
(Decrease) in accounts payable	-211
Net Cash Used by Operating Activities	<u>\$ -183,973</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2013, the District received \$10,008 of federal commodities.

## Jesup Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2013

	Community Rec Program
Cash flows from operating activities:	
Cash received from services	\$ 71,776
Cash paid to employees for services	-53,388
Cash paid to suppliers for goods or services	-28,301
Net cash provided by operating activities	<u>\$ -9,913</u>
Net decrease in cash and cash equivalents	\$ -9,913
Cash and cash equivalents beginning of year	<u>92,694</u>
Cash and Cash Equivalents End of Year	<u>\$ 82,781</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating income	\$ -19,114
Net Cash Used by Operating Activities:	
(Increase) in due from other funds	-10,100
Increase in salaries and benefits	16,277
Increase in accounts payable	3,024
Net Cash Used by Operating Activities	<u>\$ -9,913</u>

See notes to financial statements.

**Jesup Community School District  
Statement of Fiduciary Net Position  
Fiduciary Funds**

**June 30, 2013**

	<u>Private Purpose Trust Scholarship</u>
<b>Assets</b>	
Cash and pooled investments	\$ 8,513
<b>Total Assets</b>	<u>\$ 8,513</u>
<b>Liabilities</b>	
Accounts payable	\$ -
<b>Net position</b>	
Reserved for scholarships	<u>\$ 8,513</u>

**Jesup Community School District**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**

**Year Ended June 30, 2013**

	<u>Private Purpose Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 332
Deductions:	
Instruction:	
Scholarships awarded	\$ -
Change in net position	\$ 332
Net position beginning of year	<u>8,181</u>
Net Position End of Year	<u>\$ 8,513</u>

## Jesup Community School District

### Notes to Financial Statements

June 30, 2013

#### (1) Summary of Significant Accounting Policies

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

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

##### A. Reporting Entity

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

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

##### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net 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 has constraints on resources imposed by management, which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

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

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Community Rec Programs. These funds are used to account for the food service and community rec programs 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 balances.

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 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.

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

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net 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.

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. During the year ended June 30, 2013, expenditures in the instruction and other expenditures functions exceeded the amounts budgeted.

(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.

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

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Proprietary Fund – School Nutrition	Proprietary Fund – Community Rec Program	\$ 343
Proprietary Fund – Community Rec Program	General Fund	10,100
		<u>\$ 10,443</u>

The Proprietary Fund – Community Rec Program owes the School Nutrition for snack reimbursement. The General Fund owes the Community Rec Program for D-Cat salaries and benefits paid from the wrong fund. The balances will be paid by June 30, 2014.

(4) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Statewide Sales, Services and Use Tax	<u>\$ 45,518</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
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 33,500	\$ -	\$ -	\$ 33,500
Construction in progress	23,909	1,177,111	-	1,201,020
Total capital assets not being depreciated	<u>\$ 57,409</u>	<u>\$ 1,177,111</u>	<u>\$ -</u>	<u>\$ 1,234,520</u>
Capital assets being depreciated:				
Buildings	\$ 10,984,286	\$ 138,067	\$ -	\$ 11,122,353
Improvements other than buildings	792,736	12,381	-	805,117
Furniture and equipment	3,344,272	88,818	-	3,433,090
Total capital assets being depreciated	<u>\$ 15,121,294</u>	<u>\$ 239,266</u>	<u>\$ -</u>	<u>\$ 15,360,560</u>
Less accumulated depreciation for:				
Buildings	\$ 3,796,904	\$ 231,725	\$ -	\$ 4,028,629
Improvements other than buildings	465,027	22,891	-	487,918
Furniture and equipment	2,565,135	182,127	-	2,747,262
Total accumulated depreciation	<u>\$ 6,827,066</u>	<u>\$ 436,743</u>	<u>\$ -</u>	<u>\$ 7,263,809</u>
Total capital assets being depreciated, net	<u>\$ 8,294,228</u>	<u>\$ -197,477</u>	<u>\$ -</u>	<u>\$ 8,096,751</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,351,637</u>	<u>\$ 979,634</u>	<u>\$ -</u>	<u>\$ 9,331,271</u>
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 72,201	\$ -	\$ 16,945	\$ 55,256
Less accumulated depreciation	33,672	4,604	16,945	21,331
Business Type Activities Capital Assets, Net	<u>\$ 38,529</u>	<u>\$ -4,604</u>	<u>\$ -</u>	<u>\$ 33,925</u>
Depreciation expense was charged to the following functions:				
Governmental Activities:				
Instruction:				
Regular				\$ 338,667
Special				2,883
Other				17,873
Support services:				
Administration				2,371
Operation and maintenance of plant				20,634
Transportation				54,315
Total Depreciation Expense – Governmental Activities				<u>\$ 436,743</u>
Business Type Activities:				
Food service operations				<u>\$ 4,604</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
Revenue bonds	\$ -	\$ 7,805,000	\$ -	\$ 7,805,000	\$ -
General obligation bonds	6,270,000	-	3,205,000	3,065,000	295,000
Net OPEB liability	110,561	46,771	-	157,332	-
Total	\$ 6,380,561	\$ 7,851,771	\$ 3,205,000	\$ 11,027,332	\$ 295,000

General Obligation Refunding Bonds

Year Ending June 30,	Issued March 1, 2012			
	Interest Rates	Principal	Interest	Total
2014	0.45%	\$ 295,000	\$ 39,015	\$ 334,015
2015	0.60%	295,000	37,687	332,687
2016	0.80%	295,000	35,918	330,918
2017	1.00%	295,000	33,557	328,557
2018	1.25%	305,000	30,608	335,608
2019	1.40%	305,000	26,795	331,795
2020	1.50%	310,000	22,525	332,525
2021	1.70%	315,000	17,875	332,875
2022	1.85%	320,000	12,520	332,520
2023	2.00%	330,000	6,600	336,600
Total		\$ 3,065,000	\$ 263,100	\$ 3,328,100

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 Issued May 1, 2013			
	Interest Rates	Principal	Interest	Total
2014	2.00%	\$ -	\$ 121,990	\$ 121,990
2015	2.00%	325,000	179,735	504,735
2016	2.00%	440,000	172,085	612,085
2017	2.00%	445,000	163,235	608,235
2018	2.00%	455,000	154,235	609,235
2019	2.00%	460,000	145,085	605,085
2020	2.00%	465,000	135,835	600,835
2021	2.00%	475,000	126,435	601,435
2022	2.00%	485,000	116,835	601,835
2023	2.00%	490,000	107,085	597,085
2024	2.25%	500,000	96,560	596,560
2025	2.35%	510,000	84,943	594,943
2026	2.55%	525,000	72,256	597,256
2027	2.75%	535,000	58,206	593,206
2028	3.00%	550,000	42,600	592,600
2029	3.00%	565,000	25,875	590,875
2030	3.00%	580,000	8,700	588,700
Total		\$ 7,805,000	\$ 1,811,695	\$ 9,616,695

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,805,000 of bonds issued in May 2013. The bonds were issued for the purpose of financing a portion of the costs of various projects. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 79% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$9,616,695. For the current year, no principal or interest was paid on the bonds and total statewide sales, services and use tax revenues were \$755,984.

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

- a) \$616,485 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 all the revenue bond provisions during the year ended June 30, 2013.

**(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, 2012 and 2011. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$492,157, \$438,545 and \$364,499 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 82 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District’s net OPEB obligations:

Annual required contribution	\$	54,149
Interest on net OPEB obligation		2,764
Adjustment to annual required contribution		-6,627
Annual OPEB cost	\$	50,286
Contributions made		-3,515
Increase in net OPEB obligation	\$	46,771
Net OPEB obligation beginning of year		110,561
Net OPEB obligation end of year	\$	157,332

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 \$676,123 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$43,359	14.8%	\$36,930
June 30, 2011	\$43,976	18.1%	\$72,931
June 30, 2012	\$47,350	20.5%	\$110,561
June 30, 2013	\$50,286	7.0%	\$157,332

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 \$236,058, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$236,058. The covered payroll (annual payroll of active employees covered by the plan) was \$4,442,111 and the ratio of the UAAL to covered payroll was 18.8%. 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 \$472.09 per month for retirees less than age 65 and \$1,039.87 per month for retirees who have attained age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(9) Risk Management**

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

**(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 \$362,390 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:

<u>Program</u>	<u>Amount</u>
Home School Assistance	\$ 1,725
Professional Development	11,302
Teacher Salary Supplement	51,046
Non Public Textbook	1,058
Core Curriculum	48,579
PWIM	15
At Risk	15,711
Market Factor (08)	2,726
Learning English Proficient	435
Total	<u>\$ 132,597</u>

**(12) Subsequent Events**

The District has evaluated subsequent events through December 30, 2013 which is the date that the financial statement were available to be issued.

**(13) Construction Commitments**

The District has entered into various contracts including \$387,667 for athletic field improvement of which \$368,284 was in construction in process with the remaining balance of \$19,383 to be paid in FY2014. The District also entered into a contract for a bus barn for \$668,900 of which \$374,824 was construction in process with the remaining balance of \$294,076 is to be paid as work on the project is completed. The District also entered into a contract for the construction of an addition for the early childhood center for \$3,610,000. At June 30, 2013, \$155,913 was in construction in process with the balance of \$3,454,087 to be paid as work on the project is completed.

**(14) Prior Period Adjustment**

The District had a General Fund adjustment of \$2,213 and a Capital Project – Statewide Sales, Service and Use Tax adjustment of \$1.

**(15) Deficit Balance**

The Capital Projects – Other Capital Projects account has a deficit balance of -\$84,239. The deficit balance was a result of costs incurred exceeding available revenues.

**Required Supplementary Information**

**Jesup Community School District**

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

**Required Supplementary Information**

**Year Ended June 30, 2013**

	<u>Governmental Funds Actual</u>	<u>Proprietary Fund Actual</u>
Receipts:		
Local sources	\$ 4,448,589	\$ 297,494
Intermediate sources	-	-
State sources	5,115,779	3,854
Federal sources	195,264	152,735
Total Receipts	<u>\$ 9,759,632</u>	<u>\$ 454,083</u>
Disbursements:		
Instruction	\$ 6,102,725	\$ 25,131
Support services	2,303,690	-
Non-instructional programs	-	490,882
Other expenditures	5,242,955	-
Total Disbursements	<u>\$ 13,649,370</u>	<u>\$ 516,013</u>
Excess (deficiency) of revenue over (under) expenditures/expenses	\$ -3,889,738	\$ -61,930
Other financing sources, net	<u>7,902,274</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures/expenses and other financing uses	<u>\$ 4,012,536</u>	<u>-61,930</u>
Balances beginning of year	\$ 5,106,142	\$ 190,548
Prior period adjustment	2,214	-
Adjusted balances beginning of year	<u>\$ 5,108,356</u>	<u>\$ 190,548</u>
Balances End of Year	<u>\$ 9,120,892</u>	<u>\$ 128,618</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
\$	4,746,083	\$ 4,997,207	\$ 4,997,207	\$ -251,124
	-	-	-	-
	5,119,633	4,926,348	4,926,348	193,285
	347,999	322,000	322,000	25,999
\$	10,213,715	\$ 10,245,555	\$ 10,245,555	\$ -31,840
<hr/>				
\$	6,127,856	\$ 6,108,000	\$ 6,108,000	-19,856
	2,303,690	2,567,500	2,567,500	263,810
	490,882	503,500	503,500	12,618
	5,242,955	1,394,878	2,904,878	-2,338,077
\$	14,165,383	\$ 10,573,878	\$ 12,083,878	\$ -2,081,505
<hr/>				
\$	-3,951,668	\$ -328,323	\$ -1,838,323	\$ -2,113,345
	7,902,274	-	-	7,902,274
<hr/>				
\$	3,950,606	\$ -328,323	\$ -1,838,323	\$ 5,788,929
<hr/>				
\$	5,296,690	\$ 1,870,024	\$ 1,870,024	\$ 3,426,666
	2,214	-	-	2,214
<hr/>				
\$	5,298,904	\$ 1,870,024	\$ 1,870,024	\$ 3,428,880
<hr/>				
\$	9,249,510	\$ 1,541,701	\$ 31,701	\$ 9,217,809

**Jesup Community 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. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$1,510,000

During the year ended June 30, 2013, expenditures in the instruction and other expenditures functions exceeded the amount budgeted.

**Jesup Community 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	\$-	\$329	\$329	0.0%	\$3,731	8.8%
2011	July 1, 2009	\$-	\$303	\$303	0.0%	\$4,081	7.4%
2012	July 1, 2009	\$-	\$303	\$303	0.0%	\$4,362	14.4%
2013	July 1, 2012	\$-	\$236	\$236	0.0%	\$4,442	18.8%

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**

## Jesup Community School District

Combining Balance Sheet  
Non-Major Funds

June 30, 2013

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 101,073	\$ 111,227	\$ 212,300
Receivables:			
Property Tax:			
Delinquent	1,253	-	1,253
Succeeding year	160,000	-	160,000
Accounts	-	760	760
<b>Total Assets</b>	<b>\$ 262,326</b>	<b>\$ 111,987</b>	<b>\$ 374,313</b>
<b>Liabilities &amp; Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ 47	\$ 47
Deferred revenue:			
Succeeding year property tax	160,000	-	160,000
Total Liabilities	\$ 160,000	\$ 47	\$ 160,047
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 102,326	\$ -	\$ 102,326
Student activities	-	111,940	111,940
Total Fund Balances	\$ 102,326	\$ 111,940	\$ 214,266
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 262,326</b>	<b>\$ 111,987</b>	<b>\$ 374,313</b>

See accompanying independent auditor's report.

## Jesup Community School District

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

**Year Ended June 30, 2013**

	<u>Special Revenue</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Total</u>
Revenues:			
Local Sources:			
Local tax	\$ 140,177	\$ -	\$ 140,177
Other	3,989	240,298	244,287
State sources	73	-	73
Total Revenues	<u>\$ 144,239</u>	<u>\$ 240,298</u>	<u>\$ 384,537</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 55,975	\$ -	\$ 55,975
Other instruction	-	231,879	231,879
Support Services:			
Student services	7,200	-	7,200
Instructional staff services	650	-	650
Administration services	5,450	-	5,450
Operation and maintenance of plant services	41,403	-	41,403
Transportation services	8,237	-	8,237
Total Expenditures	<u>\$ 118,915</u>	<u>\$ 231,879</u>	<u>\$ 350,794</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 25,324	\$ 8,419	\$ 33,743
Fund balances beginning of year	<u>77,002</u>	<u>103,521</u>	<u>180,523</u>
Fund Balances End of Year	<u>\$ 102,326</u>	<u>\$ 111,940</u>	<u>\$ 214,266</u>

See accompanying independent auditor's report.

## Jesup Community School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2013

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Project Funds	
<b>Assets</b>				
Cash and pooled investments	\$ 7,860,725	\$ 89,742	\$ -	\$ 7,950,467
Receivables:				
Property Tax:				
Delinquent	-	697	-	697
Succeeding year	-	81,618	-	81,618
Due from other governments	253,784	-	-	253,784
<b>Total Assets</b>	<b>\$ 8,114,509</b>	<b>\$ 172,057</b>	<b>\$ -</b>	<b>\$ 8,286,566</b>
<b>Liabilities &amp; Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 179,303	\$ -	\$ 84,239	\$ 263,542
Deferred revenue:				
Succeeding year property tax	-	81,618	-	81,618
Total Liabilities	\$ 179,303	\$ 81,618	\$ 84,239	\$ 345,160
Fund Balances:				
Restricted for:				
School infrastructure	\$ 7,935,206	\$ -	\$ -	\$ 7,935,206
Physical plant and equipment	-	90,439	-	90,439
Unrestricted	-	-	-84,239	-84,239
Total fund balances	\$ 7,935,206	\$ 90,439	\$ -84,239	\$ 7,941,406
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,114,509</b>	<b>\$ 172,057</b>	<b>\$ -</b>	<b>\$ 8,286,566</b>

See accompanying independent auditor's report.

**Jesup Community School District**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Capital Project Accounts**

**Year Ended June 30, 2013**

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Project Funds	
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ 591,727	\$ 77,542	\$ -	\$ 669,269
Other	12,519	4,813	53,778	71,110
State sources	164,257	40	-	164,297
<b>Total Revenues</b>	<b>\$ 768,503</b>	<b>\$ 82,395</b>	<b>\$ 53,778</b>	<b>\$ 904,676</b>
<b>Expenditures:</b>				
<b>Support Services:</b>				
Operation and maintenance of plant services	\$ -	\$ 670	\$ -	\$ 670
Transportation	15,312	-	-	15,312
<b>Other Expenditures:</b>				
Facilities acquisition	911,824	93,011	328,549	1,333,384
<b>Long-Term Debt:</b>				
Interest and fiscal charges	162,311	-	-	162,311
<b>Total Expenditures</b>	<b>\$ 1,089,447</b>	<b>\$ 93,681</b>	<b>\$ 328,549</b>	<b>\$ 1,511,677</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -320,944	\$ -11,286	\$ -274,771	\$ -607,001
<b>Other Financing Sources (Uses):</b>				
Revenue bonds issued	\$ 7,902,274	\$ -	\$ -	\$ 7,902,274
Operating transfers in (out)	-45,518	-	-	-45,518
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 7,856,756</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,856,756</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	\$ 7,535,812	\$ -11,286	\$ -274,771	\$ 7,249,755
Fund balances beginning of year	\$ 399,393	\$ 101,725	\$ 190,532	\$ 691,650
Prior period adjustment	1	-	-	1
Adjusted fund balances, beginning of year	\$ 399,394	\$ 101,725	\$ 190,532	\$ 691,651
Fund Balances End of Year	<b>\$ 7,935,206</b>	<b>\$ 90,439</b>	<b>\$ -84,239</b>	<b>\$ 7,941,406</b>

## Jesup Community 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 Transfers	Balance End of Year
Choir robes	\$ 1,307	\$ 175	\$ 222	\$ -	\$ 1,260
Activity books	10,889	9,039	-	-	19,928
Athletics	23,167	97,730	111,559	-	9,338
Fine arts	1,399	6,562	7,445	-	516
Student Council	7,922	815	4,761	-	3,976
FCCLA	140	1,255	914	-	481
High School Fine Arts Trip	1,071	3,294	1,845	-	2,520
Language Club	757	-	-	-	757
Miscellaneous	874	713	402	-	1,185
Yearbook	1,638	12,617	10,822	783	4,216
National Honor Society	68	6,939	8,164	783	-374
Class of 2015	1,034	75	250	-	859
Class of 2016	-	3,706	2,095	-	1,611
Class of 2012	1,566	-	-	-1,566	-
Class of 2013	1,632	50	1,123	-	559
Class of 2014	2,937	5,870	5,510	-252	3,045
Middle School	3,490	28,476	26,955	-	5,011
FFA	13,023	21,279	15,785	-	18,517
J-Stars	18,740	26,962	21,645	252	24,309
Interest account	3,527	2,983	-	-	6,510
Elementary	3,215	6,430	6,830	-	2,815
PTO	5,125	5,328	5,552	-	4,901
<b>Total</b>	<b>\$ 103,521</b>	<b>\$ 240,298</b>	<b>\$ 231,879</b>	<b>\$ -</b>	<b>\$ 111,940</b>

**Jesup Community 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
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ 3,614,190	\$ 3,534,234	\$ 3,178,459	\$ 2,941,733
Tuition	414,336	559,975	551,657	463,047
Other	420,063	564,635	365,630	444,694
<b>Intermediate sources</b>	-	-	-	-
State sources	5,115,779	4,847,475	4,683,159	4,107,694
Federal sources	195,264	192,338	864,848	411,234
<b>Total</b>	<b>\$ 9,759,632</b>	<b>\$ 9,698,657</b>	<b>\$ 9,643,753</b>	<b>\$ 8,368,402</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 3,959,650	\$ 3,735,848	\$ 3,694,159	\$ 3,560,488
Special instruction	1,047,560	1,047,038	1,041,907	1,115,856
Other instruction	1,095,515	1,073,254	1,047,427	1,006,812
<b>Support services:</b>				
Student services	157,336	133,932	178,789	135,271
Instructional staff services	270,831	227,848	291,987	212,840
Administration services	872,904	824,026	799,342	846,470
Operation and maintenance of plant services	608,587	619,613	576,787	563,030
Transportation services	394,032	444,801	373,936	457,480
<b>Non-instructional:</b>				
Community services	-	291	10,201	8,465
<b>Other expenditures:</b>				
Facilities acquisition	1,333,384	499,812	621,047	441,200
<b>Long-term debt:</b>				
Principal	3,205,000	230,000	220,000	244,251
Interest and other charges	342,181	199,743	150,848	158,222
AEA flow-through	362,390	366,905	402,182	396,965
<b>Total</b>	<b>\$ 13,649,370</b>	<b>\$ 9,403,111</b>	<b>\$ 9,408,612</b>	<b>\$ 9,147,350</b>

See accompanying independent auditor's report.

## Modified Accrual Basis

2009	2008	2007	2006	2005	2004
\$ 2,835,251	\$ 2,714,990	\$ 2,595,434	\$ 2,403,758	\$ 1,815,802	\$ 1,858,831
413,652	365,464	327,907	275,991	298,173	308,685
400,113	411,311	431,642	521,100	833,829	737,297
-	-	-	-	-	-
4,284,148	3,904,474	3,686,043	3,522,995	3,141,551	3,291,040
320,382	223,379	234,996	273,936	675,829	1,337,382
<u>\$ 8,253,546</u>	<u>\$ 7,619,618</u>	<u>\$ 7,276,022</u>	<u>\$ 6,997,780</u>	<u>\$ 6,765,184</u>	<u>\$ 7,533,235</u>
\$ 3,480,389	\$ 3,164,596	\$ 2,821,626	\$ 2,668,183	\$ 2,519,755	\$ 2,523,006
1,055,944	871,587	768,508	736,763	727,863	721,687
908,797	828,366	793,271	751,050	689,613	459,065
124,779	124,883	116,722	113,227	439,592	284,723
204,314	183,242	147,291	129,927	179,958	163,584
791,922	747,242	696,152	665,048	718,590	763,110
568,582	562,346	528,321	447,598	368,754	454,477
444,009	393,511	462,137	329,828	282,983	265,734
12,024	9,686	9,627	4,551	5,911	4,332
365,611	493,501	354,400	901,040	3,016,743	2,767,935
239,246	229,246	248,492	185,000	175,000	170,000
165,310	171,810	178,935	185,872	192,435	198,810
318,371	283,684	272,123	249,422	246,686	251,380
<u>\$ 8,679,298</u>	<u>\$ 8,063,700</u>	<u>\$ 7,397,605</u>	<u>\$ 7,367,509</u>	<u>\$ 9,563,883</u>	<u>\$ 9,027,843</u>

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

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

To the Board of Education of  
Jesup Community School District:

I have audited 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 Jesup Community School District as of and for the year ended June 30, 2013, and related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated December 30, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Jesup Community 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 an opinion on the effectiveness of Jesup Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Jesup Community 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 over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control I consider to be a significant deficiency.

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jesup Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance 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.

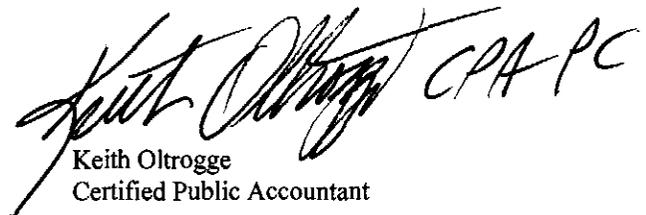
### Jesup Community School District's Responses to Findings

Jesup Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. Jesup Community 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 Jesup Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge  
Certified Public Accountant

December 30, 2013

**Jesup Community School District**

**Schedule of Findings**

**Year Ended June 30, 2013**

**Part I – Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

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

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

Conclusions – Response accepted.

**NON-COMPLIANCE:**

None

**Jesup Community School District**

**Schedule of Findings**

**Year Ended June 30, 2013**

**Part II - Other Findings Related to Statutory Reporting:**

II-A-13 Certified Budget – Expenditures for the year ended June 30, 2013 exceeded the certified budget amount in the instruction and other expenditures functions.

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

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

Conclusion – Response accepted.

II-B-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 – No business transactions between the District and District officials or employees were noted.

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 – No transactions requiring Board approval, which had not been approved by the Board, were noted.

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 certified to the Iowa Department of Education timely.

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

**Jesup Community School District**

**Schedule of Findings**

**Year Ended June 30, 2013**

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

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

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

Beginning balance		\$	399,393
Revenues/transfers in:			
Sales tax revenues	\$	591,727	
Other local revenues		12,519	
School infrastructure supplemental amount		164,257	
Sale of long-term debt		7,902,275	8,670,778
			<u>\$ 9,070,171</u>
Expenditures/transfers out:			
School infrastructure construction	\$	911,824	
Equipment		15,312	
Other		162,311	
Transfers to other funds:			
Debt service fund		45,518	1,134,965
			<u>\$ 7,935,206</u>

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

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 2.311	\$ 755,984
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-

II-M-13 Deficit Balances – At June 30, 2013, one student activity account had a deficit balance of \$374 and the Capital Projects – Other Capital Projects account had a deficit balance of \$84,239.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return the accounts to a sound financial condition.

Response – The deficit balance of the student activity account was due to an accounts payable not taken into consideration at year end. The deficit balance of the Capital Projects account was due to expenditures exceeding available revenues.

Conclusion – Response accepted.