

Janesville Consolidated School District

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

June 30, 2014

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Independent Auditor's Report

To the Board of Education of  
Janesville Consolidated School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District, Janesville, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District, as of June 30, 2014, 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 Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 36 through 38 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 Janesville Consolidated School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified 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 February 24, 2015 on my consideration of Janesville Consolidated School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Janesville Consolidated School District's internal control over financial reporting and compliance.

  
Keith Oltrogge  
Certified Public Accountant

February 24, 2015

**Janesville Consolidated School District**

**Management's Discussion and Analysis**

**Year ended June 30, 2014**

Janesville Consolidated School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

**2014 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$4,143,444 in fiscal 2013 to \$4,017,936 in fiscal 2014, while General Fund expenditures decreased from \$3,644,409 in fiscal 2013 to \$3,600,408 in fiscal 2014. The District's General Fund balance increased from adjusted \$882,807 in fiscal 2013 to \$1,300,335 in fiscal 2014, a 67.9% increase.
- The decrease in General Fund revenues was attributable to a decrease in local, state and federal sources in fiscal 2014. The decrease in expenditures was due primarily to a decrease in instruction.
- The District's solvency ratio has increased from 19.7% at June 30, 2013 to 41.7% at June 30, 2014. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

**USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

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

**Figure A-1**  
**Janesville Consolidated School District Annual Financial Report**

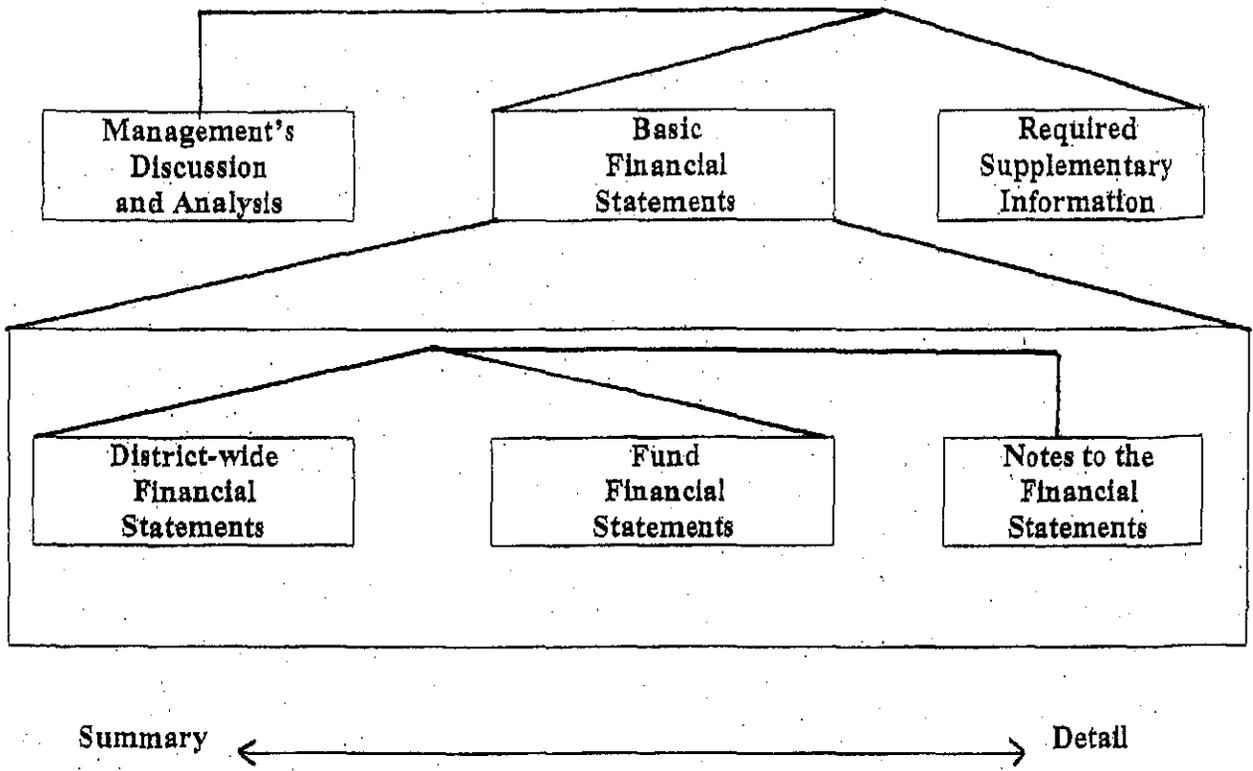


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show 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, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Childhood Development Fund.

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

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

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

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

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

**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,
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$4,266,057	\$3,699,310	\$156,533	\$156,009	\$4,422,590	\$3,855,319	14.7%
Capital assets	3,103,196	3,386,322	12,126	14,335	\$3,115,322	3,400,657	-8.4%
Total assets	\$7,369,253	\$7,085,632	\$168,659	\$170,344	\$7,537,912	\$7,255,976	3.9%
Long-term liabilities	\$2,204,796	\$2,428,932	\$-	\$-	\$2,204,796	\$2,428,932	-9.2%
Other liabilities	435,306	477,589	28,280	23,576	\$463,586	501,165	-7.5%
Total liabilities	\$2,640,102	\$2,906,521	\$28,280	\$23,576	\$2,668,382	\$2,930,097	-8.9%
Deferred inflows of resources	\$1,475,571	\$1,463,382	\$-	\$-	\$1,475,571	\$1,463,382	0.8%
Net position:							
Net investment in capital assets	\$943,264	\$1,023,898	\$12,126	\$14,335	\$955,390	\$1,038,233	8.0%
Restricted	979,525	759,874	-	-	979,525	759,874	28.9%
Unrestricted	1,330,791	941,482	128,253	122,908	1,459,044	1,064,390	37.1%
Total net position	\$3,253,580	\$2,725,254	\$140,379	\$137,243	\$3,393,959	\$2,862,497	18.6%

The District's combined net position increased 18.6%, or \$531,462, over the prior year. The largest portion of the District's net position is unrestricted net position.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$219,651, or 28.9% over the prior year. The increase was primarily due to the decrease in expenditures for facilities acquisitions of the Capital Projects Funds.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$394,654, or 37.1%. This increase in unrestricted net position was primarily a result of the decrease in expenditures in the General Fund.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for service	\$798,297	\$930,507	\$214,268	\$180,745	\$1,012,565	\$1,111,252	-8.9%
Operating grants, contributions and restricted interest	566,544	559,487	62,603	56,855	629,147	616,342	2.1%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
<b>General revenues:</b>							
Property tax	1,464,279	1,437,030	-	-	1,464,279	1,437,030	1.9%
Income surtax	202,688	160,792	-	-	202,688	160,792	26.1%
Statewide sales, services and use tax	314,160	274,892	-	-	314,160	274,892	14.3%
Unrestricted state grants	1,412,476	1,549,836	-	-	1,412,476	1,549,836	-8.9%
Unrestricted investment earnings	8,787	6,644	168	154	8,955	6,798	31.7%
Other	49,991	48,318	-	-	49,991	48,318	3.5%
<b>Total revenues</b>	<b>\$4,817,222</b>	<b>\$4,967,506</b>	<b>\$277,039</b>	<b>\$237,754</b>	<b>\$5,094,261</b>	<b>\$5,205,260</b>	<b>-2.1%</b>
<b>Program expenses:</b>							
<b>Governmental activities:</b>							
Instruction	\$3,013,044	\$3,111,128	\$96,382	\$9,189	\$3,109,426	\$3,120,317	-0.4%
Support services	999,907	937,587	-	-	999,907	937,587	6.6%
Non-instructional programs	1,550	-	177,521	208,798	179,071	208,798	-14.2%
Other expenses	274,938	283,715	-	-	274,938	283,715	-3.1%
<b>Total expenses</b>	<b>\$4,289,439</b>	<b>\$4,332,430</b>	<b>\$273,903</b>	<b>\$217,987</b>	<b>\$4,563,342</b>	<b>\$4,550,417</b>	<b>0.3%</b>
<b>Change in net position before sale of assets</b>	<b>\$527,783</b>	<b>\$635,076</b>	<b>\$3,136</b>	<b>\$19,767</b>	<b>\$530,919</b>	<b>\$654,843</b>	<b>-18.9%</b>
Sale of assets	-	1,200	-	-	-	1,200	-100%
<b>Change in net position</b>	<b>\$527,783</b>	<b>\$636,276</b>	<b>\$3,136</b>	<b>\$19,767</b>	<b>\$530,919</b>	<b>\$656,043</b>	<b>-19.1%</b>
<b>Net position, beginning of year</b>	<b>\$2,725,254</b>	<b>\$2,100,313</b>	<b>\$137,243</b>	<b>\$117,476</b>	<b>\$2,862,497</b>	<b>\$2,217,789</b>	<b>29.1%</b>
Prior period adjustment	543	-11,335	-	-	543	-11,335	4.7%
<b>Adjusted net position, beginning of year</b>	<b>\$2,725,797</b>	<b>\$2,088,978</b>	<b>\$137,243</b>	<b>\$117,476</b>	<b>\$2,863,040</b>	<b>\$2,206,454</b>	<b>29.8%</b>
<b>Net position, end of year</b>	<b>\$3,253,580</b>	<b>\$2,725,254</b>	<b>\$140,379</b>	<b>\$137,243</b>	<b>\$3,393,959</b>	<b>\$2,862,497</b>	<b>18.6%</b>

In fiscal year 2014, property tax and unrestricted state grants account for 56.5% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$5.1 million, of which approximately \$4.8 million was for governmental activities and less than \$0.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.1% decrease in revenues and a 0.3% increase in expenses. Property tax increased approximately \$27,000. The increase in expenses is related to an increase in support services expenses.

**Governmental Activities**

Revenues for governmental activities were \$4,817,222 and expenses were \$4,289,439. In a difficult budget year, the District was able to balance the budget by trimming expenses to match revenues.

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

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

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-2014	2014	2013	Change 2013-2014
Instruction	\$3,013,044	\$3,111,128	-3.2%	\$1,654,524	\$1,627,558	1.7%
Support services	999,907	937,587	6.6%	993,586	931,163	6.7%
Non-instructional programs	1,550	-	100%	1,550	-	100%
Other expenses	274,938	283,715	3.1%	274,938	283,715	3.1%
<b>Totals</b>	<b>\$4,289,439</b>	<b>\$4,332,430</b>	<b>-0.1%</b>	<b>\$2,924,598</b>	<b>\$2,842,439</b>	<b>2.9%</b>

During the year ended June 30, 2014:

- The cost financed by users of the District’s programs was \$1,012,565.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$629,147.
- The net cost of governmental activities was financed with \$1,981,127 in property and other taxes and \$1,412,476 in unrestricted state grants.

**Business Type Activities**

Revenues for business type activities were \$277,039 and expenses were \$273,903. The District’s business type activities include the School Nutrition Fund and the Childhood Development Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

**INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,253,580, well above last year’s ending adjusted fund balances of \$2,725,797.

**Governmental Fund Highlights**

- The District’s increasing General Fund financial position is the result of many factors. The District’s decrease in General Fund expenditures resulted in a \$417,528 increase in the General Fund.
- The District has been trying to maintain its General Fund by controlling classroom budgets, reducing travel and field trips, and reducing staff slightly where possible.
- The General Fund balance increased from adjusted \$882,807 to \$1,300,335, due in part to the decrease in expenditures.
- The Capital Projects Fund balance increased from \$493,817 to \$632,136 due to the decrease in facilities acquisitions/expenditures.

## Proprietary Fund Highlights

- School Nutrition Fund net position decreased from \$40,919 at June 30, 2013 to \$32,637 at June 30, 2014, representing a decrease of approximately 20.2%.
- Childhood Development Fund net position increased from \$96,324 at June 30, 2013 to \$107,742 at June 30, 2014 due to a decrease in the cost of services.

## BUDGETARY HIGHLIGHTS

The District's receipts were \$277,115 less than budgeted receipts, a variance of 5.8%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, the District had invested \$3.1 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 8.4% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$320,055.

The original cost of the District's capital assets was \$6.91 million. Governmental funds account for \$6.89 million, with the remainder of \$0.02 million accounted for in the Proprietary, School Nutrition Fund.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Land	\$18,751	\$18,751	\$-	\$-	\$18,751	\$18,751	-
Buildings	2,564,016	2,702,246	-	-	2,564,016	2,702,246	-5.1%
Improvements other than buildings	100,340	140,713	-	-	100,340	140,713	-28.7%
Furniture and equipment	420,089	524,612	12,126	14,335	432,215	538,947	-19.8%
Totals	\$3,103,196	\$3,386,322	\$12,126	\$14,335	\$3,115,322	\$3,400,657	-8.4%

## Long-Term Debt

At June 30, 2014, the District had \$2,159,932 in long-term debt outstanding. This represents a decrease of approximately 8.6% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$10.1 million.

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

	Total District		Total Change
	June 30,	June 30,	June 30,
	2014	2013	2013-2014
Revenue bonds	\$2,080,000	\$2,205,000	-5.7%
Capital lease	79,932	157,424	-49.2%
	<u>\$2,159,932</u>	<u>\$2,362,424</u>	<u>-8.6%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kelly Weidman, Business Manager, Janesville Consolidated School District, 505 Barrick Road, Janesville, IA 50647.

## **Basic Financial Statements**

## Janesville Consolidated School District

## Statement of Net Position

June 30, 2014

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, Cash Equivalents and Pooled Investments	\$ 2,388,577	\$ 156,345	\$ 2,544,922
Receivables:			
Property tax:			
Delinquent	7,208	-	7,208
Succeeding year	1,475,571	-	1,475,571
Income surtax	165,756	-	165,756
Accounts	113,317	188	113,505
Due from other governments	115,628	-	115,628
Capital assets, net of accumulated depreciation	3,103,196	12,126	3,115,322
<b>Total Assets</b>	<b>\$ 7,369,253</b>	<b>\$ 168,659</b>	<b>\$ 7,537,912</b>
<b>Liabilities</b>			
Accounts payable	\$ 111,344	\$ -	\$ 111,344
Salaries and benefits payable	316,445	21,903	338,348
Accrued interest payable	7,517	-	7,517
Unearned revenue	-	6,377	6,377
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	130,000	-	130,000
Accrued vacations	3,816	-	3,816
Capital lease	79,932	-	79,932
Portion due after one year:			
Revenue bonds payable	1,950,000	-	1,950,000
Net OPEB liability	41,048	-	41,048
<b>Total Liabilities</b>	<b>\$ 2,640,102</b>	<b>\$ 28,280</b>	<b>\$ 2,668,382</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	\$ 1,475,571	\$ -	\$ 1,475,571
<b>Net Position</b>			
Net investment in capital assets	\$ 943,264	\$ 12,126	\$ 955,390
Restricted for:			
Categorical funding	82,919	-	82,919
Management levy purposes	205,294	-	205,294
Student activities	54,832	-	54,832
Debt service	4,344	-	4,344
Capital projects	518,318	-	518,318
Physical plant and equipment	113,818	-	113,818
Unrestricted	1,330,791	128,253	1,459,044
<b>Total Net Position</b>	<b>\$ 3,253,580</b>	<b>\$ 140,379</b>	<b>\$ 3,393,959</b>

See notes to financial statements.

**Janesville Consolidated School District**

**Statement of Activities**

**Year Ended June 30, 2014**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs</b>				
<b>Governmental Activities:</b>				
Instruction:				
Regular instruction	\$ 2,342,656	\$ 474,198	\$ 525,179	\$ -
Special instruction	317,841	165,300	16,355	-
Other instruction	352,547	157,203	20,285	-
	<u>\$ 3,013,044</u>	<u>\$ 796,701</u>	<u>\$ 561,819</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 34,106	\$ -	\$ 1,936	\$ -
Instructional staff services	32,532	-	-	-
Administration services	481,357	-	-	-
Operation and maintenance of plant services	264,601	1,117	-	-
Transportation services	187,311	479	2,789	-
	<u>\$ 999,907</u>	<u>\$ 1,596</u>	<u>\$ 4,725</u>	<u>\$ -</u>
Non-Instructional	\$ 1,550	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ 26,830	\$ -	\$ -	\$ -
Long-term debt interest	99,962	-	-	-
AEA flow-through	148,146	-	-	-
	<u>\$ 274,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Governmental Activities</b>	<u>\$ 4,289,439</u>	<u>\$ 798,297</u>	<u>\$ 566,544</u>	<u>\$ -</u>
<b>Business Type Activities:</b>				
Instruction:				
Childhood development	\$ 96,382	\$ 80,354	\$ -	\$ -
Non-Instructional Programs:				
Food service operations	\$ 176,741	\$ 105,688	\$ 62,603	\$ -
Childhood development	780	28,226	-	-
	<u>\$ 177,521</u>	<u>\$ 133,914</u>	<u>\$ 62,603</u>	<u>\$ -</u>
<b>Total Business Type Activities</b>	<u>\$ 273,903</u>	<u>\$ 214,268</u>	<u>\$ 62,603</u>	<u>\$ -</u>
<b>Total</b>	<u>\$ 4,563,342</u>	<u>\$ 1,012,565</u>	<u>\$ 629,147</u>	<u>\$ -</u>

Net (Expense) Revenue  
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -1,343,279	\$	\$ -1,343,279
-136,186		-136,186
-175,059		-175,059
\$ -1,654,524	\$	\$ -1,654,524
\$ -32,170	\$	\$ -32,170
-32,532		-32,532
-481,357		-481,357
-263,484		-263,484
-184,043		-184,043
\$ -993,586	\$	\$ -993,586
\$ -1,550	\$	\$ -1,550
\$ -26,830	\$	\$ -26,830
-99,962		-99,962
-148,146		-148,146
\$ -274,938	\$	\$ -274,938
\$ -2,924,598	\$	\$ -2,924,598
\$ -	\$ -16,028	\$ -16,028
\$ -	\$ -8,450	\$ -8,480
-	27,446	27,446
\$ -	\$ 18,996	\$ 18,996
\$ -	\$ 2,968	\$ 2,968
\$ -2,924,598	\$ 2,968	\$ -2,921,630

**Janesville Consolidated School District**

**Statement of Activities**

**Year Ended June 30, 2014**

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			
<b>General Revenues:</b>			
Property Tax Levied For:			
General purposes			
Capital outlay			
Income surtax			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other general revenues			
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

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Governmental Activities	Business Type Activities	Total
\$ 1,269,211	\$ -	\$ 1,269,211
195,068	-	195,068
202,688	-	202,688
314,160	-	314,160
1,412,476	-	1,412,476
8,787	168	8,955
49,991	-	49,991
<u>\$ 3,452,381</u>	<u>\$ 168</u>	<u>\$ 3,452,549</u>
<u>\$ 527,783</u>	<u>\$ 3,136</u>	<u>\$ 530,919</u>
<u>\$ 2,725,254</u>	<u>\$ 137,243</u>	<u>\$ 2,862,497</u>
543	-	543
<u>\$ 2,725,797</u>	<u>\$ 137,243</u>	<u>\$ 2,863,040</u>
<u>\$ 3,253,580</u>	<u>\$ 140,379</u>	<u>\$ 3,393,959</u>

## Janesville Consolidated School District

Balance Sheet  
Governmental Funds

June 30, 2014

	General	Capital Projects	Non-Major Funds	Total
<b>Assets</b>				
Cash, Cash Equivalents and Pooled Investments	\$ 1,528,614	\$ 557,692	\$ 302,271	\$ 2,388,577
Receivables:				
Property Tax:				
Delinquent	5,632	960	616	7,208
Succeeding year	1,086,072	204,499	185,000	1,475,571
Income surtax	165,756	-	-	165,756
Accounts	112,387	-	930	113,317
Due from other governments	19,907	95,721	-	115,628
<b>Total Assets</b>	<b>\$ 2,918,368</b>	<b>\$ 858,872</b>	<b>\$ 488,817</b>	<b>\$ 4,266,057</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 89,107	\$ 22,237	\$ -	\$ 111,344
Salaries and benefits payable	277,098	-	39,347	316,445
<b>Total Liabilities</b>	<b>\$ 366,205</b>	<b>\$ 22,237</b>	<b>\$ 39,347</b>	<b>\$ 427,789</b>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ 1,086,072	\$ 204,499	\$ 185,000	\$ 1,475,571
Other	165,756	-	-	165,756
<b>Total deferred inflows of resources</b>	<b>\$ 1,251,828</b>	<b>\$ 204,499</b>	<b>\$ 185,000</b>	<b>\$ 1,641,327</b>
Fund Balances:				
Restricted for:				
Categorical funding	\$ 82,919	\$ -	\$ -	\$ 82,919
Debt service	-	-	4,344	4,344
Management levy purposes	-	-	205,294	205,294
Student activities	-	-	54,832	54,832
School infrastructure	-	518,318	-	518,318
Physical plant and equipment	-	113,818	-	113,818
Unassigned	1,217,416	-	-	1,217,416
<b>Total Fund Balance</b>	<b>\$ 1,300,335</b>	<b>\$ 632,136</b>	<b>\$ 264,470</b>	<b>\$ 2,196,941</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,918,368</b>	<b>\$ 858,872</b>	<b>\$ 488,817</b>	<b>\$ 4,266,057</b>

See notes to financial statements.

## Janesville Consolidated School District

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

June 30, 2014

Total fund balances of governmental funds (page 16)	\$ 2,196,941
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,103,196
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	165,756
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	-7,517
Long-term liabilities, including bonds, notes payable, early retirement and other postemployment benefits payable are not due and payable in the current year and, therefore, are not reported in the governmental funds	<u>-2,204,796</u>
<b>Net Position of governmental activities (page 13)</b>	<b><u>\$ 3,253,580</u></b>

See notes to financial statements.

## Janesville Consolidated School District

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

Year Ended June 30, 2014

	General	Capital Projects	Non-Major Funds	Total
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ 1,340,902	\$ 509,228	\$ 125,077	\$ 1,975,207
Tuition	611,417	-	-	611,417
Other	86,875	1,405	157,377	245,657
Intermediate sources	-	-	-	-
State sources	1,923,476	170	109	1,923,755
Federal sources	55,266	-	-	55,266
<b>Total Revenues</b>	<b>\$ 4,017,936</b>	<b>\$ 510,803</b>	<b>\$ 282,563</b>	<b>\$ 4,811,302</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 2,039,502	\$ -	\$ 48,125	\$ 2,087,627
Special instruction	317,841	-	-	317,841
Other instruction	194,702	-	158,986	353,688
	<b>\$ 2,552,045</b>	<b>\$ -</b>	<b>\$ 207,111</b>	<b>\$ 2,759,156</b>
<b>Support Services:</b>				
Student services	\$ 30,816	\$ -	\$ 3,265	\$ 34,081
Instructional staff services	29,898	-	1,633	31,531
Administration services	452,511	16,259	9,727	478,497
Operation and maintenance of plant services	225,194	7,997	28,429	261,620
Transportation services	161,798	-	7,736	169,534
	<b>\$ 900,217</b>	<b>\$ 24,256</b>	<b>\$ 50,790</b>	<b>\$ 975,263</b>
<b>Other Expenditures:</b>				
Facilities acquisition	\$ -	\$ 45,430	\$ -	\$ 45,430
<b>Long-Term Debt:</b>				
Principal	-	-	202,491	202,491
Interest, fees and discounts	-	-	100,307	100,307
AEA flow-through	148,146	-	-	148,146
	<b>\$ 148,146</b>	<b>\$ 45,430</b>	<b>\$ 302,798</b>	<b>\$ 496,374</b>
<b>Total Expenditures</b>	<b>\$ 3,600,408</b>	<b>\$ 69,686</b>	<b>\$ 560,699</b>	<b>\$ 4,230,793</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 417,528	\$ 441,117	\$ -278,136	\$ 580,509
<b>Other financing sources (uses):</b>				
Operating transfers in (out)	-	-302,798	302,798	-
<b>Net change in fund balances</b>	<b>\$ 417,528</b>	<b>\$ 138,319</b>	<b>\$ 24,662</b>	<b>\$ 508,509</b>
Fund balances beginning of year	\$ 882,264	\$ 493,817	\$ 239,808	\$ 1,615,889
Prior period adjustment	543	-	-	543
Adjusted fund balances beginning of year	\$ 882,807	\$ 493,817	\$ 239,808	\$ 1,616,432
<b>Fund Balances End of Year</b>	<b>\$ 1,300,335</b>	<b>\$ 632,136</b>	<b>\$ 264,470</b>	<b>\$ 2,196,941</b>

See notes to financial statements.

## Janesville Consolidated School District

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

Year Ended June 30, 2014

**Change in fund balances – total governmental funds (page 18)** \$ 580,509

*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. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 34,719	
Depreciation expense	-317,845	-283,126

Income surtax revenue not received until several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 5,920

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

Repaid	202,491
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 345

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:

Accrued vacations	\$ -2,837	
Early retirement	37,102	
Other postemployment benefits	-12,621	21,644

**Change in Net Position of Governmental Activities (page 15)** **\$ 527,783**

## Janesville Consolidated School District

Statement of Net Position  
Proprietary Fund

June 30, 2014

	Nutrition	Childhood Development	Total
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 26,700	\$ 129,645	\$ 156,345
Accounts receivable	188	-	188
Total current assets	<u>\$ 26,888</u>	<u>\$ 129,645</u>	<u>\$ 156,533</u>
<b>Non-Current Assets:</b>			
Capital assets, net of accumulated depreciation	\$ 12,126	\$ -	\$ 12,126
Total non-current assets	<u>\$ 12,126</u>	<u>\$ -</u>	<u>\$ 12,126</u>
<b>Total Assets</b>	<u>\$ 39,014</u>	<u>\$ 129,645</u>	<u>\$ 168,659</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Salaries and benefits payable	\$ -	\$ 21,903	\$ 21,903
Unearned revenue	6,377	-	6,377
Total current liabilities	<u>\$ 6,377</u>	<u>\$ 21,903</u>	<u>\$ 28,280</u>
<b>Total Liabilities</b>	<u>\$ 6,377</u>	<u>\$ 21,903</u>	<u>\$ 28,280</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 12,126	\$ -	\$ 12,126
Unrestricted	20,511	107,742	128,253
<b>Total Net Position</b>	<u>\$ 32,637</u>	<u>\$ 107,742</u>	<u>\$ 140,379</u>

## Janesville Consolidated School District

Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund

Year Ended June 30, 2014

	Nutrition	Childhood Development	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 105,688	108,580	\$ 214,268
Operating expenses:			
Instruction:			
Other instruction:			
Salaries	\$ -	\$ 69,410	\$ 69,410
Benefits	-	19,077	19,077
Supplies	-	7,708	7,708
Purchase services	-	187	187
	\$ -	\$ 96,382	\$ 96,382
Non-instructional programs:			
Operations:			
Salaries	\$ 10,952	\$ 669	\$ 11,621
Benefits	1,814	111	1,925
Supplies	159,527	-	159,527
Purchased services	1,188	-	1,188
Depreciation	2,210	-	2,210
Other	1,050	-	1,050
	\$ 176,741	\$ 780	\$ 177,521
Total operating expenses	\$ 176,741	\$ 97,162	\$ 273,903
Operating income (loss)	\$ -71,053	\$ 11,418	\$ -59,635
Non-operating revenues:			
State sources	\$ 1,280	\$ -	\$ 1,280
Federal sources	61,323	-	61,323
Interest income	168	-	168
Total non-operating revenues	\$ 62,771	\$ -	\$ 62,771
Change in net position	\$ -8,282	\$ 11,418	\$ 3,136
Net position beginning of year	40,919	96,324	137,243
Net Position End of Year	\$ 32,637	\$ 107,742	\$ 140,379

See notes to financial statements.

## Janesville Consolidated School District

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2014

	Nutrition	Childhood Development	Total
<b>Cash flows from operating activities:</b>			
Cash received from daycare and preschool fees	\$ -	\$ 109,430	\$ 109,430
Cash received from sale of lunches and breakfasts	105,881	-	105,881
Cash paid to employees for services	-22,291	-79,894	-102,185
Cash paid to suppliers for goods or services	-149,825	-11,819	-161,644
Net cash provided (used) by operating activities	<u>\$ -66,235</u>	<u>\$ 17,717</u>	<u>\$ -48,518</u>
<b>Cash flows from non-capital financing activities:</b>			
State grants received	\$ 1,280	\$ -	\$ 1,280
Federal grants received	48,346	-	48,346
Net cash provided by non-capital financing activities	<u>\$ 49,626</u>	<u>\$ -</u>	<u>\$ 49,626</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	\$ 168	\$ -	\$ 168
Net increase (decrease) in cash and cash equivalents	\$ -16,441	\$ 17,717	\$ 1,276
Cash and cash equivalents beginning of year	43,141	111,928	155,069
Cash and Cash Equivalents End of Year	<u>\$ 26,700</u>	<u>\$ 129,645</u>	<u>\$ 156,345</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ -71,053	\$ 11,418	\$ -59,635
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Commodities used	12,977	-	12,977
Depreciation	2,210	-	2,210
(Increase) Decrease in accounts receivable	-98	850	752
Increase (Decrease) in salaries and benefits payable	-	9,373	9,373
Increase (Decrease) in unearned revenue	290	-	290
Increase (Decrease) in due to other funds	-9,525	-	-9,525
Increase (Decrease) in accounts payable	-1,036	-3,924	-4,960
Net Cash Provided (Used) by Operating Activities	<u>\$ -66,235</u>	<u>\$ 17,717</u>	<u>\$ 48,518</u>

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

During the year ended June 30, 2014, the District received \$12,977 of federal commodities.

**Janesville Consolidated School District**

**Statement of Net Position  
Fiduciary Funds**

**June 30, 2014**

	Private Purpose Trust <u>Scholarship</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	<u>\$ 270,174</u>
<b>Total Assets</b>	<u>\$ 270,174</u>
<b>Liabilities</b>	<u>\$ -</u>
<b>Net Position</b>	<u>\$ 270,174</u>
Reserved for scholarships	<u>\$ 270,174</u>

**Janesville Consolidated School District**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2014**

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 4,409
Contributions	1,500
Total Revenue	<u>\$ 5,909</u>
Deductions:	
Support services:	
Scholarships awarded	<u>\$ 9,000</u>
Change in net position	\$ -3,091
Net Position beginning of year	<u>273,265</u>
Net Position End of Year	<u>\$ 270,174</u>

**Janesville Consolidated School District**

**Notes to Financial Statements**

**June 30, 2014**

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

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

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

**A. Reporting Entity**

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

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

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Position 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

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

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund 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 Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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.

Advances from Grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

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.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year-end.

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash, Cash Equivalents and Pooled Investments**

The District’s deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Total	\$382,468

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

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

(3) **Interfund Transfers**

The detail of Interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Statewide Sales, Services and Use Tax	\$220,348
Debt Service	Physical Plant and Equipment Levy	<u>82,450</u>
		<u>\$302,798</u>

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

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Re- classified	Balance End Of Year
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 18,751	\$ -	\$ -	\$ -	\$ 18,751
Total capital assets not being depreciated	\$ 18,751	\$ -	\$ -	\$ -	\$ 18,751
Capital assets being depreciated:					
Buildings	\$ 4,099,720	\$ 11,681	\$ -	\$ -23,598	\$ 4,087,803
Improvements other than buildings	370,018	-	-	-36,703	333,315
Furniture and equipment	2,368,156	23,038	-	60,301	2,451,495
Total capital assets being depreciated	\$ 6,837,894	\$ 34,719	\$ -	\$ -	\$ 6,872,613
Less accumulated depreciation for:					
Buildings	\$ 1,397,474	\$ 134,389	\$ -	\$ -8,076	\$ 1,523,787
Improvements other than buildings	229,305	8,407	-	-4,737	232,975
Furniture and equipment	1,843,544	175,049	-	12,812	2,031,406
Total accumulated depreciation	\$ 3,470,323	\$ 317,845	\$ -	\$ -	\$ 3,788,168
Total capital assets being depreciated, net	\$ 3,367,571	\$ -283,126	\$ -	\$ -	\$ 3,084,445
Governmental Activities Capital Assets, Net	\$ 3,386,322	\$ -283,126	\$ -	\$ -	\$ 3,103,196

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 28,151	\$ -	\$ 1,634	\$ 26,517
Less accumulated depreciation	13,815	2,210	1,634	14,391
Business Type Activities Capital Assets, Net	\$ 14,336	\$ 2,210	\$ -	\$ 12,126

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 290,230
Other	5,409

Support services:

Operation and maintenance of plant	2,879
Transportation	17,777
Non-Instructional	1,550

Total Depreciation Expense – Governmental Activities \$ 317,845

Business Type Activities:

Food service operations	<u>\$ 2,210</u>
-------------------------	-----------------

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Accrued vacations	\$ 979	\$ 2,837	\$ -	\$ 3,816	\$ 3,816
Revenue bonds	2,205,000	-	125,000	2,080,000	130,000
Early retirement	37,102	-	37,102	-	-
Capital lease	157,424	-	77,492	79,932	79,932
Net OPEB liability	28,427	12,621	-	41,048	-
<b>Total</b>	<b>\$ 2,428,932</b>	<b>\$ 15,458</b>	<b>\$ 239,594</b>	<b>\$ 2,204,796</b>	<b>\$ 213,748</b>

Early Retirement

The District offers a voluntary early retirement plan to its licensed employees. Eligible employees must be at least fifty-five and must have completed fifteen years of full-time service to the District.

Capital Lease - Computers

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

Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2009			
	Interest Rates	Principal	Interest	Total
2015	3.7%	\$130,000	\$29,025	\$159,025
2016	3.9%	135,000	24,215	159,215
2017	4.1%	140,000	18,950	158,950
2018	4.3%	145,000	13,210	158,210
2019	4.5%	155,000	6,975	161,975
		<u>\$705,000</u>	<u>\$92,375</u>	<u>\$797,375</u>

The District pledged future statewide sales, service and use tax revenues to repay the \$1,295,000 of bonds issued in May 2009. The bonds were issued for the purpose of refinancing the 2006 Local Option Sales and Services Tax Bonds. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2019. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50 percent of the statewide sales, service and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$797,375. For the current year \$125,000 principal and \$33,275 interest was paid on the bonds and total statewide sales, service and use tax revenues were \$158,275.

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

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

The District complied with these revenue bond provisions during the year ended June 30, 2014.

Year Ending June 30,	Bond Issue of March 15, 2012			
	Interest Rates	Principal	Interest	Total
2015	3.70%	-	\$61,072	\$61,072
2016	3.70%	-	61,073	61,073
2017	3.70%	-	61,072	61,072
2018	3.70%	-	61,073	61,073
2019	3.70%	-	61,072	61,072
2020	3.70%	130,000	61,073	191,073
2021	3.90%	135,000	56,262	191,262
2022	4.20%	140,000	50,998	190,998
2023	4.35%	145,000	45,117	190,117
2024	4.50%	155,000	38,810	193,810
2025	4.60%	160,000	31,835	191,835
2026	4.70%	170,000	24,475	194,475
2027	4.80%	175,000	16,485	191,485
2028	4.90%	165,000	8,085	173,085
		<u>\$1,375,000</u>	<u>\$638,503</u>	<u>\$2,013,503</u>

The District pledged future statewide sales, service and use tax revenues to repay the \$1,375,000 of bonds issued in March 2012. The bonds were issued for the purpose of refinancing a portion of the costs of the school remodeling. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2028. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 75 percent of the statewide sales, service and use tax revenues. The total principal and interest remaining to be paid on the notes is \$2,013,503. For the current year no principal and \$61,073 interest was paid on the bonds.

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

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

The District complied with all these revenue bond provisions during the year ended June 30, 2014.

During the year ended June 30, 2014, the District made principal, interest and fee payments totaling \$302,798 under the agreements.

**(6) Pension and Retirement Benefits**

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

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered payroll for the years ended June 30, 2014. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$163,733, \$152,494, and \$135,200, respectively, equal to the required contributions for each year.

**(7) Other Postemployment Benefits (OPEB)**

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 23 active members and 4 retirees in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014; the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 20,163
Interest on net OPEB obligation	711
Adjustment to annual required contribution	<u>-2,871</u>
Annual OPEB cost	\$ 18,003
Contributions made	<u>-5,382</u>
Increase in net OPEB obligation	\$ 12,621
Net OPEB obligation beginning of year	<u>28,427</u>
 Net OPEB obligation end of year	 <u>\$ 41,048</u>

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, 2014.

For the year ended June 30, 2014, the District contributed \$211,168 to the medical plan. Plan members eligible for benefits contributed \$28,748, or 10.3% 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 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$9,513	70.0%	\$2,856
June 30, 2011	\$9,494	66.3%	\$5,673
June 30, 2012	\$10,084	0.0%	\$15,757
June 30, 2013	\$18,648	24.9%	\$28,427
June 30, 2014	\$20,163	26.7%	\$41,048

**Funded Status and Funding Progress** – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$73,175, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,175. The covered payroll (annual payroll of active employees covered by the plan) was \$1,567,936 and the ratio of the UAAL to covered payroll was 4.7%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

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

**(8) Risk Management**

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

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District’s actual amount for this purpose totaled \$148,146 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Categorical Funding**

The District’s reserved fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program	Amount
Mentoring	\$ 554
Market Factor 07	2,118
At Risk	62,173
Early Reading	14,571
Teacher Leadership	3,503
Total	<u>\$ 82,919</u>

**(11) Subsequent Events**

The District has evaluated subsequent events through February 24, 2015 which is the date that the financial statement were available to be issued.

**(12) Prior Period Adjustment**

The made a \$543 prior period adjustment to the General Fund.

**(13) Related Party Transactions**

The District had business transactions between the District and District officials totaling \$106 during the year ended June 30, 2014.

**(14) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government’s proportionate share of the employee pension plan.

**Required Supplementary Information**

**Janesville Consolidated 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, 2014**

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 2,832,281	\$ 214,436
Intermediate sources	-	-
State sources	1,923,755	1,280
Federal sources	55,266	61,323
Total Receipts	<u>\$ 4,811,302</u>	<u>\$ 277,039</u>
Disbursements:		
Instruction	\$ 2,759,156	\$ 96,382
Support services	975,263	-
Non-instructional programs	-	177,521
Other expenditures	496,374	-
Total Disbursements	<u>\$ 4,230,793</u>	<u>\$ 273,903</u>
Excess (deficiency) of revenue over (under) expenditures/expense	\$ 580,509	\$ 3,136
Balances beginning of year	1,615,889	137,243
Prior period adjustment	543	-
Adjusted balances beginning of year	<u>\$ 1,616,432</u>	<u>\$ 137,243</u>
Balances End of Year	<u>\$ 2,196,941</u>	<u>\$ 140,379</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amount	Final To Actual Variance
\$	3,046,717	\$ 2,763,940	\$ 282,777
	-	-	-
	1,925,035	1,919,786	5,249
	116,589	127,500	-10,911
\$	5,088,341	\$ 4,811,226	\$ 277,115
\$	2,855,538	\$ 3,513,039	\$ 657,501
	975,263	1,142,161	166,898
	177,521	325,485	147,964
	496,374	548,032	51,658
\$	4,504,696	\$ 5,528,717	\$ 1,024,021
\$	583,645	\$ -717,491	\$ 1,301,136
	1,753,132	1,335,532	417,600
	543	-	543
\$	1,753,675	\$ 1,335,532	\$ 418,143
\$	2,337,320	\$ 618,041	\$ 1,719,279

**Janesville Consolidated School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2014**

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

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

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

**Janesville Consolidated School District**

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

**Required Supplementary Information**

**June 30, 2014**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$101	\$101	0.0%	\$989	10.3%
2011	July 1, 2009	\$-	\$100	\$100	0.0%	\$1,301	7.7%
2012	July 1, 2009	\$-	\$97	\$97	0.0%	\$1,280	7.6%
2013	July 1, 2012	\$-	\$76	\$76	0.0%	\$1,451	5.2%
2014	July 1, 2012	\$-	\$73	\$73	0.0%	\$1,568	4.7%

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

**Supplementary Information**

## Janesville Consolidated School District

Combining Balance Sheet  
Non-Major Funds

June 30, 2014

	Debt Service	Special Revenue		Total
		Student Activity	Management Levy	
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 4,344	\$ 53,902	\$ 244,025	\$ 302,271
Receivables:				
Accounts	-	930	-	930
Property Tax:				
Delinquent	-	-	616	616
Succeeding year	-	-	185,000	185,000
<b>Total Assets</b>	<b>\$ 4,344</b>	<b>\$ 54,832</b>	<b>\$ 429,641</b>	<b>\$ 488,817</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Salaries and benefits payable	\$ -	\$ -	\$ 39,347	\$ 39,347
Total liabilities	\$ -	\$ -	\$ 39,347	\$ 39,347
Deferred inflows of resources:				
Unavailable Revenue:				
Succeeding year property tax	\$ -	\$ -	\$ 185,000	\$ 185,000
Total deferred inflows of resources	\$ -	\$ -	\$ 185,000	\$ 185,000
Fund Balances:				
Restricted for:				
Debt service	\$ 4,344	\$ -	\$ -	\$ 4,344
Student activities	-	54,832	-	54,832
Management levy	-	-	205,294	205,294
Total fund balances	\$ 4,344	\$ 54,832	\$ 205,294	\$ 264,470
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,344</b>	<b>\$ 54,832</b>	<b>\$ 429,641</b>	<b>\$ 488,817</b>

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

**Year Ended June 30, 2014**

	Debt Service	Special Revenue		Total
		Student Activity	Management Levy	
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ -	\$ -	\$ 125,077	\$ 125,077
Other	-	157,377	-	157,377
State sources	-	-	109	109
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 157,377</b>	<b>\$ 125,186</b>	<b>\$ 282,563</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular instruction	\$ -	\$ -	\$ 48,125	\$ 48,125
Other instruction	-	158,986	-	158,986
<b>Support Services:</b>				
Student services	-	-	3,265	3,265
Instructional staff services	-	-	1,633	1,633
Administration services	-	-	9,727	9,727
Operation and maintenance of plant services	-	-	28,429	28,429
Transportation services	-	-	7,736	7,736
<b>Other Expenditures:</b>				
<b>Long-term Debt:</b>				
Principal	202,491	-	-	202,491
Interest	100,307	-	-	100,307
<b>Total Expenditures</b>	<b>\$ 302,798</b>	<b>\$ 158,986</b>	<b>\$ 98,915</b>	<b>\$ 560,699</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -302,798	\$ -1,609	\$ 26,271	\$ -278,136
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	302,798	-	-	302,798
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	\$ -	\$ -1,609	\$ 26,271	\$ 24,662
Fund balances beginning of year	4,344	56,441	179,023	239,808
<b>Fund Balances End of Year</b>	<b>\$ 4,344</b>	<b>\$ 54,832</b>	<b>\$ 205,294</b>	<b>\$ 264,470</b>

See accompanying independent auditor's report.

## Janesville Consolidated School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2014

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 440,666	\$ 117,026	\$ 557,692
Receivables:			
Property Tax:			
Delinquent	-	960	960
Succeeding year	-	204,499	204,499
Due from other governments	95,721	-	95,721
<b>Total Assets</b>	<b>\$ 536,387</b>	<b>\$ 322,485</b>	<b>\$ 858,872</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 18,069	\$ 4,168	\$ 22,237
Total Liabilities	\$ 18,069	\$ 4,168	\$ 22,237
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ -	\$ 204,499	\$ 204,499
Total deferred inflows of resources	\$ -	\$ 204,499	\$ 204,499
Fund Balances:			
Restricted for:			
School infrastructure	\$ 518,318	\$ -	\$ 518,318
Physical plant and equipment	-	113,818	113,818
Total fund balances	\$ 518,318	\$ 113,818	\$ 632,136
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 536,387</b>	<b>\$ 322,485</b>	<b>\$ 858,872</b>

See accompanying independent auditor's report.

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

**Year Ended June 30, 2014**

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local Sources:			
Local tax	\$ 314,160	\$ 195,068	\$ 509,228
Other	1,001	404	1,405
State sources	-	170	170
Total Revenues	<u>\$ 315,161</u>	<u>\$ 195,642</u>	<u>\$ 510,803</u>
Expenditures:			
Current:			
Support Services:			
Administration services	\$ -	\$ 16,259	\$ 16,259
Operation and maintenance of plant service	-	7,997	7,997
Other Expenditures:			
Facilities acquisition	26,640	18,790	45,430
Total Expenditures	<u>\$ 26,640</u>	<u>\$ 43,046</u>	<u>\$ 69,686</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 288,521	\$ 152,596	\$ 441,117
Other Financing Sources (Uses):			
Operating transfers in (out)	-220,348	-82,450	-302,798
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	\$ 68,173	\$ 70,146	\$ 138,319
Fund balances beginning of year	450,145	43,672	493,817
Fund Balances End of Year	<u>\$ 518,318</u>	<u>\$ 113,818</u>	<u>\$ 632,136</u>

See accompanying independent auditor's report.

## Janesville Consolidated School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2014

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-Fund Transfer	Balance End of Year
Book Fair	\$ 13	\$ 2,689	\$ 2,676	\$ 1	\$ 27
7-12 Secondary Account	1,631	687	1,725	-	593
12 <sup>th</sup> Grade	676	406	1,082	-	-
11 <sup>th</sup> Grade	690	1,453	1,535	1	609
10 <sup>th</sup> Grade	267	807	288	1	787
9 <sup>th</sup> Grade	-	-	-	-	-
Choir/Band Trip	3,208	363	5,400	2,661	832
High School Student Council	464	3,588	2,788	10	1,274
Athletics	20,764	58,602	63,768	-11,949	3,649
Musical	1,215	8,286	3,178	-1	6,322
Pop Machine	266	2,843	3,107	-	2
Interest	813	174	-	-	987
DECA	-	9,036	9,647	611	-
Yearbook	8,327	8,947	5,945	-	11,329
Band Resale	150	1,545	1,665	-1	29
Honor Society	43	1,192	863	-	372
Junior High Student Council	11	-	-	-11	-
Art Fund	737	682	680	-	739
MS Band	198	-	-	-	198
Swing Choir	335	3,923	512	-2,663	1,083
Elementary Activities	2,241	5,715	7,030	-	926
Miscellaneous	-	4,153	4,153	-	-
Technology Fund	-	415	118	-	297
Speech Club	6	-	-	1	7
Revolving Fund	-4	-	-	4	-
Marquee Sign	14,390	-	-	1	14,391
Football	-	18,541	22,401	7,266	3,406
Volleyball	-	11,862	9,584	-	2,278
Boys Basketball	-	770	682	1,304	1,392
Baseball	-	1,130	875	200	455
Boys Track	-	408	540	1,063	931
Girls Basketball	-	2,716	3,024	598	290
Softball	-	3,198	3,225	150	123
Girls Track	-	2,487	1,819	353	1,021
Cross Country	-	759	676	400	483
<b>Total</b>	<b>\$ 56,441</b>	<b>\$ 157,377</b>	<b>\$ 158,986</b>	<b>\$ -</b>	<b>\$ 54,832</b>

**Janesville Consolidated School District**

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

**For the Last Ten Years**

	Modified Accrual Basis			
	2014	2013	2012	2011
<b>Revenues:</b>				
Local Sources:				
Local tax	\$ 1,975,207	\$ 1,877,687	\$ 1,693,206	\$ 1,546,639
Tuition	611,417	669,205	159,950	124,801
Other	245,657	316,263	291,856	222,449
State sources	1,923,755	2,022,635	2,010,461	1,765,918
Federal sources	55,266	86,689	85,936	188,131
<b>Total</b>	<b>\$ 4,811,302</b>	<b>\$ 4,972,479</b>	<b>\$ 4,241,409</b>	<b>\$ 3,847,938</b>
<b>Expenditures:</b>				
Instruction:				
Regular instruction	\$ 2,087,627	\$ 2,089,994	\$ 2,304,185	\$ 2,029,218
Special instruction	317,841	406,961	426,325	426,565
Other instruction	353,688	370,508	340,299	353,033
Support services:				
Student services	34,081	69,341	45,952	26,401
Instructional staff services	31,531	30,677	45,956	17,562
Administrative services	478,497	435,527	479,134	361,407
Operation and maintenance of plant services	261,620	243,595	235,966	242,654
Transportation services	169,534	148,587	171,939	181,171
Community service	-	-	-	1,209
Other expenditures:				
Facilities acquisition	45,430	53,842	1,007,898	662,467
Long-term debt:				
Principal	202,491	195,125	225,207	136,815
Interest and other charges	100,307	106,393	116,304	59,440
AEA flow-through	148,146	144,177	147,975	152,063
<b>Total</b>	<b>\$ 4,230,793</b>	<b>\$ 4,294,727</b>	<b>\$ 5,547,140</b>	<b>\$ 4,650,005</b>

See accompanying independent auditor's report.

## Modified Accrual Basis

2010	2009	2008	2007	2006	2005
\$ 1,550,266	\$ 1,486,626	\$ 1,428,595	\$ 1,365,558	\$ 1,293,783	\$ 1,216,625
124,850	136,737	166,772	132,999	117,732	107,834
214,180	245,609	234,050	294,063	249,477	292,773
1,438,228	1,730,143	1,699,638	1,610,246	1,580,463	1,488,740
276,175	141,138	102,976	96,770	55,451	66,830
<u>\$ 3,603,699</u>	<u>\$ 3,740,253</u>	<u>\$ 3,632,031</u>	<u>\$ 3,499,636</u>	<u>\$ 3,296,906</u>	<u>\$ 3,172,802</u>
\$ 1,758,815	\$ 1,649,683	\$ 1,559,627	\$ 1,573,567	\$ 1,452,592	\$ 1,492,098
406,536	345,086	377,495	335,331	285,007	281,963
311,231	246,288	175,580	174,201	206,118	222,993
66,400	75,510	54,011	50,086	49,502	39,484
32,791	28,540	26,036	29,506	38,679	44,197
381,524	401,722	365,434	337,623	337,187	306,140
231,165	214,769	246,267	228,308	243,661	204,484
131,435	141,034	138,877	142,231	126,865	97,008
326	-	100	-	-	-
441,274	179,246	1,329,753	769,037	124,770	129,043
110,000	1,600,000	20,612	19,649	42,207	19,699
49,491	68,400	69,410	47,306	926	1,812
143,134	126,729	119,377	112,250	107,248	100,227
<u>\$ 4,064,122</u>	<u>\$ 5,077,007</u>	<u>\$ 4,482,579</u>	<u>\$ 3,819,095</u>	<u>\$ 3,014,762</u>	<u>\$ 2,939,148</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  
Janesville Consolidated School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District as of and for the year ended June 30, 2014, and related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 24, 2015.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be 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 deficiencies in internal control I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-14 through I-F-14 to be material weaknesses.

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-G-14 to be a significant deficiency.

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

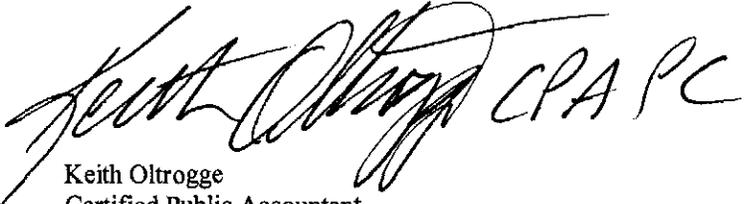
## Janesville Consolidated School District's Responses to the Findings

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

## Purpose of this Report

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

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



Keith Oltrogge  
Certified Public Accountant

February 24, 2015

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2014

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**INTERNAL CONTROL DEFICIENCIES:**

I-A-14 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the same individual is responsible for preparation of checks and deposits, recording the transaction in the journals, and reconciling the bank statement.

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

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

Conclusion – Response accepted.

I-B-14 Supporting Documentation – I noted seven instances of checks being written to a vendor without an invoice or supporting documentation.

Recommendation – The District should review their procedures that are in place to ensure that all bills are supported, approved, and paid from an invoice. The District should adopt processes and procedures to use when an invoice may not be available, such as requiring additional approval or support documentation other than the invoice.

Response – The District will review its procedures to ensure invoices are provided for all payments.

Conclusion – Response acknowledged.

I-C-14 Disbursement Approval – For 24 of 41 general fund, 8 of 23 student activity and 7 of 7 nutrition fund disbursements tested, there was no evidence to document the date the Superintendent approved the expenditures.

Recommendation – The District should ensure all expenditures are properly approved. The District should maintain documentation of the Superintendent's approval of claims for payment, such as the Superintendent's initials and date of approval.

Response – We will ensure all expenditures are properly approved and will maintain documentation of the approval.

Conclusion – Response acknowledged.

**Janesville Consolidated School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

**Part I – Findings Related to the Financial Statements (continued)**

**INTERNAL CONTROL DEFICIENCIES:**

I-D-14 Timecards – The District requires hourly employees to submit timecards. However, 2 of the 9 timecards tested were not approved by the employee’s supervisor.

Recommendation – The District should development a policy to require timecards to be approved by the employee’s supervisor prior to submission.

Response and Corrective Action Plan – Time cards are now being approved by the supervisor.

Conclusion – Response acknowledged.

I-E-14 Supporting Documentation for Meal Money – I noted during my audit instances of students receiving meal money during District sponsored trips. However, there was no documentation as to who received funds and/or the amount of funds received.

Recommendation – The District should document who receives cash when going on trips. The District should have a list of who received the cash and the amount. The students should sign off upon receiving cash for a trip. The District should review the procedures in place and implement controls to ensure documentation is gathered to support the check written for cash needed for the trip.

Response – The District will document who is receiving cash by having the students sign that they have received the money.

Conclusion – Response acknowledged.

I-F-14 School Nutrition Fund Accounts – I noted the Enterprise, School Nutrition Fund revenue and expenses classifications as required by the Iowa Department of Education were not accurately recorded in the general ledger. The District records student meal deposits as student lunch revenue and then allocates the breakfast, adult and ala carte revenues at year end. The District records food costs in one account and then allocates them at year end.

Recommendation – The District should record meal deposits in an unearned revenue liability account. On a monthly basis, the District should recognize the amount of meals served as revenue and record these in their applicable meal revenue category to ensure more accurate revenue classifications. The District should record expenses for food in the correct accounts as the purchases are made.

Response – We are implementing changes in procedures for fiscal year 2015 which will correct this problem.

Conclusion – Response accepted.

**Janesville Consolidated School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

**Part I – Findings Related to the Financial Statements (continued)**

**INTERNAL CONTROL DEFICIENCIES:**

I-G-14 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District’s financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is 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.

**Janesville Consolidated School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

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

II-A-14 Certified Budget – Expenditures for the year ended June 30, 2014 did not exceed the certified budget.

II-B-14 Questionable Expenditures – Certain disbursements were noted I believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
General Fund:		
Wal-mart	I-tunes gift cards	\$50.00
Employee	Reimbursement Merry Maids Cleaning	\$312.50
Activity Fund:		
Pizza Ranch	Coaches meals	\$49.00
Hy-Vee	Teachers in-service	\$187.17
Employee	Reimburse I-tunes gift cards	\$50.00
Employee	Reimburse drinks for interviews	\$13.67

Recommendation – The District should review Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1) for the allowability of expenditures. When the District purchases items such as food for teacher appreciation, these purchases would be more appropriate from the General Fund as long as public purpose is documented and the items are de minimis according to Internal Revenue Service Publication 15-B. Additionally, the Board of Directors should approve the purchase of such items prior to the expenditure and document the public purpose derived.

Gift cards are not appropriate district purchases since Iowa Code Section 279.29 requires districts to “audit and allow” all bills and the gift card does not provide the Board with the ability to perform the required function of approval of the final purchase. Also, some of the gift cards are for restaurants or establishments which may have items which are not an allowable purchase with public funds. Without knowing the ultimate purchase, I do not believe that the District can comply with Chapter 279.29.

Response – Beginning in fiscal 2015, the District will not make any purchases for teacher appreciation supplies or other items that are not appropriate, and will have supporting documentation for all purchases.

Conclusion – Response acknowledged.

II-C-14 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. A travel advance to a District employee was noted.

Recommendation – The District should review its travel policy for travel advances.

Response – We will review our travel policy.

Conclusion – Response acknowledged.

**Janesville Consolidated School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

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

II-D-14 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title &amp; Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Richard White – Employee, Owner of Whitey’s Auto	Bus wash/Repairs	\$106

In accordance with an Attorney General’s opinion date November 9, 1976, the above transaction does not appear to represent a conflict of interest.

II-E-14 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-14 Board Approval – I noted two transactions requiring Board approval which were not approved by the Board.

Recommendation – The District should ensure the Board approves all disbursements before they are made.

Response – The District will increase monitoring of disbursements and approval by the Board.

Conclusion – Response accepted.

Signing of Minutes – I noted that the board minutes were not signed by the Board Secretary or Board President.

Recommendation – The Board President and Board Secretary should sign all approved Board minutes as recommended in Chapter 3 of the Uniform Administrative Procedures for Iowa School Districts and AEA Officials.

Response – The Board President and Board Secretary will sign all minutes of board meetings in the future.

Conclusion – Response accepted.

II-G-14 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-14 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-14 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-14 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.

**Janesville Consolidated School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

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

II-K-14 Student Activity Fund – The Student Activity Fund includes accounts which should have been reclassified by a residual equity transfer in prior years in order for the fund to conform to U.S. generally accepted accounting principles in accordance with Chapter 257.31(4) of the Code of Iowa. This account is the Miscellaneous Account.

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

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

Conclusion – Response accepted.

II-L-14 Categorical Funding – No instances were noted of categorical funding being used to supplant rather the supplement other funds.

II-M-14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	450,145
Revenues/transfers in:			
Sales tax revenues	\$	258,749	
Other local revenues		1,001	
School infrastructure supplemental amount		55,411	315,161
			<hr/> 765,306
Expenditures/transfer out:			
School infrastructure	\$	26,640	
Transfers to other funds:			
Debt service fund		220,348	246,988
			<hr/> 246,988
Ending balance		\$	<hr/> 518,318

For the year ended June 30, 2014, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 1.8056	\$ 314,160
Physical plant and equipment levy	0.6733	156,929
Public educational and recreational levy	-	-

**Janesville Consolidated School District**

**Schedule of Findings**

**Year Ended June 30, 2014**

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

II-N-14 Enterprise Fund, School Nutrition – I noted in my testing of revenues for the Enterprise Fund, School Nutrition that the District records all meal sales and related revenues into one general ledger account for sale of student lunches. The matching expenses were also just recorded in one food purchase account.

Recommendation – The Iowa Department of Education requires any school district operating as a school authority to utilize the uniform chart of accounts in Iowa to record and track meal revenues and expenses. The District should record all meal account deposits to an unearned revenue account, then periodically allocate the earned portion of meal deposits to the proper accounts, including student lunches, student breakfasts, ala carte and adult lunches and breakfasts. Matching expenses also need to be recorded. This would allow the District to better track meal revenues and expenses and protect the underlying assets. It would also bring the District into compliance with Iowa Department of Education guidelines.

Response – We will properly adjust our revenue and expense recognition and coding in the School Nutrition Fund to comply with the Iowa Department of Education requirements.

Conclusion – Response accepted.

II-O-14 Sales Tax – Sales tax was paid by the District on two disbursements tested.

Recommendation – Supporting documentation should be reviewed carefully before disbursements are made.

Response – We will review all invoices for sales tax before payments are made.

Conclusion – Response acknowledged.

II-P-14 Physical Plant and Equipment Levy (PPEL) Expenditures – I noted during my audit that the District made purchases from the PPEL Fund which do not appear to be in compliance with Chapter 423 and 298.3 of the Code of Iowa. These expenditures were corrected to the proper fund before year end.

Recommendation – Inappropriate uses of the PPEL Fund include any other purpose not expressly authorized in the Iowa Code. The District should review Chapter 423 and Chapter 289 of the Code of Iowa for the allowability of expenditures from the PPEL Fund.

Response – The District will review Chapter 423 and 298 of the Code of Iowa.

Conclusion – Response accepted.

II-Q-14 Form 1099 – I noted that not all required 1099 forms were done.

Recommendation – The District should review the calendar year vendor history reports from all funds for possible 1099s for independent contractor payments over \$600 to comply with federal regulations.

Response – We will review all vendor history lists at year end and prepare 1099s as required.

Conclusion – Response accepted.