

Jesup Community 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
Jesup Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Jesup Community School District, Jesup, Iowa, as of and for the year ended June 30, 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 Jesup Community 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 that Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 39 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

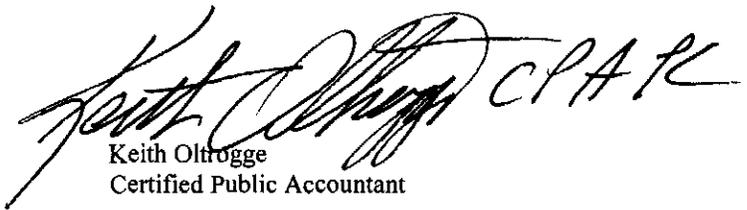
Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jesup Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, 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 11, 2015 on my consideration of Jesup Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jesup Community School District's internal control over financial reporting and compliance.



Keith Oltrogge
Certified Public Accountant

February 11, 2015

Jesup Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

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

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,091,333 in fiscal 2013 to \$8,465,104 in fiscal 2014, while General Fund expenditures increased from \$8,402,029 in fiscal 2013 to \$8,921,429 in fiscal 2014. The District's General Fund balance decreased from adjusted \$911,266 in fiscal year 2013 to \$456,441 in fiscal year 2014, a 49.9% decrease.
- The increase in General Fund revenues was attributable to an increase in local revenues in fiscal year 2014.
- The increase in the General Fund expenditures was due primarily to the increase in instruction and support services.
- The District's solvency ratio decreased from 9.3% in 2013 to 3.4% in fiscal 2014. The District's solvency level indicates the District's ability to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

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

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

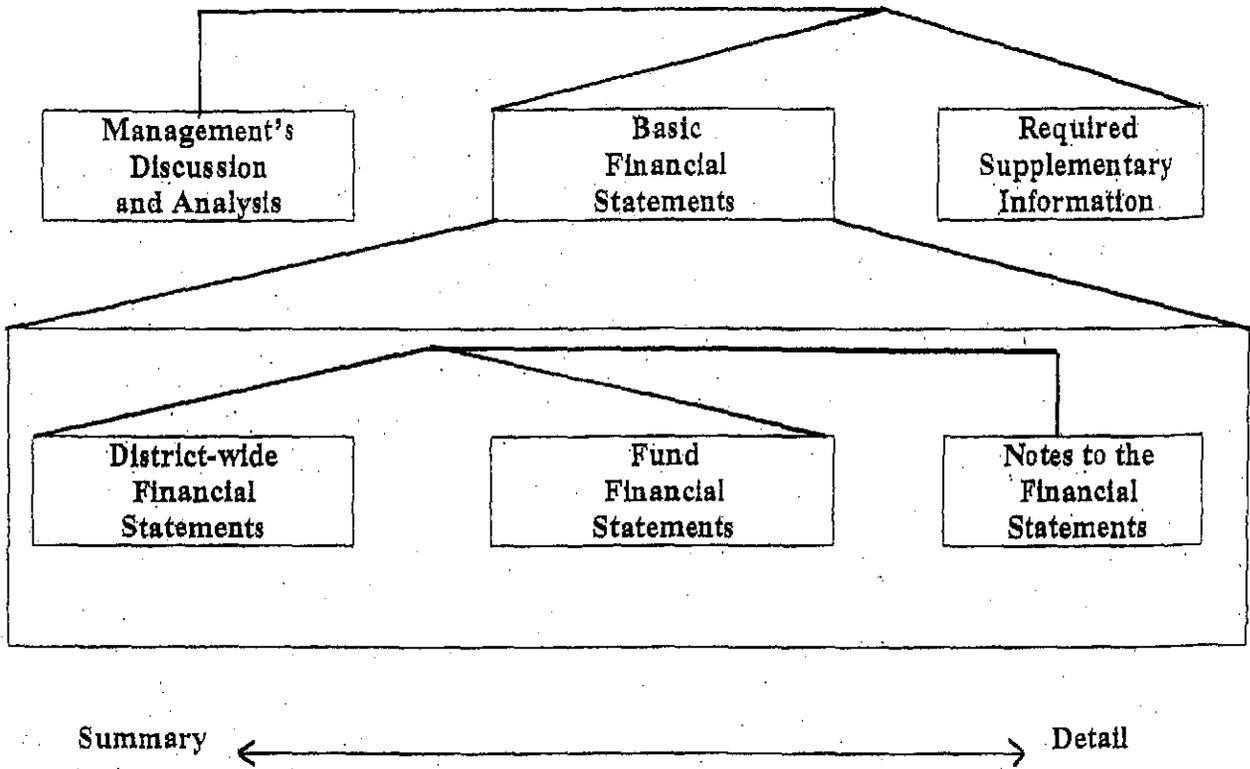


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, 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 it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

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

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects Fund and Debt Service 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's currently has three Enterprise Funds: the School Nutrition Fund, Community Recreation Fund and Student Construction Fund.

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

- 3) Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Trust Fund and an Agency Fund.
- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
 - Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

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	\$10,418,029	\$13,346,292	\$130,969	\$112,937	\$10,548,998	\$13,459,229	-21.6%
Capital assets	13,087,686	9,331,271	30,923	33,925	13,118,609	9,365,196	40.1%
Total assets	\$23,505,715	\$22,677,563	\$161,892	\$146,862	\$23,667,607	\$22,824,425	3.7%
Long-term liabilities	\$10,779,302	\$11,027,332	\$-	\$-	\$10,779,302	\$11,027,332	-2.3%
Other liabilities	1,855,226	1,064,711	21,189	28,344	1,876,415	1,093,055	71.7%
Total liabilities	\$12,634,528	\$12,092,043	\$21,189	\$28,344	\$12,655,717	\$12,120,387	4.4%
Deferred inflows of resources	\$3,295,962	\$3,187,465	\$-	\$-	\$3,295,962	\$3,187,465	3.4%
Net position:							
Net investment in capital assets	\$2,512,686	-\$1,538,729	\$30,923	\$33,925	\$2,543,609	-\$1,504,804	269.0%
Restricted	5,596,850	8,426,385	-	-	5,596,850	8,426,385	33.6%
Unrestricted	-543,150	500,299	118,619	94,693	-424,531	594,992	-171.4%
Total net position	\$7,566,386	\$7,387,955	\$149,542	\$128,618	\$7,715,928	\$7,516,573	2.7%

The District’s combined net position increased by nearly 3%, or \$199,355, over the prior year. The largest portion of the District’s net position is in restricted 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 decreased \$2,829,535, or 33.6% over the prior year, due to the facilities acquisition in the Capital Projects Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$1,019,523, or 171.4% due in part to \$544,711 in Other Capital Project Fund expenditures exceeding revenue and \$454,825 general fund expenditures exceeding revenue.

Figure A-4 shows the change 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
Revenues:							
Program revenues:							
Charges for service	\$823,520	\$688,911	\$346,669	\$297,118	\$1,170,189	\$986,029	18.7%
Operating grants, contributions and restricted interest	1,359,811	1,148,273	167,969	156,589	1,527,780	1,304,862	17.1%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	3,187,232	3,022,463	-	-	3,187,232	3,022,463	5.5%
Statewide sales, service and use tax	789,213	591,727	-	-	789,213	591,727	33.4%
Unrestricted state grants	3,979,773	4,162,770	-	-	3,979,773	4,162,770	-4.4%
Unrestricted investment earnings	34,002	44,905	421	376	34,423	45,281	24.0%
Other	165,860	100,583	4,838	-	170,698	100,583	69.7%
Total revenues	\$10,339,411	\$9,759,632	\$519,897	\$454,083	\$10,859,308	\$10,213,715	6.3%
Program expenses:							
Governmental activities:							
Instruction	\$6,797,541	\$6,450,575	\$35,887	\$-	\$6,833,428	\$6,450,575	5.9%
Support services	2,544,616	2,356,361	-	-	2,544,616	2,356,361	8.0%
Non-instructional programs	2,798	-	463,086	516,013	465,884	516,013	-9.7%
Other expenses	815,948	608,912	-	-	815,948	608,912	34.0%
Total expenses	\$10,160,903	\$9,415,848	\$498,973	\$516,013	\$10,659,876	\$9,931,861	7.3%
Change in net position	\$178,508	\$343,784	\$20,924	-\$61,930	\$199,432	\$281,854	-29.3%
Net position, beginning of year	\$7,387,955	\$7,041,957	\$128,618	\$190,548	\$7,516,573	\$7,232,505	3.9%
Prior period adjustment	-77	2,214	-	-	-77	2,214	-103.5%
Adjusted net position, beginning of year	\$7,387,878	\$7,044,171	\$128,618	\$190,548	\$7,516,496	\$7,234,719	3.9%
Net position, end of year	\$7,566,386	7,387,955	\$149,542	\$128,618	\$7,715,928	\$7,516,573	2.7%

In fiscal year 2014, property tax and unrestricted state grants account for 66% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99% of business type activities revenue.

The District's total revenues were approximately \$10.8 million, of which approximately \$10.3 million was for governmental activities and less than \$0.5 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 6.3% increase in revenues and a 7.3% increase in expenses. Property tax increased approximately \$165,000.

Governmental Activities

Revenues for governmental activities were \$10,339,411 and expenses were \$1,016,903 for the year ended June 30, 2014.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2014 compared to the year ended June 30, 2013.

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	\$6,797,541	\$6,450,575	5.4%	\$4,673,384	\$4,660,342	0.3%
Support services	2,544,616	2,356,361	8.0%	2,485,442	2,309,410	7.6%
Non-instructional programs	2,798	-	100%	2,798	-	100%
Other expenses	815,948	608,912	34.0%	815,948	608,912	34.0%
Totals	\$10,160,903	\$9,415,848	7.9%	\$7,977,572	\$7,578,664	5.3%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$1,170,189.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,527,780.
- The net cost of governmental activities was financed with \$3,976,445 in property and other taxes and \$3,979,773 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$519,897 and expenses were \$498,973. The District's business type activities include the School Nutrition Fund, Community Rec Programs Fund and Student Construction Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$7,566,386, well above last year's adjusted ending fund balances of \$7,387,878.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of many factors. The decrease during the year in local sources resulted in a decrease in revenues. Also, there was increases in expenditures.
- The General Fund adjusted balance decreased from \$911,266 to \$456,441, due, in part, to the increase in expenditures.
- The Capital Projects Fund balance decreased from \$7,941,406 to \$4,547,333 due, in part, to the facilities acquisitions.
- The Debt Service Fund balance increased from \$53,877 to \$90211 due to the increase in property taxes collected.

Proprietary Fund Highlights

- School Nutrition Fund net position increased from \$55,380 to \$82,318 at June 30, 2014, due, in part to the decrease in expenditures and the increase in revenue.
- Community Rec Programs Fund net position decreased from \$73,238 to \$65,359 at June 30, 2014 due to the decrease in revenue.

BUDGETARY HIGHLIGHTS

The District's receipts were \$338,811 more than budgeted receipts, a variance of 3.2%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$13,118,609, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 40.1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$449,896.

The original cost of the District's capital assets was \$21,100,693. Governmental funds account for \$21,043,571, with the remainder of \$57,122 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the improvements other than buildings category. This significant increase resulted from the completion of the Bus Barn Maintenance Facility and Athletic Field Improvements (Track Field).

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	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	-
Construction in process	3,754,260	1,201,020	-	-	3,754,260	1,201,020	212.6%
Buildings	7,543,926	7,093,724	-	-	7,543,926	7,093,724	6.3%
Improvements other than buildings	1,294,966	317,199	-	-	1,294,966	317,199	308.3%
Furniture and equipment	461,034	685,828	30,923	33,925	491,957	719,753	-31.7%
Totals	\$13,087,686	\$9,331,271	\$30,923	\$33,925	\$13,118,609	\$9,365,196	40.1%

Long-Term Debt

At June 30, 2014, the District had \$10,575,000 in general obligation and revenue bonds outstanding. This represents a decrease of 2.7% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$21.1 million.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,	June 30,	June 30,
	2014	2013	2013-2014
General obligation bonds	\$7,805,000	\$7,805,000	-
Revenue bonds	2,770,000	3,065,000	-9.6%
Totals	\$10,575,000	\$10,870,000	-2.7%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Jesup Community School District

Statement of Net Position

June 30, 2014

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 6,684,988	\$ 127,773	\$ 6,812,761
Receivables:			
Property tax:			
Delinquent	22,716	-	22,716
Succeeding year	3,295,962	-	3,295,962
Accounts	18,526	542	19,068
Due from other governments	395,837	35	395,872
Inventories	-	2,619	2,619
Capital assets, net of accumulated depreciation	13,087,686	30,923	13,118,609
Total Assets	\$ 23,505,715	\$ 161,892	\$ 23,667,607
Liabilities			
Excess of warrants issued over bank balance	\$ 544,711	\$ -	\$ 544,711
Accounts payable	432,519	3,435	435,954
Salaries and benefits payable	780,219	8,411	788,630
Accrued interest payable	97,774	-	97,774
Due to other governments	3	-	3
Unearned revenue	-	9,343	9,343
Long-term liabilities:			
Portion due within one year:			
Revenue bond payable	325,000	-	325,000
General obligation bonds payable	295,000	-	295,000
Portion due after one year:			
Revenue bonds payable	7,480,000	-	7,480,000
General obligation bonds payable	2,475,000	-	2,475,000
Net OPEB liability	204,302	-	204,302
Total Liabilities	\$ 12,634,528	\$ 21,189	\$ 12,655,717
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 3,295,962	\$ -	\$ 3,295,962
Net Position			
Net investment in capital assets	\$ 2,512,686	\$ 30,923	\$ 2,543,609
Restricted for:			
Categorical funding	152,804	-	152,804
Management levy purposes	129,065	-	129,065
Physical plant and equipment	149,233	-	149,233
Student activities	132,726	-	132,726
Debt service	90,211	-	90,211
Capital projects	4,942,811	-	4,942,811
Unrestricted	-543,150	118,619	-424,531
Total Net Position	\$ 7,566,386	\$ 149,542	\$ 7,715,928

See notes to financial statements.

Jesup Community School District

Statement of Activities

Year Ended June 30, 2014

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 4,504,123	\$ 451,081	\$ 1,121,009	\$ -
Special instruction	1,095,342	25,581	82,138	-
Other instruction	1,198,076	341,267	103,081	-
	<u>\$ 6,797,541</u>	<u>\$ 817,929</u>	<u>\$ 1,306,228</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 158,783	\$ -	\$ 5,197	\$ -
Instructional staff services	273,411	-	-	-
Administration services	946,071	-	-	-
Operation and maintenance of plant services	732,403	550	48,386	-
Transportation services	433,948	5,041	-	-
	<u>\$ 2,544,616</u>	<u>\$ 5,591</u>	<u>\$ 53,583</u>	<u>\$ -</u>
Non-instructional programs	<u>\$ 2,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 210,563	\$ -	\$ -	\$ -
Long-term debt interest	224,403	-	-	-
AEA flow-through	380,982	-	-	-
	<u>\$ 815,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 10,160,903</u>	<u>\$ 823,520</u>	<u>\$ 1,359,811</u>	<u>\$ -</u>
Business Type Activities:				
Instruction:				
Student construction	\$ 1,310	\$ 3,175	\$ -	\$ -
Community rec programs	34,577	37,962	-	-
	<u>\$ 35,887</u>	<u>\$ 41,137</u>	<u>\$ -</u>	<u>\$ -</u>
Non-Instructional:				
Food service operations	\$ 381,792	\$ 240,340	\$ 167,969	\$ -
Community rec programs	81,294	65,192	-	-
	<u>\$ 463,086</u>	<u>\$ 305,532</u>	<u>\$ 167,969</u>	<u>\$ -</u>
Total Business Type Activities	<u>\$ 498,973</u>	<u>\$ 346,669</u>	<u>\$ 167,969</u>	<u>\$ -</u>
Total	<u>\$ 10,659,876</u>	<u>\$ 1,170,189</u>	<u>\$ 1,527,780</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -2,932,033	\$ -	\$ -2,932,033
-987,623	-	-987,623
-753,728	-	-753,728
<u>\$ -4,673,384</u>	<u>\$ -</u>	<u>\$ -4,673,384</u>
\$ -153,586	\$ -	\$ -153,586
-273,411	-	-273,411
-946,071	-	-946,071
-683,467	-	-683,467
-428,907	-	-428,907
<u>\$ -2,485,442</u>	<u>\$ -</u>	<u>\$ -2,485,442</u>
\$ -2,798	\$ -	\$ -2,798
\$ -210,563	\$ -	\$ -210,563
-224,403	-	-224,403
-380,982	-	-380,982
<u>\$ -815,948</u>	<u>\$ -</u>	<u>\$ -815,948</u>
<u>\$ -7,977,572</u>	<u>\$ -</u>	<u>\$ -7,977,572</u>
\$ -	\$ 1,865	\$ 1,865
-	3,385	3,385
-	5,250	5,250
\$ -	\$ 26,517	\$ 26,517
-	-16,102	-16,102
<u>\$ -</u>	<u>\$ 10,415</u>	<u>\$ 10,415</u>
\$ -	\$ 15,665	\$ 15,665
<u>\$ -7,977,572</u>	<u>\$ 15,665</u>	<u>\$ -7,961,907</u>

Jesup Community 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
General Revenues:			
Property Tax Levied For:			
General purposes			
Debt service			
Capital outlay			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total General Revenues			
Change in net position			
Net position beginning of year			
Prior period adjustment			
Adjusted net position beginning of year			
Net Position End of Year			

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ 2,735,414	\$ -	\$ 2,735,414
370,206	-	370,206
81,612	-	81,612
789,213	-	789,213
3,979,773	-	3,979,773
34,002	421	34,423
165,860	4,838	170,698
<hr/>		
\$ 8,156,080	\$ 5,259	\$ 8,161,339
<hr/>		
\$ 178,508	\$ 20,924	\$ 199,432
\$ 7,387,955	\$ 128,618	\$ 7,516,573
-77	-	-77
<hr/>		
\$ 7,387,878	\$ 128,618	\$ 7,516,496
<hr/>		
\$ 7,566,386	\$ 149,542	\$ 7,715,928

Jesup Community School District

**Balance Sheet
Governmental Funds**

June 30, 2014

Assets	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash, cash equivalents and pooled investments	\$ 1,204,330	\$ 87,578	\$ 5,126,959
Receivables:			
Property Tax:			
Delinquent	18,362	2,633	580
Succeeding year	2,718,406	333,188	84,369
Accounts	18,526	-	-
Due from other governments	98,232	-	297,605
	<hr/>		
Total assets	\$ 4,057,856	\$ 423,399	\$ 5,509,513
	<hr/>		
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Excess of warrants issued over bank balance	\$ -	\$ -	\$ 544,711
Due to other funds	8,839	-	-
Accounts payable	93,948	-	333,100
Salaries and benefits payable	780,219	-	-
Due to other governments	3	-	-
	<hr/>		
Total liabilities	\$ 883,009	\$ -	\$ 877,811
	<hr/>		
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ 2,718,406	\$ 333,188	\$ 84,369
	<hr/>		
Total deferred inflows of resources	\$ 2,718,406	\$ 333,188	\$ 84,369
	<hr/>		
Fund Balances:			
Restricted for:			
Categorical funding	\$ 152,804	\$ -	\$ -
Debt service	-	90,211	-
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	4,942,811
Physical plant and equipment	-	-	149,233
Unassigned	303,637	-	-544,711
	<hr/>		
Total fund balances	\$ 456,441	\$ 90,211	\$ 4,547,333
	<hr/>		
Total liabilities, deferred inflows of resources and fund balances	\$ 4,057,856	\$ 423,399	\$ 5,509,513
	<hr/>		

See notes to financial statements.

Non-Major Funds		Total
\$	266,121	\$ 6,684,988
	1,141	22,716
	159,999	3,295,962
	-	18,526
	-	395,837
<u>\$</u>	<u>427,261</u>	<u>\$ 10,418,029</u>

\$	-	\$ 544,711
	-	8,839
	5,471	432,519
	-	780,219
	-	3
<u>\$</u>	<u>5,471</u>	<u>\$ 1,766,291</u>

<u>\$</u>	<u>159,999</u>	<u>\$ 3,295,962</u>
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<u>\$</u>	<u>159,999</u>	<u>\$ 3,295,962</u>
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\$	-	\$ 152,804
	-	90,211
	129,065	129,065
	132,726	132,726
	-	4,942,811
	-	149,233
	-	-241,074
<u>\$</u>	<u>261,791</u>	<u>\$ 5,355,776</u>

<u>\$</u>	<u>427,261</u>	<u>\$ 10,418,029</u>
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See notes to financial statements.

Jesup Community 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)	\$ 5,355,776
<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	13,087,686
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	-97,774
Long-term liabilities, including bonds and notes payable, compensated absences payable, and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds	<u>-10,779,302</u>
Net position of governmental activities (page 13)	<u>\$ 7,566,386</u>

See notes to financial statements.

Jesup Community School District

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

Year Ended June 30, 2014

	General	Debt Service	Capital Projects	Non-Major Funds	Total
Revenues:					
Local Sources:					
Local tax	\$ 2,575,426	\$ 370,206	\$ 870,825	\$ 159,988	\$ 3,976,445
Tuition	446,976	-	-	-	446,976
Other	103,417	462	135,663	336,864	576,406
Intermediate sources	-	-	-	-	-
State sources	5,116,551	181	40	78	5,116,850
Federal sources	222,734	-	-	-	222,734
Total Revenues	\$ 8,465,104	\$ 370,849	\$ 1,006,528	\$ 496,930	\$ 10,339,411
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 4,043,600	\$ -	\$ -	\$ 69,995	\$ 4,113,595
Special instruction	1,097,611	-	-	-	1,097,611
Other instruction	899,416	-	-	308,938	1,208,354
	6,040,627	\$ -	\$ -	\$ 378,933	\$ 6,419,560
Support Services:					
Student services	\$ 150,627	\$ -	\$ -	\$ 7,609	\$ 158,236
Instructional staff services	323,404	-	-	845	324,249
Administration services	934,678	-	30	6,764	941,472
Operation and maintenance of plant services	684,402	-	-	44,817	729,219
Transportation services	406,709	-	-	8,937	415,646
	\$ 2,499,820	\$ -	\$ 30	\$ 68,972	\$ 2,568,822
Other Expenditures:					
Facilities acquisition	\$ -	\$ -	\$ 4,276,581	\$ -	\$ 4,276,581
Long-Term Debt:					
Principal	-	295,000	-	-	295,000
Interest and fiscal charges	-	162,505	1,000	-	163,505
AEA flow-through	380,982	-	-	-	380,982
	\$ 380,982	\$ 457,505	\$ 4,277,581	\$ -	\$ 5,116,068
Total Expenditures	\$ 8,921,429	\$ 457,505	\$ 4,277,611	\$ 447,905	\$ 14,104,450

Jesup Community School District

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

Year Ended June 30, 2014

	General	Debt Service	Capital Projects	Non-Major Funds	Total
Excess (deficiency) of revenues over (under) expenditures	\$ -456,325	\$ -86,656	\$ -3,271,083	\$ 49,025	\$ -3,765,039
Other Financing Sources (Uses): Operating transfers in (out)	\$ 1,500	\$ 122,990	\$ -122,990	\$ -1,500	\$ -
Net change in fund balances	\$ -454,825	\$ 36,334	\$ -3,394,073	\$ 47,525	\$ -3,765,039
Fund balances beginning of year	\$ 911,343	\$ 53,877	\$ 7,941,406	\$ 214,266	\$ 9,120,892
Prior period adjustment	-77	-	-	-	-77
Adjusted fund balances beginning of year	\$ 911,266	\$ 53,877	\$ 7,941,406	\$ 214,266	\$ 9,120,815
Fund balances end of year	\$ 456,441	\$ 90,211	\$ 4,547,333	\$ 261,791	\$ 5,355,776

See notes to financial statements.

Jesup Community School District

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

Year Ended June 30, 2014

Net change in fund balances – total governmental funds (page 19) \$ -3,765,039

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/amortization expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 4,448,491	
Depreciation expense	-449,896	
Capital asset adjustment	<u>-242,180</u>	3,756,415

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

Repaid	295,000
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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.

-60,898

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

Other postemployment benefits	<u>-46,970</u>
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Change in Net Position of Governmental Activities (page 15) \$ 178,508

Jesup Community School District

Statement of Net Position
Proprietary Funds

June 30, 2014

	Community Rec Program	School Nutrition	Non-Major Student Construction	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 67,520	\$ 58,388	\$ 1,865	\$ 127,773
Due from other funds	8,839	343	-	9,182
Intergovernmental receivable	-	35	-	35
Accounts receivable	462	80	-	542
Inventories	-	2,619	-	2,619
Total current assets	\$ 76,821	\$ 61,465	\$ 1,865	\$ 140,151
Non-Current Assets:				
Capital assets, net of accumulated depreciation	\$ -	\$ 30,923	\$ -	\$ 30,923
Total non-current assets	\$ -	\$ 30,923	\$ -	\$ 30,923
Total Assets	\$ 76,821	\$ 92,388	\$ 1,865	\$ 171,074
Liabilities				
Current Liabilities				
Accounts payable	\$ 3,376	\$ 59	\$ -	\$ 3,435
Due to other funds	343	-	-	343
Salaries and benefits payable	7,743	668	-	8,411
Unearned revenue	-	9,343	-	9,343
Total current liabilities	\$ 11,462	\$ 10,070	\$ -	\$ 21,532
Total Liabilities	\$ 11,462	\$ 10,070	\$ -	\$ 21,532
Net Position				
Net investment in capital assets	\$ -	\$ 30,923	\$ -	\$ 30,923
Unrestricted	65,359	51,395	1,865	118,619
Total Net Position	\$ 65,359	\$ 82,318	\$ 1,865	\$ 149,542

Jesup Community School District

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

Year Ended June 30, 2014

	Community Rec Programs	School Nutrition	Non-Major Student Construction	Total
Operating revenues:				
Local sources:				
Charges for service	\$ 103,154	\$ 240,340	\$ 3,175	\$ 346,669
Contributions/Donations	4,838	-	-	4,838
	<u>\$ 107,992</u>	<u>\$ 240,340</u>	<u>\$ 3,175</u>	<u>\$ 351,507</u>
Operating expenses:				
Other instruction	\$ 9,627	\$ -	\$ -	\$ 9,627
Purchased services	24,826	-	1,310	26,136
Supplies	-	-	-	-
Other	124	-	-	124
	<u>\$ 34,577</u>	<u>\$ -</u>	<u>\$ 1,310</u>	<u>\$ 35,887</u>
Non-instructional programs:				
Operations:				
Salaries	\$ 57,980	\$ 129,025	\$ -	\$ 187,005
Benefits	13,228	21,342	-	34,570
Purchased services	-	2,041	-	2,041
Supplies	10,086	224,516	-	234,602
Depreciation	-	4,868	-	4,868
	<u>\$ 81,294</u>	<u>\$ 381,792</u>	<u>\$ -</u>	<u>\$ 463,086</u>
Total operating expenses	<u>\$ 115,871</u>	<u>\$ 381,792</u>	<u>\$ 1,310</u>	<u>\$ 498,973</u>
Operating income (loss)	<u>\$ -7,879</u>	<u>\$ -141,452</u>	<u>\$ 1,865</u>	<u>\$ -147,466</u>
Non-operating revenues:				
State sources	\$ -	\$ 3,640	\$ -	\$ 3,640
Federal sources	-	164,329	-	164,329
Interest income	-	421	-	421
Total non-operating revenues	<u>\$ -</u>	<u>\$ 168,390</u>	<u>\$ -</u>	<u>\$ 168,390</u>
Change in net position	<u>\$ -7,879</u>	<u>\$ 26,938</u>	<u>\$ 1,865</u>	<u>\$ 20,924</u>
Net position beginning of year	<u>73,238</u>	<u>55,380</u>	<u>-</u>	<u>128,618</u>
Net Position End of Year	<u>\$ 65,359</u>	<u>\$ 82,318</u>	<u>\$ 1,865</u>	<u>\$ 149,542</u>

See notes to financial statements.

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2014

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 242,432
Cash paid to employees for services	-150,818
Cash paid to suppliers for goods or services	-201,265
Net cash used by operating activities	<u>\$ -109,651</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 3,640
Federal grants received	137,562
Net cash provided by non-capital financing activities	<u>\$ 141,202</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -1,867</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 421</u>
Net increase in cash and cash equivalents	\$ 30,105
Cash and cash equivalents beginning of year	<u>28,283</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 58,388</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -141,452
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	26,732
Depreciation	4,868
Increase in inventories	-833
Decrease in accounts receivable	7
Decrease in salaries and benefits payable	-1,086
Increase in unearned revenue	2,054
Increase in accounts payable	<u>59</u>
Net Cash Used by Operating Activities	<u><u>\$ -109,651</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, the District received \$26,732 of federal commodities.

See notes to financial statements.

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2014

	Community Rec Program
Cash flows from operating activities:	
Cash received from services/donations	\$ 107,529
Cash paid to employees for services	-87,058
Cash paid to suppliers for goods or services	-45,832
Net cash used by operating activities	<u>\$ -25,361</u>
Cash flows from non-capital financing activities:	
Interfund	<u>\$ 10,100</u>
Net decrease in cash and cash equivalents	\$ -15,261
Cash and cash equivalents beginning of year	<u>82,781</u>
Cash and Cash Equivalents End of Year	<u>\$ 67,520</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating income	\$ -7,879
Net Cash Used by Operating Activities:	
(Increase) in due from other funds	-8,839
(Increase) in accounts receivable	-462
(Decrease) in salaries and benefits payable	-8,533
Increase in accounts payable	<u>352</u>
Net Cash Used by Operating Activities	<u>\$ -25,361</u>

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2014

	<u>Student Construction</u>
Cash flows from operating activities:	
Cash received from services	\$ 3,175
Cash paid to suppliers for goods or services	-1,310
Net cash provided by operating activities	<u>\$ 1,865</u>
Net increase in cash and cash equivalents	\$ 1,865
Cash and cash equivalents beginning of year	<u>-</u>
Cash and Cash Equivalents End of Year	<u>\$ 1,865</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating income	<u>\$ 1,865</u>
Net Cash Used by Operating Activities	<u>\$ 1,865</u>

Jesup Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2014

	Private Purpose Trust		
	Scholarship		Agency
Assets			
Cash and pooled investments	\$ 8,847	\$	44
Total assets	\$ 8,847	\$	44
Liabilities			
Accounts payable	\$ -	\$	44
Net position			
Reserved for scholarships	\$ 8,847	\$	-

See notes to financial statements.

Jesup Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2014

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest income	\$ 334
Deductions:	
Instruction:	
Scholarships awarded	\$ -
Change in net position	\$ 334
Net position beginning of year	8,513
Net Position, End of Year	\$ 8,847

Jesup Community School District

Notes to the Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position 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 not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

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

The District reports the following major proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Enterprise, Community Rec Program Fund is used to account for the community rec programs of the District.

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 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 were paid 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. During the year ended June 30, 2014, expenditures in the support services function exceeded the amount budgeted.

(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.

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

The detail of inter-fund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Proprietary Fund – School Nutrition Fund	Proprietary Fund – Community Rec Program Fund	\$ 343
Proprietary Fund – Community Rec Program Fund	General Fund	8,839
Total		<u>\$ 9,182</u>

The Proprietary Fund – Community Rec Program Fund owes the School Nutrition Fund for snack reimbursement. The General Fund owes the Community Rec Program Fund for D-Cat salaries and benefits paid from the wrong fund. The balances will be paid by June 30, 2015.

(4) **Inter-fund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Statewide Sales, Services and Use Tax	\$ 122,990
General Fund	Special Revenue – Student Activity Fund	1,500
		<u>\$ 124,490</u>

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

(5) Capital Assets

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

	Balance Beginning Of Year	Increases	Decreases	Re- classified	Balance End Of Year
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 33,500	\$ -	\$ -	\$ -	\$ 33,500
Construction in progress	1,201,020	3,258,968	705,728	-	3,754,260
Total capital assets not being depreciated	<u>\$ 1,234,520</u>	<u>\$ 3,258,968</u>	<u>\$ 705,728</u>	<u>\$ -</u>	<u>\$ 3,787,760</u>
Capital assets being depreciated:					
Buildings	\$ 11,122,353	\$ 695,047	\$ -	\$ -6,925	\$ 11,810,475
Improvements other than buildings	805,117	1,013,564	-	-	1,818,681
Furniture and equipment	3,433,090	186,640	-	6,925	3,626,655
Total capital assets being depreciated	<u>\$ 15,360,560</u>	<u>\$ 1,895,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,255,811</u>
Less accumulated depreciation for:					
Buildings	\$ 4,028,629	\$ 238,762	\$ -	\$ -842	\$ 4,266,549
Improvements other than buildings	487,918	35,797	-	-	523,715
Furniture and equipment	2,747,262	175,337	-	243,022	3,165,621
Total accumulated depreciation	<u>\$ 7,263,809</u>	<u>\$ 449,896</u>	<u>\$ -</u>	<u>\$ 242,180</u>	<u>\$ 7,955,885</u>
Total capital assets being depreciated, net	<u>\$ 8,096,751</u>	<u>\$ 1,445,355</u>	<u>\$ -</u>	<u>\$ -242,180</u>	<u>\$ 9,299,926</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,331,271</u>	<u>\$ 4,704,323</u>	<u>\$ 705,728</u>	<u>\$ -242,180</u>	<u>\$ 13,087,686</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 55,255	\$ 1,867	\$ -	\$ 57,122
Less accumulated depreciation	21,331	4,868	-	26,199
Business Type Activities Capital Assets, Net	<u>\$ 33,924</u>	<u>\$ -3,001</u>	<u>\$ -</u>	<u>\$ 30,923</u>

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 353,391
Special	3,176
Other	27,525

Support services:

Instructional staff	2,979
Administration	2,120
Operation and maintenance of plant	15,441
Transportation	42,466
Non-Instructional	2,798

Total Depreciation Expense – Governmental Activities \$ 449,896

Business Type Activities:

Food service operations	<u>\$ 4,868</u>
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(6) 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
Government Activities:					
Revenue bonds	\$ 7,805,000	\$ -	\$ -	\$ 7,805,000	\$ 325,000
General obligation bonds	3,065,000	-	295,000	2,770,000	295,000
Net OPEB liability	157,332	46,970	-	204,302	-
Total	\$ 11,027,332	\$ 46,970	\$ 295,000	\$ 10,779,302	\$ 620,000

General Obligation Refunding Bonds

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issued March 1, 2012			
	Interest Rate	Principal	Interest	Total
2015	0.60%	\$ 295,000	\$ 37,687	\$ 332,687
2016	0.80%	295,000	35,918	330,918
2017	1.00%	295,000	33,557	328,557
2018	1.25%	305,000	30,608	335,608
2019	1.40%	305,000	26,795	331,795
2020	1.50%	310,000	22,525	332,525
2021	1.70%	315,000	17,875	332,875
2022	1.85%	320,000	12,520	332,520
2023	2.00%	330,000	6,600	336,600
		\$ 2,770,000	\$ 224,085	\$ 2,994,085

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 Issued May 1, 2013			
	Interest Rate	Principal	Interest	Total
2015	2.00%	\$ 325,000	\$ 179,735	\$ 504,735
2016	2.00%	440,000	172,085	612,085
2017	2.00%	445,000	163,235	608,235
2018	2.00%	455,000	154,235	609,235
2019	2.00%	460,000	145,085	605,085
2020	2.00%	465,000	135,835	600,835
2021	2.00%	475,000	126,435	601,435
2022	2.00%	485,000	116,835	601,835
2023	2.00%	490,000	107,085	597,085
2024	2.25%	500,000	96,560	596,560
2025	2.35%	510,000	84,943	594,943
2026	2.55%	525,000	72,256	597,256
2027	2.75%	535,000	58,206	593,206
2028	3.00%	550,000	42,600	592,600
2029	3.00%	565,000	25,875	590,875
2030	3.00%	580,000	8,700	588,700
		\$ 7,805,000	\$ 1,689,705	\$ 9,494,705

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,805,000 of bonds issued in May 2013. The bonds were issued for the purpose of financing a portion of the costs of various projects. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 79% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$9,494,705. For the current year, no principal and \$121,990 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$789,214.

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

- a) \$616,485 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

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

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% 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, 2013 and 2012. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$524,786, \$492,157 and \$438,545, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 82 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$	57,053
Interest on net OPEB obligation		3,936
Adjustment to annual required contribution		-12,143
Annual OPEB cost	\$	48,846
Contributions made		-1,876
Increase in net OPEB obligation	\$	46,970
Net OPEB obligation beginning of year		157,332
Net OPEB obligation end of year	\$	204,302

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 \$706,888 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$43,359	14.8%	\$36,930
June 30, 2011	\$43,976	18.1%	\$72,931
June 30, 2012	\$47,350	20.5%	\$110,561
June 30, 2013	\$50,286	7.0%	\$157,332
June 30, 2014	\$48,846	3.8%	\$204,302

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 \$184,895, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$184,895. The covered payroll (annual payroll of active employees covered by the plan) was \$4,610,164 and the ratio of the UAAL to covered payroll was 24.9%. 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%. An inflation rate of 0% is assumed for the purpose of this computation.

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

Projected claim costs of the medical plan are \$472.09 per month for retirees less than age 65 and \$1,039.87 per month for retirees who have attained age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District’s actual amount for this purpose totaled \$380,982 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.

(11) Categorical Funding

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

Program	Amount
Home School Assistance	\$ 1,725
Professional Development	23,207
Teacher Salary Supplement	10,670
Talented and Gifted	6,894
Core Curriculum	62,168
PWIM	15
At Risk	18,742
Market Factor (08)	2,726
Mentoring	658
Early Reading	18,320
Teacher Leadership	7,679
Total	<u>\$ 152,804</u>

(12) Subsequent Events

The District has evaluated subsequent events through February 11, 2015 which is the date that the financial statement were available to be issued.

(13) Construction Commitments

The District entered into a contract for the construction of an addition to the early childhood center for \$4,241,929. At June 30, 2014, \$3,754,260 was in construction in process with the balance of \$487,669 to be paid as work on the project is completed.

(14) Prior Period Adjustment

The District had a General Fund prior period adjustment of -\$77.

(15) Deficit Balance

The Capital Projects – Other Capital Projects account has a deficit balance of \$544,711. The deficit balance was a result of costs incurred exceeding available revenues.

(16) 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 disclosure 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

Jesup Community School District

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

Required Supplementary Information

Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 4,999,827	\$ 351,928
Intermediate sources	-	-
State sources	5,116,850	3,640
Federal sources	222,734	164,329
Total Receipts	<u>\$ 10,339,411</u>	<u>\$ 519,897</u>
Disbursements:		
Instruction	\$ 6,419,560	\$ 35,887
Support services	2,568,822	-
Non-instructional programs	-	463,086
Other expenditures	5,116,068	-
Total Disbursements	<u>\$ 14,104,450</u>	<u>\$ 498,973</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>\$ -3,765,039</u>	<u>\$ 20,924</u>
Balances beginning of year	\$ 9,120,892	\$ 128,618
Prior period adjustment	-77	-
Adjusted balances beginning of year	<u>\$ 9,120,815</u>	<u>\$ 128,618</u>
Balances End of Year	<u>\$ 5,355,776</u>	<u>\$ 149,542</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	5,351,755	\$ 5,287,347	\$ 64,408
	-	-	-
	5,120,490	4,893,150	227,340
	387,063	340,000	47,063
\$	10,859,308	\$ 10,520,497	\$ 338,811
<hr/>			
\$	6,455,447	\$ 6,835,000	\$ 379,553
	2,568,822	2,498,500	-70,322
	463,086	600,000	136,914
	5,116,068	8,967,933	3,851,865
\$	14,603,423	\$ 18,901,433	\$ 4,298,010
<hr/>			
\$	-3,744,115	\$ -8,380,936	\$ 4,636,821
<hr/>			
\$	9,249,510	\$ 12,466,432	\$ -3,216,922
	-77	-	-77
<hr/>			
\$	9,249,433	\$ 12,466,432	\$ -3,216,999
<hr/>			
\$	5,505,318	\$ 4,085,496	\$ 1,419,822

Jesup Community 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.

During the year ended June 30, 2014, expenditures in the support services function exceeded the amount budgeted.

Jesup Community School District

**Schedule of Funding Progress for the
Retiree Health Plan**

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	\$-	\$329	\$329	0.0%	\$3,731	8.8%
2011	July 1, 2009	\$-	\$303	\$303	0.0%	\$4,081	7.4%
2012	July 1, 2009	\$-	\$303	\$303	0.0%	\$4,362	14.4%
2013	July 1, 2012	\$-	\$236	\$236	0.0%	\$4,442	18.8%
2014	July 1, 2012	\$-	\$185	\$185	0.0%	\$4,610	24.9%

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

Supplementary Information

Jesup Community School District

Combining Balance Sheet
Non-Major Governmental Funds

June 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash, cash equivalent and pooled investments	\$ 130,930	\$ 135,191	\$ 266,121
Receivables:			
Property Tax:			
Delinquent	1,141	-	1,141
Succeeding year	159,999	-	159,999
Total Assets	\$ 292,070	\$ 135,191	\$ 427,261
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 3,006	\$ 2,465	\$ 5,471
Total liabilities	\$ 3,006	\$ 2,465	\$ 5,471
Deferred inflows of resources:			
Succeeding year property tax	\$ 159,999	\$ -	\$ 159,999
Total deferred inflows of resources	\$ 159,999	\$ -	\$ 159,999
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 129,065	\$ -	\$ 129,065
Student activities	-	132,726	132,726
Total fund balances	\$ 129,065	\$ 132,726	\$ 261,791
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 292,070	\$ 135,191	\$ 427,261

Jesup Community School District

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

Year Ended June 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local Sources:			
Local tax	\$ 159,988	\$ -	\$ 159,988
Other	5,640	331,224	336,864
State sources	78	-	78
Total Revenues	<u>\$ 165,706</u>	<u>\$ 331,224</u>	<u>\$ 496,930</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 69,995	\$ -	\$ 69,995
Other instruction	-	308,938	308,938
Support Services:			
Student services	7,609	-	7,609
Instructional staff services	845	-	845
Administration services	6,764	-	6,764
Operation and maintenance of plant services	44,817	-	44,817
Transportation services	8,937	-	8,937
Total Expenditures	<u>\$ 138,967</u>	<u>\$ 308,938</u>	<u>\$ 447,905</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 26,739	\$ 22,286	\$ 49,025
Other financing sources (uses):			
Operating transfers in (out)	-	-1,500	-1,500
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing sources (uses)	\$ 26,739	\$ 20,786	\$ 47,525
Fund balances beginning of year	102,326	111,940	214,266
Fund Balances End of Year	<u>\$ 129,065</u>	<u>\$ 132,726</u>	<u>\$ 261,791</u>

See accompanying independent auditor's report.

Jesup Community 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	Other Capital Projects Fund	
Assets				
Cash, cash equivalents and pooled investments	\$ 4,978,306	\$ 148,653	\$ -	\$ 5,126,959
Receivables:				
Property Tax:				
Delinquent	-	580	-	580
Succeeding year	-	84,369	-	84,369
Due from other governments	297,605	-	-	297,605
Total Assets	\$ 5,275,911	\$ 233,602	\$ -	\$ 5,509,513
Liabilities, Deferred Inflows of Resources & Fund Balances				
Liabilities:				
Excess of warrants issued over bank balance	\$ -	\$ -	\$ 544,711	\$ 544,711
Accounts payable	333,100	-	-	333,100
Total Liabilities	\$ 333,100	\$ -	\$ 544,711	\$ 877,811
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ -	\$ 84,369	\$ -	\$ 84,369
Total deferred inflows of resources	\$ -	\$ 84,369	\$ -	\$ 84,369
Fund Balances:				
Restricted for:				
School infrastructure	\$ 4,942,811	\$ -	\$ -	\$ 4,942,811
Physical plant and equipment	-	149,233	-	149,233
Unrestricted	-	-	-544,711	-544,711
Total fund balances	\$ 4,942,811	\$ 149,233	\$ -544,711	\$ 4,547,333
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,275,911	\$ 233,602	\$ -	\$ 5,509,513

See accompanying independent auditor's report.

Jesup Community School District

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

Year Ended June 30, 2014

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Project Funds	
Revenues:				
Local Sources:				
Local tax	\$ 789,213	\$ 81,612	\$ -	\$ 870,825
Other	11,772	4,121	119,770	135,663
State sources	-	40	-	40
Total Revenues	<u>\$ 800,985</u>	<u>\$ 85,773</u>	<u>\$ 119,770</u>	<u>\$ 1,006,528</u>
Expenditures:				
Support Services:				
Administration	\$ 30	\$ -	\$ -	\$ 30
Other Expenditures:				
Facilities acquisition	3,669,360	26,979	580,242	4,276,581
Long-Term Debt				
Interest and fiscal charges	1,000	-	-	1,000
Total Expenditures	<u>\$ 3,670,390</u>	<u>\$ 26,979</u>	<u>\$ 580,242</u>	<u>\$ 4,277,611</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -2,869,405	\$ 58,794	\$ -460,472	\$ -3,271,083
Other Financing Sources (Uses):				
Operating transfers in (out)	-122,990	-	-	-122,990
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	\$ -2,992,395	\$ 58,794	\$ -460,472	\$ -3,394,073
Fund balances beginning of year	7,935,206	90,439	-84,239	7,941,406
Fund Balances End of Year	<u>\$ 4,942,811</u>	<u>\$ 149,233</u>	<u>\$ -544,711</u>	<u>\$ 4,547,333</u>

See accompanying independent auditor's report.

Jesup Community 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 and Inter-fund Transfers	Intra- Fund Transfers	Balance End of Year
Choir robes	\$ 1,260	\$ 135	\$ 267	\$ -	\$ 1,128
Activity books	19,928	9,717	-	-29,145	500
Athletics	9,338	136,612	152,300	29,145	22,795
Fine arts	516	5,980	7,492	-	-996
Student Council	3,976	3,549	4,069	-	3,456
FCCLA	481	327	475	-	333
High School Fine Arts Trip	2,520	12,806	15,011	-	315
Language Club	757	-	-	-	757
Miscellaneous	1,185	1,366	1,831	-374	346
Yearbook	4,216	9,496	7,063	-	6,649
National Honor Society	-374	6,485	6,403	374	82
Class of 2015	859	5,444	3,678	-	2,625
Class of 2016	1,611	-	332	-	1,279
Class of 2017	-	2,918	1,496	-	1,422
Class of 2013	559	-	58	-	501
Class of 2014	3,045	70	1,338	-	1,777
Middle School	5,011	21,131	21,521	-	4,621
FFA	18,517	28,360	17,607	-	29,270
J-Stars	24,309	22,491	15,163	-	31,637
Interest account	6,510	2,382	-	-	8,892
Elementary	2,815	48,016	44,724	-	6,107
PTO	4,901	6,690	3,672	-	7,919
HS Homeroom	-	7,249	5,938	-	1,311
Total	\$ 111,940	\$ 331,224	\$ 310,438	\$ -	\$ 132,726

Jesup Community School District

Schedule of Changes in Fiduciary Assets and Liabilities –
Agency Fund

Year ended June 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash, cash equivalents and pooled investments	\$ -	\$ 1,329	\$ 1,285	\$ 44
Total assets	<u>\$ -</u>	<u>\$ 1,329</u>	<u>\$ 1,285</u>	<u>\$ 44</u>
Liabilities				
Accounts Payable	\$ -	\$ 1,329	\$ 1,285	\$ 44
Total liabilities	<u>\$ -</u>	<u>\$ 1,329</u>	<u>\$ 1,285</u>	<u>\$ 44</u>

Jesup Community 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
Revenues:				
Local Sources:				
Local tax	\$ 3,976,445	\$ 3,614,190	\$ 3,534,234	\$ 3,178,459
Tuition	446,976	414,336	559,975	551,657
Other	576,406	420,063	564,635	365,630
Intermediate sources	-	-	-	-
State sources	5,116,850	5,115,779	4,847,475	4,683,159
Federal sources	222,734	195,264	192,338	864,848
Total	\$ 10,339,411	\$ 9,759,632	\$ 9,698,657	\$ 9,643,753
Expenditures:				
Instruction:				
Regular instruction	\$ 4,113,595	\$ 3,959,650	\$ 3,735,848	\$ 3,694,159
Special instruction	1,097,611	1,047,560	1,047,038	1,041,907
Other instruction	1,208,354	1,095,515	1,073,254	1,047,427
Support services:				
Student services	158,236	157,336	133,932	178,789
Instructional staff services	324,249	270,831	227,848	291,987
Administrative services	941,472	872,904	824,026	799,342
Operation and maintenance of plant services	729,219	608,587	619,613	576,787
Transportation services	415,646	394,032	444,801	373,936
Non-instructional:				
Community services	-	-	291	10,201
Other expenditures:				
Facilities acquisition	4,276,581	1,333,384	499,812	621,047
Long-term debt:				
Principal	295,000	3,205,000	230,000	220,000
Interest and other charges	163,505	342,181	199,743	150,848
AEA flow-through	380,982	362,390	366,905	402,182
Total	\$ 14,104,450	\$ 13,649,370	\$ 9,403,111	\$ 9,408,612

See accompanying independent auditor's report.

Modified Accrual Basis						
2010	2009	2008	2007	2006	2005	
\$ 2,941,733	\$ 2,835,251	\$ 2,714,990	\$ 2,595,434	\$ 2,403,758	\$ 1,815,802	
463,047	413,652	365,464	327,907	275,991	298,173	
444,694	400,113	411,311	431,642	521,100	833,829	
-	-	-	-	-	-	
4,107,694	4,284,148	3,904,474	3,686,043	3,522,995	3,141,551	
411,234	320,382	223,379	234,996	273,936	675,829	
<u>\$ 8,368,402</u>	<u>\$ 8,253,546</u>	<u>\$ 7,619,618</u>	<u>\$ 7,276,022</u>	<u>\$ 6,997,780</u>	<u>\$ 6,765,184</u>	
\$ 3,560,488	\$ 3,480,389	\$ 3,164,596	\$ 2,821,626	\$ 2,668,183	\$ 2,519,755	
1,115,856	1,055,944	871,587	768,508	736,763	727,863	
1,006,812	908,797	828,366	793,271	751,050	689,613	
135,271	124,779	124,883	116,722	113,227	439,592	
212,840	204,314	183,242	147,291	129,927	179,958	
846,470	791,922	747,242	696,152	665,048	718,590	
563,030	568,582	562,346	528,321	447,598	368,754	
457,480	444,009	393,511	462,137	329,828	282,983	
8,465	12,024	9,686	9,627	4,551	5,911	
441,200	365,611	493,501	354,400	901,040	3,016,743	
244,251	239,246	229,246	248,492	185,000	175,000	
158,222	165,310	171,810	178,935	185,872	192,435	
396,965	318,371	283,684	272,123	249,422	246,686	
<u>\$ 9,147,350</u>	<u>\$ 8,679,298</u>	<u>\$ 8,063,700</u>	<u>\$ 7,397,605</u>	<u>\$ 7,367,509</u>	<u>\$ 9,563,883</u>	

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

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

To the Board of Education of
Jesup Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Jesup Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 11, 2015.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-E-14 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 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.

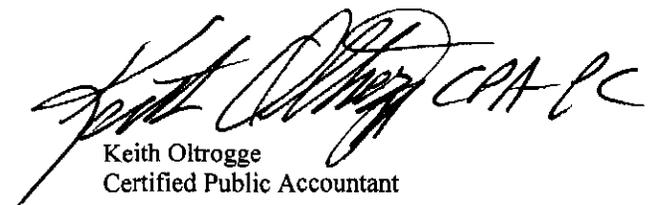
Jesup Community School District's Responses to the Findings

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

Purpose of this Report

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

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



Keith Oltrogge
Certified Public Accountant

February 11, 2015

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2014

Part I – Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- I-A-14 Financial Reporting – During the audit, I identified material amounts of expenses in the student activity fund accounts that were not coded properly.

Recommendation – The District should review the coding of all bills and receipts to ensure they are properly coded in accordance with The Uniform Financial Accounting for Iowa LEAs and AEAs.

Response – The District will review the coding of bills, to ensure they are all properly recorded.

Conclusion – Response acknowledged.

- I-B-14 Disbursement Approval – For 20 of 48 general fund activity, 6 of 6 nutrition fund, 1 of 16 activity fund and 8 of 10 capital projects 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 maintained documentation of the approval.

Conclusion – Response acknowledged.

- I-C-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 and Corrective Action Plan – The District will document who is receiving cash by having the students sign that they have received the money.

Conclusion – Response acknowledged.

Jesup Community 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 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.

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

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

Conclusions – Response accepted.

NON-COMPLIANCE:

None

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2014

Part II - Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget – Expenditures for the year ended June 30, 2014 exceeded the certified budget amount in the support service function.

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

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

Conclusion – Response accepted.

II-B-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.

Vendor	Description	Amount
General Fund:		
Bill’s Pizza	Staff breakfast	\$825.00
Visa	Meals cook session	\$95.00
Hy-Vee	Flowers – funeral	\$50.00
Employee	Am Ed Week – staff breakfast	\$250.00
Casey’s	Staff cookies	\$94.37
Treat Me Sweet	Retirement cupcakes	\$119.00
Visa	Retirement gift	\$100.00
Activity Fund:		
Farmer’s Wife	Plant for funeral	\$50.00
Farmer’s Wife	Plants funeral, baby, hospital	\$167.98
Employee	Gift cards	\$875.00

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.

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2014

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

II-C-14 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-14 Business Transactions – No business transactions between the District and District officials or employees were noted.

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

II-G-14 Certified Enrollment – I noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students was overstated by 0.87.

Recommendation – The Iowa Department of Education and the Department of Management should be contacted to resolve this matter.

Response – The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion – Response accepted.

II-H-14 Supplementary Weighting – I noted variances in the supplementary weighting data certified to the Department of Education. Supplementary weighting was overstated by 0.14.

Recommendation – The Iowa Department of Education and the Department of Management should be contacted to resolve this matter.

Response – The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion – Response accepted.

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 timely to the Iowa Department of Education.

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

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2014

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

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

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax 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		\$	7,935,206
Revenues/transfers in:			
Sales tax revenues	\$	789,213	
Other local revenues		11,772	800,985
			<hr/>
		\$	8,736,191
Expenditures/transfers out:			
School infrastructure	\$	3,669,360	
Other		1,030	
Transfers to other funds:			
Debt service fund		122,990	3,793,380
			<hr/>
Ending balance		\$	<u>4,942,811</u>

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	\$ 2.4172	\$ 789,214
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-
		<hr/>
Total		<u>\$ 789,214</u>

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2014

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

II-M-14 Deficit Balances – At June 30, 2014, one student activity account had a deficit balance and the Capital Projects – Other Capital Projects account had a deficit balance of \$544,711.

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

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

Conclusion – Response accepted.

II-N-14 Student Activity Fund – Account balance for previously graduated classes.

Recommendation – The District should transfer previously graduated class funds to other activities.

Response – We will reallocate these activities.

Conclusion – Response accepted.

II-O-14 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The District will obtain and retain images of both the front and back of cancelled checks as required. The District can go online at any time and see/print the back side of any check.

Conclusion – Response accepted.

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2014

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

II-P-14 Form 1099 – I noted in my test of IRS forms, that not all required 1099 forms were done, including those disbursements requiring 1099s from the activity fund.

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

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

Conclusion – Response accepted.

II-Q-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.