

Janesville Consolidated School District

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

June 30, 2015

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Janesville Consolidated School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Barbara Reid	President	2015
Christine Mattingly	Vice President	2015
Tracy Meyer	Board Member	2017
Lindsey Eibey	Board Member	2017
Teresa Gergen	Board Member	2015
School Officials		
BJ Meaney	Superintendent	2015
Kelly Weidman	District Secretary/Treasurer and Business Manager	2015
Steven A. Weidner	Attorney	2015

Independent Auditor's Report

To the Board of Education of
Janesville Consolidated School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District, Janesville, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Janesville Consolidated School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. My opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 43 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Janesville Consolidated School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 10, 2016 on my consideration of Janesville Consolidated School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Janesville Consolidated School District's internal control over financial reporting and compliance.

Keith Oltrogge
Certified Public Accountant

March 10, 2016

Janesville Consolidated School District

Management's Discussion and Analysis

Year ended June 30, 2015

Janesville Consolidated School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,017,936 in fiscal 2014 to \$4,040,327 in fiscal 2015, while General Fund expenditures increased from \$3,600,408 in fiscal 2014 to \$3,901,406 in fiscal 2015. The District's General Fund balance increased from adjusted \$1,336,270 in fiscal 2014 to \$1,475,546 in fiscal 2015, a 10.4% increase.
- The increase in General Fund revenues was attributable to an increase in state and federal sources in fiscal 2015. The increase in expenditures was due primarily to an increase in all expenditures.
- The District's solvency ratio has decreased from 41.7% at June 30, 2014 to 33.4% at June 30, 2015. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

Figure A-1
Janesville Consolidated School District Annual Financial Report

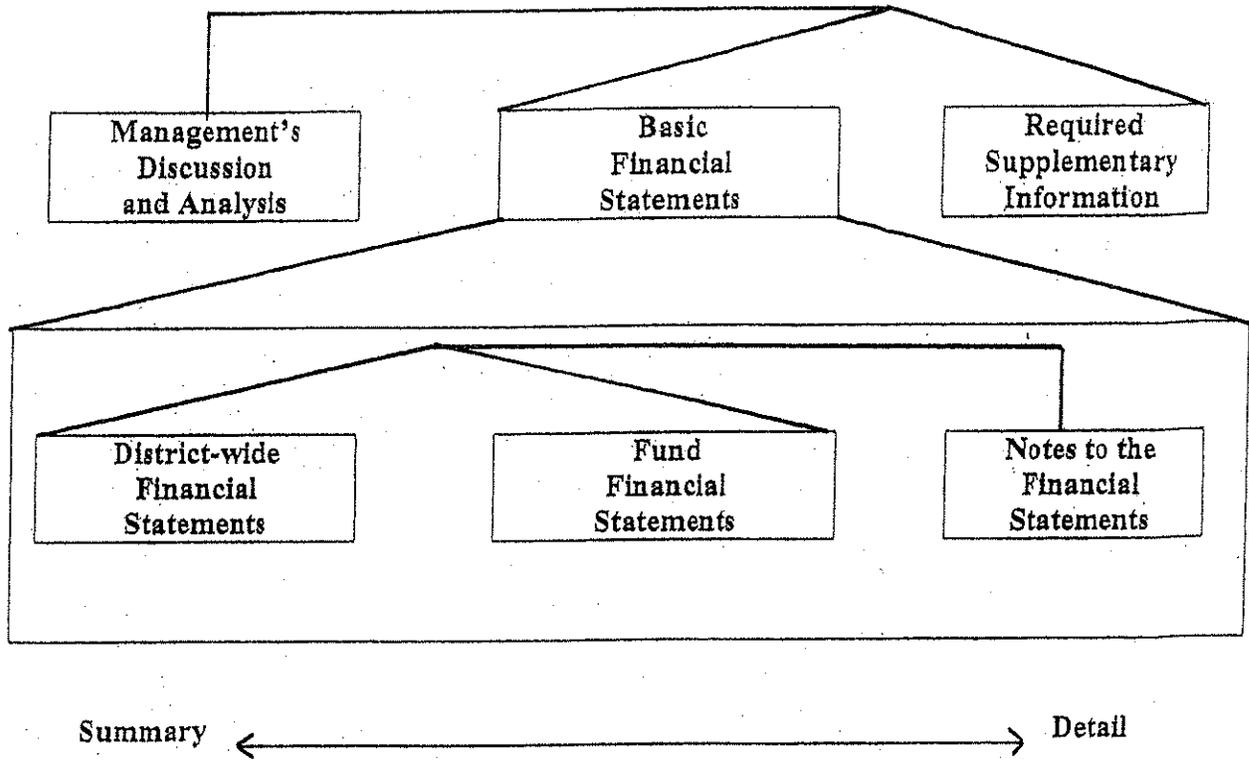


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

**Figure A-2
Major Features of the Government-wide and Fund Financial Statements (continued):**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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 is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District’s net position at June 30, 2015 compared to June 30, 2014.

**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,
	2015	2014	2015	2014	2015	2014	2014-2015
		(Not restated)		(Not restated)		(Not restated)	
Current and other assets	\$4,650,448	\$4,266,057	\$195,325	\$156,533	\$4,845,773	\$4,422,590	9.5%
Capital assets	2,950,054	3,103,196	9,916	12,126	2,959,970	\$3,115,322	-5.0%
Total assets	\$7,600,502	\$7,369,253	\$205,241	\$168,659	\$7,805,743	\$7,537,912	3.5%
Deferred outflows of resources	\$339,791	\$-	\$22,493	\$-	\$362,284	\$-	100%
Long-term liabilities	\$3,161,690	\$2,204,796	\$68,997	\$-	\$3,230,687	\$2,204,796	46.5%
Other liabilities	337,664	435,306	16,259	28,280	353,923	\$463,586	-23.7%
Total liabilities	\$3,499,354	\$2,640,102	\$85,256	\$28,280	\$3,584,610	\$2,668,382	34.3%
Deferred inflows of resources	\$1,911,677	\$1,475,571	\$26,314	\$-	\$1,937,991	\$1,475,571	31.3%
Net position:							
Net investment in capital assets	\$892,351	\$943,264	\$9,916	\$12,126	\$902,267	\$955,390	-5.6%
Restricted	1,277,914	979,525	-	-	1,277,914	979,525	30.4%
Unrestricted	358,997	1,330,791	106,248	128,253	465,245	1,459,044	-68.2%
Total net position	\$2,529,262	\$3,253,580	\$116,164	\$140,379	\$2,645,426	\$3,393,959	-22.1%

The District’s total net position decreased 22.1%, or \$748,533, from the prior year. The largest portion of the District’s net position is 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 increased \$298,389, or 30.4% over the prior year. The increase was primarily due to the decrease in expenditures for facilities acquisitions of the Capital Projects Funds.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$993,799, or 68.2%. This reduction in unrestricted net position was primarily a result of the District’s net pension liability and net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$1,290,608 and \$85,438, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4
Changes in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change 2014-2015
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	
Revenues:							
Program revenues:							
Charges for service	\$777,241	\$798,297	\$206,332	\$214,268	\$983,573	\$1,012,565	-2.9%
Operating grants, contributions and restricted interest	619,427	566,544	56,862	62,603	676,289	629,147	7.4%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	1,476,655	1,464,279	-	-	1,476,655	1,464,279	0.8%
Income surtax	191,359	202,688	-	-	191,359	202,688	-5.6%
Statewide sales, services and use tax	353,358	314,160	-	-	353,358	314,160	12.4%
Unrestricted state grants	1,568,155	1,412,476	-	-	1,568,155	1,412,476	11.0%
Unrestricted investment earnings	11,235	8,787	98	168	11,333	8,955	26.5%
Other	27,481	49,991	-	-	27,481	49,991	-45.1%
Total revenues	\$5,024,911	\$4,817,222	\$263,292	\$277,039	\$5,288,203	\$5,094,261	3.8%
Program expenses:							
Governmental activities:							
Instruction	\$3,184,901	\$3,013,044	\$4,844	\$96,382	\$3,189,745	\$3,109,426	2.5%
Support services	1,054,682	999,907	-	-	1,054,682	999,907	5.4%
Non-instructional programs	1,550	1,550	197,225	177,521	198,775	179,071	11.0%
Other expenses	253,778	274,938	-	-	253,778	274,938	-7.7%
Total expenses	\$4,494,911	\$4,289,439	\$202,069	\$273,903	\$4,696,980	\$4,563,342	2.9%
Change in net position before sale of assets	\$530,000	\$527,783	\$61,223	\$3,136	\$591,223	\$530,919	11.3%
Sale of assets	355	-	-	-	355	-	100%
Change in net position	\$530,355	\$527,783	\$61,223	\$3,136	\$591,578	\$530,919	11.4%
Net position, beginning of year, as restated	\$1,962,972	\$2,725,254	\$54,941	\$137,243	\$2,017,913	\$2,862,497	-29.6%
Prior period adjustment	35,935	543	-	-	35,935	543	6,517.8%
Adjusted net position, beginning of Year, as restated	\$1,998,907	\$2,725,797	\$54,941	\$137,243	\$2,053,848	\$2,863,040	-28.3%
Net position, end of year	\$2,529,262	\$3,253,580	\$116,164	\$140,379	\$2,645,426	\$3,393,959	-22.1%

In fiscal year 2015, property tax and unrestricted state grants accounted for 60.5% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$5.3 million, of which approximately \$5.0 million was for governmental activities and less than \$0.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.8% increase in revenues and a 2.9% increase in expenses. Property tax increased approximately \$12,000. The increase in expenses is related to an increase in instruction, support services and non-instructional program expenses.

Governmental Activities

Revenues for governmental activities were \$5,024,911 and expenses were \$4,494,911. In a difficult budget year, the District was able to balance the budget by trimming expenses to match revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

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

	Total Cost of Services		Change 2014-2015	Net Cost of Services		Change 2014-2015
	2015	2014 (Not restated)		2015	2014 (Not restated)	
Instruction	\$3,184,901	\$3,013,044	5.7%	\$1,793,037	\$1,654,524	8.4%
Support services	1,054,682	999,907	5.5%	1,049,878	993,586	5.7%
Non-instructional programs	1,550	1,550	-	1,550	1,550	-
Other expenses	253,778	274,938	-7.7%	253,778	274,938	-7.7%
Totals	\$4,494,911	\$4,289,439	4.8%	\$3,098,243	\$2,924,598	5.9%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$983,573.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$676,289.
- The net cost of governmental activities was financed with \$2,021,372 in property and other taxes and \$1,568,155 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$263,292 and expenses were \$202,069. The District's business type activities include the School Nutrition Fund and the Childhood Development Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,529,262, well above last year's ending adjusted fund balances of \$1,998,907.

Governmental Fund Highlights

- The District's increasing General Fund financial position is the result of many factors. The District's increase in General Fund revenue resulted in a \$139,276 increase in the General Fund.
- The District has been trying to maintain its General Fund by controlling classroom budgets, reducing travel and field trips, and reducing staff slightly where possible.

- The General Fund balance increased from adjusted \$1,336,270 to \$1,475,546, due in part to the increase in revenue.
- The Capital Projects Fund balance increased from \$632,136 to \$736,350 due to the increase in revenue.

Proprietary Fund Highlights

- School Nutrition Fund net position decreased from adjusted \$26,574 at June 30, 2014 to \$24,378 at June 30, 2015, representing an increase of approximately 8.3%.
- Childhood Development Fund net position increased from adjusted \$28,367 at June 30, 2014 to \$91,786 at June 30, 2015 due to an increase in revenue.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$95,258 more than total budgeted revenues, a variance of 1.8%. 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$3.0 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 5.0% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$311,543.

The original cost of the District's capital assets was \$7.07 million. Governmental funds account for \$7.05 million, with the remainder of \$0.02 million accounted for in the Proprietary, School Nutrition Fund.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$18,751	\$18,751	\$-	\$-	\$18,751	\$18,751	-
Buildings	2,488,059	2,564,016	-	-	2,488,059	2,564,016	-3.0%
Improvements other than buildings	100,028	100,340	-	-	100,028	100,340	-0.3%
Furniture and equipment	343,216	420,089	9,916	12,126	353,132	432,215	-18.3%
Totals	\$2,950,054	\$3,103,196	\$9,916	\$12,126	\$2,959,970	\$3,115,322	-5.0%

Long-Term Debt

At June 30, 2015, the District had \$2,057,703 of long-term debt outstanding. This represents a decrease of approximately 4.8% 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 \$11.1 million.

Figure A-7
Outstanding Long-term Obligations

	Total District	Total Change	
	June 30, 2015	June 30, 2014	2014-2015
Revenue bonds	\$1,950,000	\$2,080,000	-6.3%
Capital lease	107,703	79,932	34.7%
	<u>\$2,057,703</u>	<u>\$2,159,932</u>	<u>-4.8%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Janesville Consolidated School District

Statement of Net Position

June 30, 2015

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash, Cash Equivalents and Pooled Investments	\$ 2,821,857	\$ 193,447	\$ 3,015,304
Receivables:			
Property tax:			
Delinquent	10,141	-	10,141
Succeeding year	1,514,191	-	1,514,191
Income surtax	172,167	-	172,167
Accounts	60,113	1,878	61,991
Due from other governments	71,979	-	71,979
Capital assets, net of accumulated depreciation/amortization	2,950,054	9,916	2,959,970
Total Assets	\$ 7,600,502	\$ 205,241	\$ 7,805,743
Deferred Outflows of Resources			
Pension related deferred outflows	\$ 339,791	\$ 22,493	\$ 362,284
Liabilities			
Accounts payable	\$ 6,897	\$ -	\$ 6,897
Salaries and benefits payable	326,447	10,337	336,784
Unearned revenue	-	5,922	5,922
Accrued interest payable	7,320	-	7,320
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	135,000	-	135,000
Capital lease	53,213	-	53,213
Accrued vacations	3,975	-	3,975
Portion due after one year:			
Revenue bonds	1,815,000	-	1,815,000
Capital lease	54,490	-	54,490
Net pension liability	1,042,257	68,997	1,111,254
Net OPEB liability	54,755	-	54,755
Total Liabilities	\$ 3,499,354	\$ 85,256	\$ 3,584,610
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 1,514,191	\$ -	\$ 1,514,191
Pension related deferred inflows	397,486	26,314	423,800
Total Deferred Inflows of Resources	\$ 1,911,677	\$ 26,314	\$ 1,937,991

See notes to financial statements.

Janesville Consolidated School District

Statement of Net Position

June 30, 2015

	Govern- mental Activities		Business Type Activities		Total
Net Position					
Net investment in capital assets	\$ 892,351	\$	9,916	\$	902,267
Restricted for:					
Categorical funding	122,714		-		122,714
Debt service	4,344		-		4,344
School infrastructure	578,921		-		578,921
Management levy purposes	81,595		-		81,595
Student activities	332,911		-		332,911
Physical plant and equipment	157,429		-		157,429
Unrestricted	358,997		106,248		465,245
Total Net Position	\$ 2,529,262	\$	116,164	\$	2,645,426

See notes to financial statements.

Janesville Consolidated School District

Statement of Activities

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,449,417	\$ 447,745	\$ 573,428	\$ -
Special instruction	354,091	102,361	22,417	-
Other instruction	381,393	226,295	19,618	-
	<u>\$ 3,184,901</u>	<u>\$ 776,401</u>	<u>\$ 615,463</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 19,702	\$ -	\$ 1,795	\$ -
Instructional staff services	77,475	-	-	-
Administration services	438,998	-	-	-
Operation and maintenance of plant services	245,345	840	-	-
Transportation services	273,162	-	2,169	-
	<u>\$ 1,054,682</u>	<u>\$ 840</u>	<u>\$ 3,964</u>	<u>\$ -</u>
Non-Instructional	<u>\$ 1,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Expenditures:				
Long-term debt interest	\$ 94,059	\$ -	\$ -	\$ -
AEA flow-through	159,719	-	-	-
	<u>\$ 253,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 4,494,911</u>	<u>\$ 777,241</u>	<u>\$ 619,427</u>	<u>\$ -</u>
Business Type Activities:				
Instruction:				
Food service operations	\$ 925	\$ -	\$ -	\$ -
Childhood development	3,919	-	-	-
	<u>\$ 4,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non-Instructional Programs:				
Food service operations	\$ 150,612	\$ 113,951	\$ 56,862	\$ -
Childhood development	46,613	92,381	-	-
	<u>\$ 197,225</u>	<u>\$ 206,332</u>	<u>\$ 56,862</u>	<u>\$ -</u>
Total Business Type Activities	<u>\$ 202,069</u>	<u>\$ 206,332</u>	<u>\$ 56,862</u>	<u>\$ -</u>
Total	<u>\$ 4,696,980</u>	<u>\$ 983,573</u>	<u>\$ 676,289</u>	<u>\$ -</u>

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -1,428,244	\$ -	\$ -1,428,244
-229,313	-	-229,313
-135,480	-	-135,480
<u>\$ -1,793,037</u>	<u>\$ -</u>	<u>\$ -1,793,037</u>
\$ -17,907	\$ -	\$ -17,907
-77,475	-	-77,475
-438,998	-	-438,998
-244,505	-	-244,505
-270,993	-	-270,993
<u>\$ -1,049,878</u>	<u>\$ -</u>	<u>\$ -1,049,878</u>
<u>\$ -1,550</u>	<u>\$ -</u>	<u>\$ -1,550</u>
\$ -94,059	\$ -	\$ -94,059
-159,719	-	-159,719
<u>\$ -253,778</u>	<u>\$ -</u>	<u>\$ -253,778</u>
<u>\$ -3,098,243</u>	<u>\$ -</u>	<u>\$ -3,098,243</u>
\$ -	\$ -925	\$ -925
-	-3,919	-3,919
<u>\$ -</u>	<u>\$ -4,844</u>	<u>\$ -4,844</u>
\$ -	\$ 20,201	\$ 20,201
-	45,768	45,768
<u>\$ -</u>	<u>\$ 65,969</u>	<u>\$ 65,969</u>
\$ -	\$ 61,125	\$ 61,125
<u>\$ -3,098,243</u>	<u>\$ 61,125</u>	<u>\$ -3,037,118</u>

Janesville Consolidated School District

Statement of Activities

Year Ended June 30, 2015

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			
General Revenues:			
Property Tax Levied For:			
General purposes			
Capital outlay			
Income surtax			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other general revenues			
Change in net position			
Net other financing sources:			
Sale of assets			
Change in net position			
Net position beginning of year, as restated			
Prior period adjustment			
Adjusted net position beginning of year, as restated			
Net Position End of Year			

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ 1,272,255	\$ -	\$ 1,272,255
204,400	-	204,400
191,359	-	191,359
353,358	-	353,358
1,568,155	-	1,568,155
11,235	98	11,333
27,481	-	27,481
<u>\$ 3,628,243</u>	<u>\$ 98</u>	<u>\$ 3,628,341</u>
\$ 530,000	\$ 61,223	\$ 591,223
355	-	355
<u>\$ 530,355</u>	<u>\$ 61,223</u>	<u>\$ 591,578</u>
\$ 1,962,972	\$ 54,941	\$ 2,017,913
35,935	-	35,935
<u>\$ 1,998,907</u>	<u>\$ 54,941</u>	<u>\$ 2,053,848</u>
<u>\$ 2,529,262</u>	<u>\$ 116,164</u>	<u>\$ 2,645,426</u>

Janesville Consolidated School District

Balance Sheet
Governmental Funds

June 30, 2015

	General	Capital Projects	Non-Major Funds	Total
Assets				
Cash, Cash Equivalents and Pooled Investments	\$ 1,724,848	\$ 680,893	\$ 416,116	\$ 2,821,857
Receivables:				
Property Tax:				
Delinquent	7,465	1,404	1,272	10,141
Succeeding year	1,117,723	211,468	185,000	1,514,191
Income surtax	172,167	-	-	172,167
Accounts	57,674	-	2,439	60,113
Due from other governments	16,849	55,130	-	71,979
Due from other funds	-	423	-	423
Total Assets	\$ 3,096,726	\$ 949,318	\$ 604,827	\$ 4,650,871
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 4,420	\$ 1,500	\$ 977	\$ 6,897
Salaries and benefits payable	326,447	-	-	326,447
Due to other funds	423	-	-	423
Total Liabilities	\$ 331,290	\$ 1,500	\$ 977	\$ 333,767
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ 1,117,723	\$ 211,468	\$ 185,000	\$ 1,514,191
Other	172,167	-	-	172,167
Total deferred inflows of resources	\$ 1,289,890	\$ 211,468	\$ 185,000	\$ 1,686,358
Fund Balances:				
Restricted for:				
Categorical funding	\$ 122,714	\$ -	\$ -	\$ 122,714
Debt service	-	-	4,344	4,344
Management levy purposes	-	-	81,595	81,595
Student activities	-	-	332,911	332,911
School infrastructure	-	578,921	-	578,921
Physical plant and equipment	-	157,429	-	157,429
Unassigned	1,352,832	-	-	1,352,832
Total Fund Balance	\$ 1,475,546	\$ 736,350	\$ 418,850	\$ 2,630,746
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,096,726	\$ 949,318	\$ 604,827	\$ 4,650,871

See notes to financial statements.

Janesville Consolidated School District

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

June 30, 2015

Total fund balances of governmental funds (page 18)	\$	2,630,746
<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.		2,950,054
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		172,167
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		-7,320
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$	339,791
Deferred inflows of resources		-397,486
		<u>-57,695</u>
Long-term liabilities, including bonds, capital leases, accrued vacation, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds		<u>-3,158,690</u>
Net Position of governmental activities (page 15)		<u><u>2,529,262</u></u>

See notes to financial statements.

Janesville Consolidated School District

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

Year Ended June 30, 2015

	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Local Sources:				
Local tax	\$ 1,272,028	\$ 204,400	\$ 185,175	\$ 1,661,603
Tuition	521,900	-	-	521,900
Other	60,922	3,037	230,099	294,058
Intermediate sources				
State sources	2,092,430	354,462	1,000	2,447,892
Federal sources	93,047	-	-	93,047
Total Revenues	\$ 4,040,327	\$ 561,899	\$ 416,274	\$ 5,018,500
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 2,234,229	\$ -	\$ 24,617	\$ 2,258,846
Special instruction	385,234	-	-	385,234
Other instruction	192,197	-	199,725	391,922
	\$ 2,811,660	\$ -	\$ 224,342	\$ 3,036,002
Support Services:				
Student services	\$ 21,779	\$ -	\$ -	\$ 21,779
Instructional staff services	85,531	-	-	85,531
Administration services	446,262	17,580	6,165	470,007
Operation and maintenance of plant services	217,784	8,750	26,530	253,064
Transportation services	158,671	158,678	4,857	322,206
	\$ 930,027	\$ 185,008	\$ 37,552	\$ 1,152,587
Other Expenditures:				
Facilities acquisition	\$ -	\$ 76,192	\$ -	\$ 76,192
Long-Term Debt:				
Principal	-	-	260,907	260,907
Interest, fees and discounts	-	-	94,256	94,256
AEA flow-through	159,719	-	-	159,719
	\$ 159,719	\$ 76,192	\$ 355,163	\$ 591,074
Total Expenditures	\$ 3,901,406	\$ 261,200	\$ 617,057	\$ 4,779,663
Excess (deficiency) of revenues over (under) expenditures	\$ 138,921	\$ 300,699	\$ -200,783	\$ 238,837
Other financing sources (uses):				
Operating transfers in (out)	\$ -	\$ -355,163	\$ 355,163	\$ -
Capital lease proceeds	-	158,678	-	158,678
Sale of assets	355	-	-	355
Total other financing sources (uses)	\$ 355	\$ -196,485	\$ 355,163	\$ 159,033

Janesville Consolidated School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2015

	General	Capital Projects	Non- Major Funds	Total
Change in fund balances	\$ 139,276	\$ 104,214	\$ 154,380	\$ 397,870
Fund balances beginning of year	\$ 1,300,335	\$ 632,136	\$ 264,470	\$ 2,196,941
Prior period adjustment	35,935	-	-	35,935
Adjusted fund balances, beginning of year	\$ 1,336,270	\$ 632,136	\$ 264,470	\$ 2,232,876
Fund Balances End of Year	\$ 1,475,546	\$ 736,350	\$ 418,850	\$ 2,630,746

See notes to financial statements.

Janesville Consolidated School District

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

Year Ended June 30, 2015

Change in fund balances – total governmental funds (page 21) \$ 397,870

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 156,191	
Depreciation expense	-309,333	-153,142

Income surtax revenue not received until several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		6,411
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Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuance and repayments are as follows:

Issued	\$ -158,678	
Repaid	260,907	102,229

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.		197
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The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		173,585
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Accrued vacation	\$ -159	
Pension expense	17,071	
Other postemployment benefits	-13,707	3,205

Change in Net Position of Governmental Activities (page 17)		\$ 530,355
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See notes to financial statements.

Janesville Consolidated School District

Statement of Net Position
Proprietary Funds

June 30, 2015

	Nutrition	Childhood Development	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 25,246	\$ 168,201	\$ 193,447
Accounts receivable	307	1,571	1,878
Total current assets	\$ 25,553	\$ 169,772	\$ 195,325
Non-Current Assets:			
Capital assets, net of accumulated depreciation	\$ 9,916	-	\$ 9,916
Total Assets	\$ 35,469	\$ 169,772	\$ 205,241
Deferred Outflows of Resources			
Pension related deferred outflows	\$ 1,596	\$ 20,897	\$ 22,493
Liabilities			
Current Liabilities:			
Unearned revenue	\$ 5,922	-	\$ 5,922
Salaries and benefits payable	-	10,337	10,337
Total current liabilities	\$ 5,922	\$ 10,337	\$ 16,259
Non-Current Liabilities			
Net pension liability	\$ 4,897	\$ 64,100	\$ 68,997
Total non-current liabilities	\$ 4,897	\$ 64,100	\$ 68,997
Total Liabilities	\$ 10,819	\$ 74,437	\$ 85,256
Deferred Inflows of Resources			
Pension related deferred inflows	\$ 1,868	\$ 24,446	\$ 26,314
Net Position			
Net investment in capital assets	\$ 9,916	-	\$ 9,916
Unrestricted	14,462	91,786	106,248
Total Net Position	\$ 24,378	\$ 91,786	\$ 116,164

See notes to financial statements.

Janesville Consolidated School District

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

Year Ended June 30, 2015

	Nutrition	Childhood Development	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 92,381	\$ 113,951	\$ 206,332
Operating expenses:			
Instruction:			
Other instruction:			
Salaries	\$ -	\$ 3,010	\$ 3,010
Benefits	-	499	499
Supplies	-	410	410
Purchased services	925	-	925
Total instructional expenses	\$ 925	\$ 3,919	\$ 4,844
Non-instructional programs:			
Operations:			
Salaries	\$ 5,000	\$ 38,306	\$ 43,306
Benefits	-65	2,028	1,963
Supplies	143,467	6,279	149,746
Depreciation	2,210	-	2,210
Total non-instructional expenses	\$ 150,612	\$ 46,613	\$ 197,225
Total operating expenses	\$ 151,537	\$ 50,532	\$ 202,069
Operating income (loss)	\$ -59,156	\$ 63,419	\$ 4,263
Non-operating revenues:			
State sources	\$ 1,194	\$ -	\$ 1,194
Federal sources	55,668	-	55,668
Interest income	98	-	98
Total non-operating revenues	\$ 56,960	\$ -	\$ 56,960
Change in net position	\$ -2,196	\$ 63,419	\$ 61,223
Net position beginning of year, as restated	26,574	28,367	54,941
Net Position End of Year	\$ 24,378	\$ 91,786	\$ 116,164

See notes to financial statements.

Janesville Consolidated School District

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2015

	Nutrition	Childhood Development	Total
Cash flows from operating activities:			
Cash received from daycare and preschool fees	\$ -	\$ 112,380	\$ 112,380
Cash received from sale of lunches and breakfasts	91,808	-	91,808
Cash paid to employees for services	-5,829	-67,135	-72,964
Cash paid to suppliers for goods or services	-131,088	-6,689	-137,777
Net cash provided (used) by operating activities	<u>\$ -45,109</u>	<u>\$ 38,556</u>	<u>\$ -6,553</u>
Cash flows from non-capital financing activities:			
State grants received	\$ 1,194	\$ -	\$ 1,194
Federal grants received	42,363	-	42,363
Net cash provided by non-capital financing activities	<u>\$ 43,557</u>	<u>\$ -</u>	<u>\$ 43,557</u>
Cash flows from investing activities:			
Interest on investments	\$ 98	\$ -	\$ 98
Net increase (decrease) in cash and cash equivalents	\$ -1,454	\$ 38,556	\$ 37,102
Cash and cash equivalents beginning of year	26,700	129,645	156,345
Cash and Cash Equivalents End of Year	<u>\$ 25,246</u>	<u>\$ 168,201</u>	<u>\$ 193,447</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -59,156	\$ 63,419	\$ 4,263
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Commodities used	13,304	-	13,304
Depreciation	2,210	-	2,210
(Increase) Decrease in accounts receivable	-118	-1,571	-1,689
Increase (Decrease) in salaries and benefits payable	-	-11,566	-11,566
Increase (Decrease) in unearned revenue	-455	-	-455
Increase (Decrease) in net pension liability	-1,888	-24,719	-26,607
Increase (Decrease) in deferred outflows of resources	-874	-11,453	-12,327
(Increase) Decrease in deferred inflows of resources	1,868	24,446	26,314
Net Cash Provided (Used) by Operating Activities	<u>\$ -45,109</u>	<u>\$ 38,556</u>	<u>\$ -6,553</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$13,304 of federal commodities.

Janesville Consolidated School District

Statement of Net Position
Fiduciary Funds

June 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 263,524
Total Assets	<u>\$ 263,524</u>
Liabilities	<u>\$ -</u>
Net Position	
Reserved for scholarships	<u>\$ 263,524</u>

See notes to financial statements.

Janesville Consolidated School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 1,350
Total Additions	<u>\$ 1,350</u>
Deductions:	
Support services:	
Scholarships awarded	<u>\$ 8,000</u>
Change in net position	\$ -6,650
Net Position beginning of year	<u>270,174</u>
Net Position End of Year	<u>\$ 263,524</u>

See notes to financial statements.

Janesville Consolidated School District

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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 except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

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 and 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
Improvements other than buildings	20 – 50
Furniture and equipment	5 – 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. 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 consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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 are 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 the preceding classifications.

E. Budgets and Budgetary Accounting

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

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

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio as follows:

	<u>Amortized Cost</u>
Total	<u>\$382,488</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust were rated AAAM by Standard and Poor's Financial Services.

(3) **Interfund Transfers**

The detail of Interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Statewide Sales, Services and Use Tax	\$221,415
Debt Service	Physical Plant and Equipment Levy	133,748
		<u>\$355,163</u>

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

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

The detail of inter-fund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects – Physical Plant and Equipment Levy	General Fund	<u>\$ 423</u>

The General Fund owes the Capital Projects – Physical Plant and Equipment Levy for untransferred property taxes. The balance will be repaid by June 30, 2016.

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 18,751	\$ -	\$ -	\$ 18,751
Total capital assets not being depreciated	<u>\$ 18,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,751</u>
Capital assets being depreciated:				
Buildings	\$ 4,087,803	\$ 59,944	\$ -	\$ 4,147,747
Improvements other than buildings	333,315	8,571	-	341,886
Furniture and equipment	2,451,495	87,676	-	2,539,171
Total capital assets being depreciated	<u>\$ 6,872,613</u>	<u>\$ 156,191</u>	<u>\$ -</u>	<u>\$ 7,028,804</u>
Less accumulated depreciation for:				
Buildings	\$ 1,523,787	\$ 135,901	\$ -	\$ 1,659,688
Improvements other than buildings	232,975	8,883	-	241,858
Furniture and equipment	2,031,406	164,549	-	2,195,955
Total accumulated depreciation	<u>\$ 3,788,168</u>	<u>\$ 309,333</u>	<u>\$ -</u>	<u>\$ 4,097,501</u>
Total capital assets being depreciated, net	<u>\$ 3,084,445</u>	<u>\$ -153,142</u>	<u>\$ -</u>	<u>\$ 2,931,303</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,103,196</u>	<u>\$ -153,142</u>	<u>\$ -</u>	<u>\$ 2,950,054</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 26,517	\$ -	\$ -	\$ 26,517
Less accumulated depreciation	14,391	2,210	-	16,601
Business Type Activities Capital Assets, Net	\$ 12,126	\$ 2,210	\$ -	\$ 9,916

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 285,727
Other	7,064

Support services:

Operation and maintenance of plant	4,106
Transportation	10,886
Non-Instructional	1,550

Total Depreciation Expense – Governmental Activities \$ 309,333

Business Type Activities:

Food service operations	<u>\$ 2,210</u>
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(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Governmental activities:					
Accrued vacations	\$ 3,816	\$ 159	\$ -	\$ 3,975	\$ 3,975
Revenue bonds	2,080,000	-	130,000	1,950,000	135,000
Capital lease	79,932	158,678	130,907	107,703	53,213
Net OPEB liability	41,048	13,707	-	54,755	-
Net pension liability	1,444,175	-	401,918	1,042,257	-
Total	\$ 3,648,971	\$ 172,544	\$ 662,825	\$ 3,158,690	\$ 192,188
Business type activities:					
Net pension liability	\$ 95,604	\$ -	\$ 26,607	\$ 68,997	-

Capital Lease – Busses

The District entered into a Capital Lease for the purchase of two busses on May 1, 2015 for \$158,678. Annual lease payments will be \$55,798, with a 2.34% interest rate over the next 2 years.

Capital Lease – Computers

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

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2009			
	Interest Rates	Principal	Interest	Total
2016	3.9%	\$135,000	\$24,215	\$159,215
2017	4.1%	140,000	18,950	158,950
2018	4.3%	145,000	13,210	158,210
2019	4.5%	155,000	6,975	161,975
		<u>\$575,000</u>	<u>\$63,350</u>	<u>\$638,350</u>

The District pledged future statewide sales, service and use tax revenues to repay the \$1,295,000 of bonds issued in May 2009. The bonds were issued for the purpose of refinancing the 2006 Local Option Sales and Services Tax Bonds. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2019. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50 percent of the statewide sales, service and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$638,350. For the current year \$130,000 principal and \$29,025 interest was paid on the bonds and total statewide sales, service and use tax revenues were \$353,358.

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

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

The District complied with these revenue bond provisions during the year ended June 30, 2015.

Year Ending June 30,	Bond Issue of March 15, 2012			
	Interest Rates	Principal	Interest	Total
2016	3.70%	\$-	\$61,073	\$61,073
2017	3.70%	-	61,073	61,073
2018	3.70%	-	61,073	61,073
2019	3.70%	-	61,072	61,072
2020	3.70%	130,000	61,073	191,073
2021	3.90%	135,000	56,262	191,262
2022	4.20%	140,000	50,998	190,998
2023	4.35%	145,000	45,117	190,117
2024	4.50%	155,000	38,810	193,810
2025	4.60%	160,000	31,835	191,835
2026	4.70%	170,000	24,475	194,475
2027	4.80%	175,000	16,485	191,485
2028	4.90%	165,000	8,085	173,085
		<u>\$1,375,000</u>	<u>\$577,431</u>	<u>\$1,952,431</u>

The District pledged future statewide sales, service and use tax revenues to repay the \$1,375,000 of bonds issued in March 2012. The bonds were issued for the purpose of refinancing a portion of the costs of the school remodeling. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2028. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 75 percent of the statewide sales, service and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,952,431. For the current year no principal and \$61,073 interest was paid on the bonds.

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

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

The District complied with these revenue bond provisions during the year ended June 30, 2015.

During the year ended June 30, 2015, the District made principal, interest and fee payments totaling \$355,163 under the agreements.

(7) **Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing, multiple-employer defined benefit pension plan administered by Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$173,585.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$1,111,254 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.027458 percent, which was an increase of 0.000263 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$85,961. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,077	\$ -
Changes of assumptions	49,042	-
Net difference between projected and actual earnings on pension plan investments	-	423,800
Changes in proportion and differences between District contributions and proportionate share of contributions	11,921	-
District contributions subsequent to the measurement date	289,244	-
Total	\$ 362,284	\$ 423,800

\$173,585 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ 123,016
2017	123,016
2018	123,016
2019	123,016
2020	4,778
Total	<u>\$ 496,842</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	-0.69
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District’s proportionate share of the net pension liability	\$2,099,682	\$1,111,254	\$276,917

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available in IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

Plan description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 23 active members and 4 retirees in the plan. Retired 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, 2015; the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 18,894
Interest on net OPEB obligation	1,206
Adjustment to annual required contribution	-3,202
Annual OPEB cost	<u>\$ 16,898</u>
Contributions made	-3,191
Increase in net OPEB obligation	<u>\$ 13,707</u>
Net OPEB obligation beginning of year	<u>41,048</u>
 Net OPEB obligation end of year	 <u>\$ 54,755</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$214,792 to the medical plan. Plan members eligible for benefits contributed \$30,729, or 12.5% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$9,513	70.0%	\$2,856
June 30, 2011	\$9,494	66.3%	\$5,673
June 30, 2012	\$10,084	0.0%	\$15,757
June 30, 2013	\$18,648	24.9%	\$28,427
June 30, 2014	\$20,163	26.7%	\$41,048
June 30, 2015	\$18,894	16.9%	\$54,755

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$66,209, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,209. The covered payroll (annual payroll of active employees covered by the plan) was \$1,679,696 and the ratio of the UAAL to covered payroll was 3.9%. As of June 30, 2015, 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

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

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

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$159,719 for the year ended June 30, 2015 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, 2015 is comprised of the following programs:

Program	Amount
Mentoring	\$ 678
Market Factor 07	106
Talented & Gifted	66,781
Early Reading	19,152
Core	4,680
Professional Development	526
Drop Out Prevention	30,791
Total	\$ 122,714

(12) Subsequent Events

The District has evaluated subsequent events through March 10, 2016 which is the date that the financial statement were available to be issued.

(13) Prior Period Adjustment

The District made a \$35,935 prior period adjustment to the General Fund.

(14) **Related Party Transactions**

The District had business transactions between the District and District officials or employees totaling \$15,808 during the year ended June 30, 2015.

(15) **Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities		Business Type Activities
Net position June 30, 2014, as previously reported	\$ 3,253,580	\$	140,379
Net pension liability at June 30, 2014	-1,444,175		-95,604
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	153,567		10,166
Net position July 1, 2014, as restated	\$ 1,962,972	\$	54,941

Required Supplementary Information

Janesville Consolidated School District

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

Required Supplementary Information

Year Ended June 30, 2015

	Governmental Funds Actual	Proprietary Fund Actual
Revenues:		
Local sources	\$ 2,477,561	\$ 206,430
Intermediate sources	-	-
State sources	2,447,892	1,194
Federal sources	93,047	55,668
Total Revenues	<u>\$ 5,018,500</u>	<u>\$ 263,292</u>
Expenditures/Expenses:		
Instruction	\$ 3,036,002	\$ 4,844
Support services	1,152,587	-
Non-instructional programs	-	197,225
Other expenditures	591,074	-
Total Expenditures/Expenses	<u>\$ 4,779,663</u>	<u>\$ 202,069</u>
Excess (deficiency) of revenue over (under) expenditures/expense	\$ 238,837	\$ 61,223
Other financing sources, net	159,033	-
Excess (deficiency) of revenue and other financing sources over (under) expenditures/expenses and other financing uses	<u>\$ 397,870</u>	<u>\$ 61,223</u>
Balances beginning of year	\$ 2,196,941	\$ 140,379
Prior period adjustment	35,935	-85,438
Adjusted balances beginning of year	<u>\$ 2,232,876</u>	<u>\$ 54,941</u>
Balances End of Year	<u>\$ 2,630,746</u>	<u>\$ 116,164</u>

See accompanying independent auditor's report.

	Total Actual		Budgeted Amount		Final To Actual Variance
\$	2,683,991	\$	2,902,599	\$	-218,608
	-		-		-
	2,449,086		2,194,299		254,787
	148,715		89,636		59,079
\$	5,281,792	\$	5,186,534	\$	95,258
\$	3,040,846	\$	3,645,984	\$	605,138
	1,152,587		1,237,161		84,574
	197,225		240,335		43,110
	591,074		778,201		187,127
\$	4,981,732	\$	5,901,681	\$	919,949
\$	300,060	\$	-715,147	\$	1,015,207
	159,033		-		159,033
\$	459,093	\$	-715,147	\$	1,174,240
\$	2,337,320	\$	1,184,178	\$	1,153,142
	-49,503		-		-49,503
\$	2,287,817	\$	1,184,178	\$	1,103,639
\$	2,746,910	\$	469,031	\$	2,277,879

Janesville Consolidated School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2015

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

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

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

Janesville Consolidated School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Fiscal Year*
Required Supplementary Information

		2015
District's proportion of the net pension liability		0.027458%
District's proportionate share of the net pension liability	\$	1,111,254
District's covered-employee payroll	\$	1,943,846
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		57.17%
Plan fiduciary net position as a percentage of the total pension liability		87.61%

*The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Janesville Consolidated School District

Schedule of District Contributions

**Iowa Public Employees' Retirement System
Last 10 Fiscal Years**

Required Supplementary Information

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 173,585	\$ 163,733	\$ 152,494	\$ 135,200	\$ 113,818
Contributions in relation to the statutorily required contribution	-173,585	-163,733	-152,494	-135,200	-113,818
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,943,846	\$ 1,833,516	\$ 1,758,870	\$ 1,675,341	\$ 1,637,669
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.06%	6.95%

See accompanying independent auditor's report.

2010	2009	2008	2007	2006
\$ 100,875	\$ 93,058	\$ 83,513	\$ 73,918	\$ 69,954
-100,875	-93,058	-83,513	-73,918	-69,954
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,516,917	\$ 1,465,480	\$ 1,380,380	\$ 1,285,530	\$ 1,216,591
6.65%	6.35%	6.05%	5.75%	5.75%

Janesville Consolidated School District

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Janesville Consolidated School District

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$101	\$101	0.0%	\$989	10.3%
2011	July 1, 2009	\$-	\$100	\$100	0.0%	\$1,301	7.7%
2012	July 1, 2009	\$-	\$97	\$97	0.0%	\$1,280	7.6%
2013	July 1, 2012	\$-	\$76	\$76	0.0%	\$1,451	5.2%
2014	July 1, 2012	\$-	\$73	\$73	0.0%	\$1,568	4.7%
2015	July 1, 2012	\$-	\$66	\$66	0.0%	\$1,680	3.9%

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

Janesville Consolidated School District

**Combining Balance Sheet
Non-Major Governmental Funds**

June 30, 2015

	Debt Service	Special Revenue		Total
		Student Activity	Management Levy	
Assets				
Cash, cash equivalents and pooled investments	\$ 4,344	\$ 80,133	\$ 331,639	\$ 416,116
Receivables:				
Accounts	-	2,439	-	2,439
Property Tax:				
Delinquent	-	-	1,272	1,272
Succeeding year	-	-	185,000	185,000
Total Assets	\$ 4,344	\$ 82,572	\$ 517,911	\$ 604,827
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 977	\$ -	\$ 977
Total liabilities	\$ -	\$ 977	\$ -	\$ 977
Deferred inflows of resources:				
Unavailable Revenues:				
Succeeding year property tax	\$ -	\$ -	\$ 185,000	\$ 185,000
Total deferred inflows of resources	\$ -	\$ -	\$ 185,000	\$ 185,000
Fund Balances:				
Restricted for:				
Debt service	\$ 4,344	\$ -	\$ -	\$ 4,344
Student activities	-	81,595	-	81,595
Management levy	-	-	332,911	332,911
Total fund balances	\$ 4,344	\$ 81,595	\$ 332,911	\$ 418,850
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,344	\$ 82,572	\$ 517,911	\$ 604,827

See accompanying independent auditor's report.

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

Year Ended June 30, 2015

	Debt Service	Special Revenue		Total
		Student Activity	Management Levy	
Revenues:				
Local Sources:				
Local tax	\$ -	\$ -	\$ 185,175	\$ 185,175
Other	-	226,488	3,611	230,099
State sources	-	-	1,000	1,000
Total Revenues	\$ -	\$ 226,488	\$ 189,786	\$ 416,274
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ -	\$ 24,617	\$ 24,617
Other instruction	-	199,725	-	199,725
Support Services:				
Administration services	-	-	6,165	6,165
Operation and maintenance of plant services	-	-	26,530	26,530
Transportation services	-	-	4,857	4,857
Other Expenditures:				
Long-term Debt:				
Principal	260,907	-	-	260,907
Interest	94,256	-	-	94,256
Total Expenditures	\$ 355,163	\$ 199,725	\$ 62,169	\$ 617,057
Excess (deficiency) of revenues over (under) expenditures	\$ -355,163	\$ 26,763	\$ 127,617	\$ -200,783
Other Financing Sources (Uses):				
Operating transfers in	355,163	-	-	355,163
Change in fund balances	\$ -	\$ 26,763	\$ 127,617	\$ 154,380
Fund balances beginning of year	4,344	54,832	205,294	264,470
Fund Balances End of Year	\$ 4,344	\$ 81,595	\$ 332,911	\$ 418,850

See accompanying independent auditor's report.

Janesville Consolidated School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Assets			
Cash, cash equivalents and pooled investments	\$ 525,291	\$ 155,602	\$ 680,893
Receivables:			
Property Tax:			
Delinquent	-	1,404	1,404
Succeeding year	-	211,468	211,468
Due from other governments	55,130	-	55,130
Due from other funds	-	423	423
Total Assets	\$ 580,421	\$ 368,897	\$ 949,318
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,500	\$ -	\$ 1,500
Total Liabilities	\$ 1,500	\$ -	\$ 1,500
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ -	\$ 211,468	\$ 211,468
Total deferred inflows of resources	\$ -	\$ 211,468	\$ 211,468
Fund Balances:			
Restricted for:			
School infrastructure	\$ 578,921	\$ -	\$ 578,921
Physical plant and equipment	-	157,429	157,429
Total fund balances	\$ 578,921	\$ 157,429	\$ 736,350
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 580,421	\$ 368,897	\$ 949,318

Janesville Consolidated School District

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

Year Ended June 30, 2015

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local Sources:			
Local tax	\$ -	\$ 204,400	\$ 204,400
Other	2,246	791	3,037
State sources	353,358	1,104	354,462
Total Revenues	<u>\$ 355,604</u>	<u>\$ 206,295</u>	<u>\$ 561,899</u>
Expenditures:			
Current:			
Support Services:			
Administration services	\$ -	\$ 17,580	\$ 17,580
Operation and maintenance of plant services	-	8,750	8,750
Transportation services	-	158,678	158,678
Other Expenditures:			
Facilities acquisition	73,586	2,606	76,192
Total Expenditures	<u>\$ 73,586</u>	<u>\$ 187,614</u>	<u>\$ 261,200</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 282,018	\$ 18,681	\$ 300,699
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ -221,415	\$ -133,748	\$ -355,163
Capital lease proceeds	-	158,678	158,678
Total other financing sources (uses)	<u>\$ -221,415</u>	<u>\$ 24,930</u>	<u>\$ -196,485</u>
Change in fund balances	\$ 60,603	\$ 43,611	\$ 104,214
Fund balances beginning of year	518,318	113,818	632,136
Fund Balances End of Year	<u>\$ 578,921</u>	<u>\$ 157,429</u>	<u>\$ 736,350</u>

See accompanying independent auditor's report.

Janesville Consolidated School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2015

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-Fund Transfer	Balance End of Year
Junior High Track Fund	\$ -	\$ 400	\$ -	\$ -	\$ 400
Book Fair	27	2,367	2,335	-1	58
7-12 Secondary Account	593	3,452	3,670	-	375
12 th Grade	-	545	416	231	360
11 th Grade	609	2,814	3,013	555	965
10 th Grade	787	-	-	-787	-
9 th Grade	-	-	-	-	-
Choir/Band Trip	832	40,854	42,508	1,083	261
High School Student Council	1,274	1,889	2,677	1	487
Athletics	3,649	70,423	69,290	-	4,782
Musical	6,322	6,258	4,971	-	7,609
Pop Machine	2	1,795	1,600	-	197
Interest	987	194	-	-	1,181
DECA	-	14,883	11,822	-3,061	-
Yearbook	11,329	8,745	1,835	-	18,239
Band Resale	29	2,735	2,505	-	259
Honor Society	372	792	828	-	336
Junior High Student Council	-	-	-	-	-
Art Fund	739	857	794	-	802
MS Band	198	-	-	-	198
Swing Choir	1,083	-	-	-1,083	-
Elementary Activities	926	7,992	5,893	-	3,025
Miscellaneous	-	5,711	4,211	-	1,500
Technology Fund	297	-	-	1	298
Speech Club	7	76	-	-	83
Marquee Sign	14,391	4,426	-	-	18,817
Football	3,406	18,288	16,586	-	5,108
Volleyball	2,278	13,236	12,610	-	2,904
Boys Basketball	1,392	1,859	1,475	-	1,776
Baseball	455	3,155	1,980	-	1,630
Boys Track	931	-	35	-	896
Girls Basketball	290	1,144	1,368	-	66
Softball	123	2,813	2,297	-	639
Girls Track	1,021	736	724	3,061	4,094
Cross Country	483	1,667	1,696	-	454
Spanish	-	6,382	2,586	-	3,796
Total	\$ 54,832	\$ 226,488	\$ 199,725	\$ -	\$ 81,595

See accompanying independent auditor's report.

Janesville Consolidated School District

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

For the Last Ten Years

	Modified Accrual Basis			
	2015	2014	2013	2012
Revenues:				
Local Sources:				
Local tax	\$ 1,661,603	\$ 1,975,207	\$ 1,877,687	\$ 1,693,206
Tuition	521,900	611,417	669,205	159,950
Other	294,058	245,657	316,263	291,856
State sources	2,447,892	1,923,755	2,022,635	2,010,461
Federal sources	93,047	55,266	86,689	85,936
Total	\$ 5,018,500	\$ 4,811,302	\$ 4,972,479	\$ 4,241,409
Expenditures:				
Instruction:				
Regular instruction	\$ 2,258,846	\$ 2,087,627	\$ 2,089,994	\$ 2,304,185
Special instruction	385,234	317,841	406,961	426,325
Other instruction	391,922	353,688	370,508	340,299
Support services:				
Student services	21,779	34,081	69,341	45,952
Instructional staff services	85,531	31,531	30,677	45,956
Administrative services	470,007	478,497	435,527	479,134
Operation and maintenance of plant services	253,064	261,620	243,595	235,966
Transportation services	322,206	169,534	148,587	171,939
Community services	-	-	-	-
Other expenditures:				
Facilities acquisition	76,192	45,430	53,842	1,007,898
Long-term debt:				
Principal	260,907	202,491	195,125	225,207
Interest and other charges	94,256	100,307	106,393	116,304
AEA flow-through	159,719	148,146	144,177	147,975
Total	\$ 4,779,663	\$ 4,230,793	\$ 4,294,727	\$ 5,547,140

See accompanying independent auditor's report.

Modified Accrual Basis

2011	2010	2009	2008	2007	2006
\$ 1,546,639	\$ 1,550,266	\$ 1,486,626	\$ 1,428,595	\$ 1,365,558	\$ 1,293,783
124,801	124,850	136,737	166,772	132,999	117,732
222,449	214,180	245,609	234,050	294,063	249,477
1,765,918	1,438,228	1,730,143	1,699,638	1,610,246	1,580,463
188,131	276,175	141,138	102,976	96,770	55,451
<u>\$ 3,847,938</u>	<u>\$ 3,603,699</u>	<u>\$ 3,740,253</u>	<u>\$ 3,632,031</u>	<u>\$ 3,499,636</u>	<u>\$ 3,296,906</u>
\$ 2,029,218	\$ 1,758,815	\$ 1,649,683	\$ 1,559,627	\$ 1,573,567	\$ 1,452,592
426,565	406,536	345,086	377,495	335,331	285,007
353,033	311,231	246,288	175,580	174,201	206,118
26,401	66,400	75,510	54,011	50,086	49,502
17,562	32,791	28,540	26,036	29,506	38,679
361,407	381,524	401,722	365,434	337,623	337,187
242,654	231,165	214,769	246,267	228,308	243,661
181,171	131,435	141,034	138,877	142,231	126,865
1,209	326	-	100	-	-
662,467	441,274	179,246	1,329,753	769,037	124,770
136,815	110,000	1,600,000	20,612	19,649	42,207
59,440	49,491	68,400	69,410	47,306	926
152,063	143,134	126,729	119,377	112,250	107,248
<u>\$ 4,650,005</u>	<u>\$ 4,064,122</u>	<u>\$ 5,077,007</u>	<u>\$ 4,482,579</u>	<u>\$ 3,819,095</u>	<u>\$ 3,014,762</u>

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

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

To the Board of Education of
Janesville Consolidated School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District as of and for the year ended June 30, 2015, and related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 10, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a 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-15 through I-G-15 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-H-15 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Janesville Consolidated School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which 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, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Janesville Consolidated School District's Responses to the Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the 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 Janesville Consolidated School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

March 10, 2016

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2015

Part I -- Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Internal Controls – One of the most important responsibilities of the District is to maintain a system of internal control for efficient operation. The District’s Board of Directors is responsible for making policies and procedures that safeguard District assets, ensure District financial information is accurate, ensure employees are complying with laws and regulations pertinent to the District and discipline employees that choose not to comply with board policies and procedures.

The successful operation of the District’s internal control is dependent upon having sufficient and properly trained management and personnel to ensure that the policies and procedures formed by the Board of Directors are being followed. Based on my audit it appears the District’s internal control structure had several breakdowns, some of which are apparent in the comments that follow in the remainder of this report.

Recommendation – The District’s Board of Directors and management staff should review policies and procedures in place and evaluate the effectiveness of internal controls currently in place. Changes in the internal control structure will have to be made for the District to gain full effectiveness of internal control. Additional training may be necessary to achieve this goal.

Response – The Board of Directors and management will review and evaluate the effectiveness of the policies and procedures in place; develop new policies and procedures, where necessary; and determine changes that need to be made to assure a proper, reliable and efficient system of internal controls are in place. Educating staff on the importance of internal controls will be provided by the Superintendent.

Conclusion – Response acknowledged.

I-B-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the same individual is responsible for preparation of checks and deposits, recording the transaction in the journals, and reconciling the bank statement.

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

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

Conclusion – Response accepted.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2015

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

INTERNAL CONTROL DEFICIENCIES:

I-C-15 Supporting Documentation – I noted seven instances of checks being written to a vendor without an invoice or supporting documentation.

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

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

Conclusion – Response acknowledged.

I-D-15 Disbursement Approval – For 3 of 26 general fund and 14 of 34 student activity fund disbursements tested, there was no evidence to document the date the Superintendent approved the expenditures.

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

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

Conclusion – Response acknowledged.

I-E-15 Financial Reporting – During the audit, I identified material amounts of disbursements recorded in incorrect accounts with the wrong object or source codes.

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. The purpose of governmental fund accounting is to facilitate that the District is demonstrating compliance with the use of designated or restricted revenue by segregating the revenue and related expenditures. In addition, timely and complete recording of all bills and receipts is essential for accurate financial statements. The general ledger is supposed to be an accurate history of the District's financial transactions.

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

Conclusion – Response acknowledged.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2015

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

INTERNAL CONTROL DEFICIENCIES:

I-F-15 Bank Reconciliation – I noted during my audit that the District does not reconcile the Nutrition Fund bank statements to the general ledger on a timely basis.

Recommendation – The District should reconcile bank statement balances to financial statement balances on a monthly basis. The bank reconciliation when performed timely, and reconciling items adjusted would provide support for the cash position. This would allow the user of the monthly financial statements a higher confidence in the amount of cash reflected on the balance sheet.

Response – The District will reconcile all funds to ensure accurate reporting of the balance sheets on a timely basis.

Conclusion – Response acknowledged.

I-G -15 Payroll Procedures – I noted during my audit that the District did not have payroll deductions set up correctly. Life insurance on some employees was deducted pre-FICA tax.

Recommendation – The District should review payroll deduction set up on the software to make sure payroll is being calculated correctly.

Response – We have corrected the affected employee deductions and reviewed software set ups in the payroll system.

Conclusion – Response accepted.

I-H-15 Annual Financial Statements – The ability to apply U.S. generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

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

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

Conclusions – Response accepted.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2015

Part II - Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 did not exceed the certified budget.

II-B-15 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:		
Regions	Interest	\$35.07
Forecast 5	License Agreement	\$4,000.00
PMA Financial Network	Financial Planning	\$6,000.00
Employee	Storage – After move	\$110.00
Wal-Mart	Late Fee/Interest	\$31.48
State Bank card	Finance Charge	\$45.26
Activity Fund:		
Employee	Onsies (three times)	\$160.00
U of I Neo-Natal	Donation	\$40.00
BSN Sports	Interest	\$14.77
Regions	Interest	\$10.00
Employee	Hand soap, Candy, Pop, Snacks	\$25.00
Pizza Ranch	Computer Team Meal	\$72.00
Hy-Vee	Funeral Flowers	\$50.00

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.

Response – Beginning in fiscal 2016, 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 accepted.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2015

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

II-C-15 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 employee was noted.

However, I noted during my audit that a payment made with the District’s credit card lacked supporting documentation for the purpose and type of expense. The District has Board Policy that addresses the use of the District issued credit cards by employees for necessary expenses incurred while on District business. If an employee fails to submit a detailed receipt in addition to the credit card receipt indicating the date, purpose and nature of the expense for each item, that expense would become the employee’s expense that would have to be reimbursed to the District within ten days following the use of the District credit card.

Recommendation – The District should review its Board Policy with employees and require the documentation required by board policy be given to central office staff.

Response – The District will review Board Policy with employees and require that all supporting documentation for purchases on the District’s credit cards are turned into the central office.

Conclusion – Response accepted.

II-D-15 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title & Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Richard White – Employee, Owner of Whitey’s Auto	Bus wash/Repairs	\$108
Richard White – Employee, Owner of Whitey’s Auto	Van	\$15,700

In accordance with Chapter 362.5 of the Code of Iowa, the transactions with Whitey’s Auto may represent conflicts of interest since the total purchases exceeded \$1,500 for the year and was not entered into through competitive bidding in accordance with Chapter 362.5(4).

Recommendation – The District should use a competitive bidding process for amounts over \$1,500.

Response – We will use competitive bidding in the future.

Conclusion – Response accepted.

II-E-15 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.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2015

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

II-F-15 Board Approval – I noted nine transactions in the activity fund requiring Board approval which were not approved by the Board.

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

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

Conclusion – Response accepted.

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

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

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

Conclusion – Response accepted.

II-G-15 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-15 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-15 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-15 Certified Annual Report – The Certified Annual Report was not properly certified to the Iowa Department of Education by September 15, 2015.

Recommendation – In the future, the District should ensure the Certified Annual Report is certified timely to the Iowa Department of Education.

Response – We had computer program problems and are changing software. We will certify the Certified Annual Report timely in the future.

Conclusion – Response accepted.

II-K-15 Student Activity Fund – The Student Activity Fund includes accounts which should have been reclassified by a residual equity transfer in prior years in order for the fund to conform to U.S. generally accepted accounting principles in accordance with Chapter 257.31(4) of the Code of Iowa. This account is the Miscellaneous Account.

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

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

Conclusion – Response accepted.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2015

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

II-L-15 Categorical Funding – No instances were noted of categorical funding being used to supplant rather the supplement other funds.

II-M-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in 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, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	518,318
Revenues/transfers in:			
Sales tax revenues	\$	353,358	
Other local revenues		2,246	355,604
			<hr/> 873,922
Expenditures/transfer out:			
School infrastructure	\$	73,586	
Transfers to other funds:			
Debt service fund		221,415	295,001
			<hr/> 295,001
Ending balance		\$	<hr/> 578,921

For the year ended June 30, 2015, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 1.7475	\$ 353,358
Physical plant and equipment levy (PPEL)	-	-
Public educational and recreational levy (PERL)	-	-
		<hr/>
Total		\$ <hr/> 353,358

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2015

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

II-N-15 Student Activity Fund Interest – I noted during my audit that the Student Activity Fund earned interest. However, this interest was not allocated to the various accounts at least once during the year.

Recommendation – Interest in the Student Activity Fund should be allocated among the various accounts at least on an annual basis. The interest should be recognized by the individual clubs that earned the interest.

Response – The District will allocate the interest to other accounts in the future.

Conclusion – Response accepted.

II-O-15 Sales Tax – Sales tax was paid by the District on five disbursements tested.

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

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

Conclusion – Response acknowledged.

II-P-15 Form 1099 – I noted that not all required 1099 forms were done.

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

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

Conclusion – Response accepted.