

Jesup Community School District

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

June 30, 2015

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Jesup Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Lisa Riensche	President	2017
Luke Baldwin	Vice President	2015
Amy Bucknell	Board Member	2017
Dustin Thorson	Board Member	2017
Nate Clayberg	Board Member	2015
Leonard Harting	Board Member	2015
Rick Kayser	Board Member	2015
School Officials		
Nathan Marting	Superintendent	2015
Sheila Wenthold	District Secretary/Business Manager	2015
Brian Gruhn	Attorney	2015

Independent Auditor's Report

To the Board of Education of
Jesup Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Jesup Community School District, Jesup, Iowa, as of and for the year ended June 30, 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 Jesup Community 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, Jesup Community 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 45 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

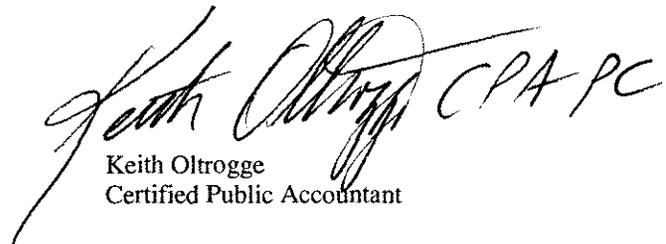
Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jesup Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 3, 2016 on my consideration of Jesup Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jesup Community School District's internal control over financial reporting and compliance.



Keith Oltrogge
Certified Public Accountant

March 3, 2016

Jesup Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Jesup Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 \$8,465,104 in fiscal 2014 to \$8,803,700 in fiscal 2015, while General Fund expenditures increased from \$8,921,429 in fiscal 2014 to \$8,968,774 in fiscal 2015. The District's General Fund balance decreased from adjusted \$456,441 in fiscal year 2014 to \$296,758 in fiscal year 2015, a 35.0% decrease.
- The increase in General Fund revenues was attributable to an increase in local revenues in fiscal year 2015.
- The increase in the General Fund expenditures was due primarily to the increase in support services.
- The District's solvency ratio decreased from 3.4% in 2014 to 1.0% in fiscal 2015. The District's solvency level indicates the District's ability to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, 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
Jesup Community School District Annual Financial Report

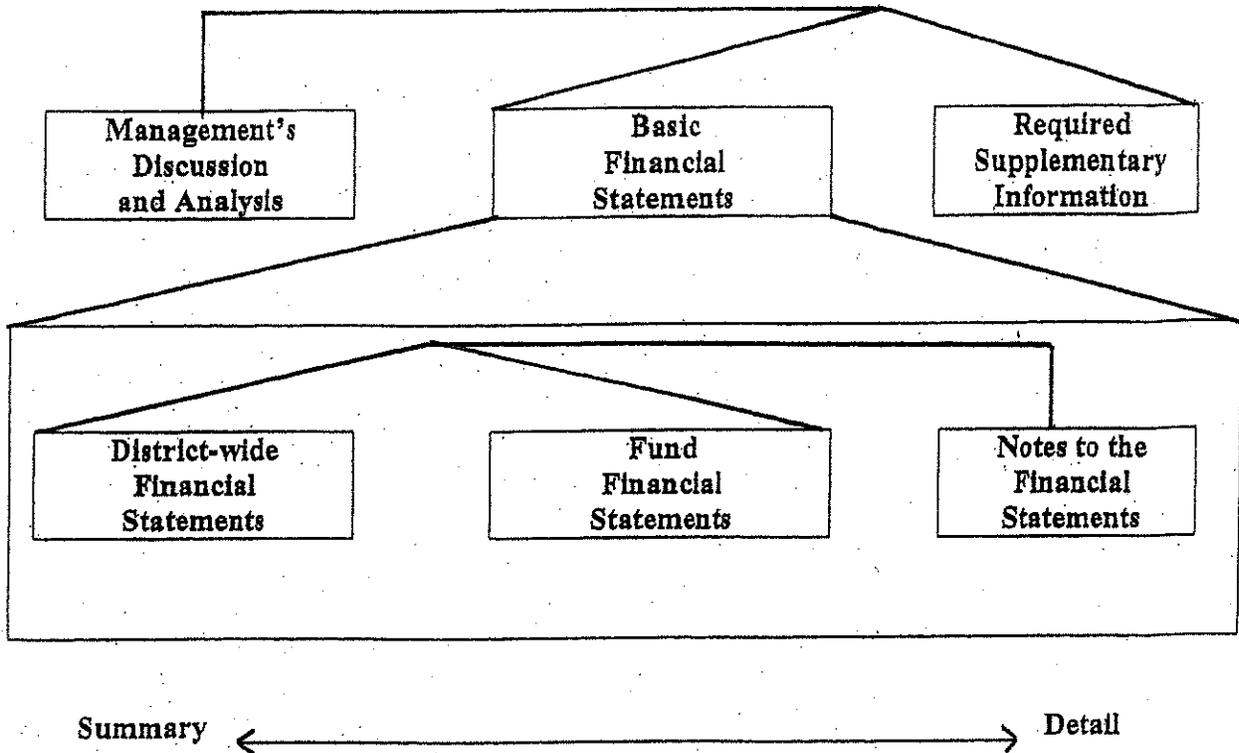


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

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

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

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	\$9,843,252	\$10,418,029	\$122,122	\$130,969	\$9,965,374	\$10,548,998	-5.5%
Capital assets	13,758,370	13,087,686	54,251	30,923	13,812,621	13,118,609	5.3%
Total assets	\$23,601,622	\$23,505,715	\$176,373	\$161,892	\$23,777,995	\$23,667,607	0.5%
Deferred outflows of resources	\$1,062,117	\$-	\$34,365	\$-	\$1,098,482	\$-	100%
Long-term liabilities	\$13,658,439	\$10,779,302	\$111,346	\$-	\$13,769,785	\$10,779,302	27.7%
Other liabilities	1,661,581	1,855,226	18,537	21,189	1,680,118	1,876,415	-10.5%
Total liabilities	\$15,320,020	\$12,634,528	\$129,883	\$21,189	\$15,449,903	\$12,655,717	22.1%
Deferred inflows of resources	\$5,002,933	\$3,295,962	\$42,464	\$-	\$5,045,397	\$3,295,962	53.1%
Net position:							
Net investment in capital assets	\$3,803,370	\$2,512,686	\$54,251	\$30,923	\$3,857,621	\$2,543,609	51.7%
Restricted	5,033,789	5,596,850	-	-	5,033,789	5,596,850	-10.0%
Unrestricted	-4,501,215	-543,150	-11,018	118,619	-4,512,233	-424,531	-962.9%
Total net position	\$4,335,944	\$7,566,386	\$43,233	\$149,542	\$4,379,177	\$7,715,928	-43.3%

The District’s total net position decreased by nearly 43.3%, or \$3,336,751, from the prior year. The largest portion of the District’s net position is in restricted net position.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net position decreased \$563,061, or 10.0% from the prior year, due to the facilities acquisition in the Capital Projects Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$4,087,702, or 962.9%. 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 \$4,331,977 and \$139,897, 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
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
Revenues:							
Program revenues:							
Charges for service	\$837,299	\$823,520	\$365,501	\$346,669	\$1,202,800	\$1,170,189	2.8%
Operating grants, contributions and restricted interest	1,245,788	1,359,811	178,260	167,969	1,424,048	1,527,780	-6.8%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	3,303,258	3,187,232	-	-	3,303,258	3,187,232	3.6%
Statewide sales, services and use tax	833,159	789,213	-	-	833,159	789,213	5.6%
Unrestricted state grants	4,173,124	3,979,773	-	-	4,173,124	3,979,773	4.9%
Unrestricted investment earnings	24,292	34,002	1,393	421	25,685	34,423	-25.4%
Other	114,268	165,860	36,996	4,838	151,264	170,698	11.4%
Total revenues	\$10,531,188	\$10,339,411	\$582,150	\$519,897	\$11,113,338	\$10,859,308	2.3%
Program expenses:							
Governmental activities:							
Instruction	\$6,349,049	\$6,797,541	\$52,813	\$35,887	\$6,401,862	\$6,833,428	-6.3%
Support services	2,500,151	2,544,616	-	-	2,500,151	2,544,616	-1.8%
Non-instructional programs	7,792	2,798	497,247	463,086	505,039	465,884	8.4%
Other expenses	576,038	815,948	-	-	576,038	815,948	7.4%
Total expenses	\$9,433,030	\$10,160,903	\$550,060	\$498,973	\$9,983,090	\$10,659,876	-6.4%
Change in net position	\$1,098,158	\$178,508	\$32,090	\$20,924	\$1,130,248	\$199,432	466.7%
Net other financing sources	3,377	-	1,500	-	4,877	-	100%
Change in net position	\$1,101,535	\$178,508	\$33,590	\$20,924	\$1,135,125	\$199,432	469.2%
Net position, beginning of year, as restated							
	\$3,234,409	\$7,387,955	\$9,643	\$128,618	\$3,244,052	\$7,516,573	56.8%
Prior period adjustment	-	-77	-	-	-	-77	-100%
Adjusted net position, beginning of year, as restated	\$3,234,409	\$7,387,878	\$9,643	\$128,618	\$3,244,052	\$7,516,496	-56.8%
Net position, end of year	\$4,335,944	\$7,566,386	\$43,233	\$149,542	\$4,379,177	\$7,715,928	-43.3%

In fiscal year 2015, property tax and unrestricted state grants accounted for 71% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 93% of business type activities revenue.

The District's total revenues were approximately \$11.1 million, of which approximately \$10.5 million was for governmental activities and less than \$0.6 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.3% increase in revenues and a 6.4% decrease in expenses. Property tax increased approximately \$116,000.

Governmental Activities

Revenues for governmental activities were \$10,531,188 and expenses were \$9,433,030 for the year ended June 30, 2015.

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	\$6,349,049	\$6,797,541	-6.6%	\$4,325,135	\$4,673,384	-7.5%
Support services	2,500,151	2,544,616	-1.8%	2,440,978	2,485,442	-1.8%
Non-instructional programs	7,792	2,798	178.5%	7,792	2,798	178.5%
Other expenses	576,038	815,948	-29.4%	576,038	815,948	-29.4%
Totals	\$9,433,030	\$10,160,903	-7.2%	\$7,349,943	\$7,977,572	-7.9%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,202,800.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,424,048.
- The net cost of governmental activities was financed with \$4,136,417 in property and other taxes and \$4,173,124 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$582,150 and expenses were \$550,060. The District's business type activities include the School Nutrition Fund, Community Rec Programs Fund and Student Construction Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,335,944, well above last year's adjusted ending fund balances of \$3,234,409.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of many factors. The decrease during the year in local sources resulted in a decrease in revenues. Also, there was an increase in expenditures.
- The General Fund adjusted balance decreased from \$456,441 to \$296,758, due, in part, to the increase in expenditures.
- The Capital Projects Fund balance decreased from \$4,547,333 to \$3,904,450 due, in part, to the facilities acquisitions.
- The Debt Service Fund balance increased from \$90,211 to \$93,105 due to the increase in property taxes collected.

Proprietary Fund Highlights

- School Nutrition Fund net position increased from -\$1,927 to \$6,161 at June 30, 2015, due, in part to the decrease in expenditures and the increase in revenue. The District also reflected the related expenses for the net pension liability, which caused an overall reduction of net position.
- Community Rec Programs Fund net position increased from \$9,705 to \$34,111 at June 30, 2015 due to the increase in revenue.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$128,656 more than total budgeted revenues, a variance of 1.2%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$13,812,621, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 5.3% 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 \$532,265.

The original cost of the District's capital assets was \$22,325,671. Governmental funds account for \$22,239,324, with the remainder of \$86,347 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in process category. This significant decrease resulted from the completion of the childhood addition.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	-
Construction in process	412,316	3,754,260	-	-	412,316	3,754,260	-89.0%
Buildings	11,548,731	7,543,926	-	-	11,548,731	7,543,926	53.1%
Improvements other than buildings	1,233,671	1,294,966	-	-	1,233,671	1,294,966	-4.7%
Furniture and equipment	530,152	461,034	54,251	30,923	584,403	491,957	18.8%
Totals	\$13,758,370	\$13,087,686	\$54,251	\$30,923	\$13,812,621	\$13,118,609	5.3%

Long-Term Debt

At June 30, 2015, the District had \$9,955,000 in general obligation and revenue bonds outstanding. This represents a decrease of 7.5% 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 \$24.3 million.

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

	Total District		Total Change
	June 30,		June 30,
	2015	2014	2014-2015
General obligation bonds	\$7,480,000	\$7,805,000	-4.2%
Revenue bonds	2,475,000	2,770,000	-10.7%
Totals	\$9,955,000	\$10,575,000	-7.5%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Jesup Community School District

Statement of Net Position

June 30, 2015

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 5,827,544	\$ 118,561	\$ 5,946,105
Receivables:			
Property tax:			
Delinquent	25,162	-	25,162
Succeeding year	3,688,037	-	3,688,037
Accounts	53,447	90	53,537
Due from other governments	249,062	-	249,062
Inventories	-	3,471	3,471
Capital assets, net of accumulated depreciation/amortization	13,758,370	54,251	13,812,621
Total Assets	\$ 23,601,622	\$ 176,373	\$ 23,777,995
Deferred Outflows of Resources			
Pension related deferred outflows	\$ 1,062,117	\$ 34,365	\$ 1,098,482
Liabilities			
Excess of warrants issued over bank balance	\$ 542,941	\$ -	\$ 542,941
Accounts payable	261,218	1,842	263,060
Salaries and benefits payable	765,393	6,824	772,217
Unearned revenue	-	9,871	9,871
Accrued interest payable	92,029	-	92,029
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	295,000	-	295,000
Revenue bonds	440,000	-	440,000
Portion due after one year:			
General obligation bonds	2,180,000	-	2,180,000
Revenue bonds	7,040,000	-	7,040,000
Net pension liability	3,447,811	111,346	3,559,157
Net OPEB liability	255,628	-	255,628
Total Liabilities	\$ 15,320,020	\$ 129,883	\$ 15,449,903
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 3,688,037	\$ -	\$ 3,688,037
Pension related deferred inflows	1,314,896	42,464	1,357,360
Total deferred inflows of resources	\$ 5,002,933	\$ 42,464	\$ 5,045,397

Jesup Community School District

Statement of Net Position

June 30, 2015

	Govern- mental Activities	Business Type Activities	Total
Net Position			
Net investment in capital assets	\$ 3,803,370	\$ 54,251	\$ 3,857,621
Restricted for:			
Categorical funding	206,785	-	206,785
Debt service	93,105	-	93,105
School infrastructure	4,327,961	-	4,327,961
Management levy purposes	154,239	-	154,239
Student activities	132,269	-	132,269
Physical plant and equipment	119,430	-	119,430
Unrestricted	-4,501,215	-11,018	-4,512,233
Total Net Position	\$ 4,335,944	\$ 43,233	\$ 4,379,177

Jesup Community School District

Statement of Activities

Year Ended June 30, 2015

	Expenses	Charges for Services	Program Revenues	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Functions/Programs</u>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 4,177,210	\$ 531,099	\$ 1,027,829	\$ -
Special instruction	1,005,881	33,567	64,693	-
Other instruction	1,165,958	266,853	99,873	-
	<u>\$ 6,349,049</u>	<u>\$ 831,519</u>	<u>\$ 1,192,395</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 146,578	\$ -	\$ 4,505	\$ -
Instructional staff services	271,341	-	-	-
Administration services	921,879	-	-	-
Operation and maintenance of plant services	729,647	840	48,888	-
Transportation services	430,706	4,940	-	-
	<u>\$ 2,500,151</u>	<u>\$ 5,780</u>	<u>\$ 53,393</u>	<u>\$ -</u>
Non-instructional programs	\$ 7,792	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ -32,448	\$ -	\$ -	\$ -
Long-term debt interest	216,178	-	-	-
AEA flow-through	392,308	-	-	-
	<u>\$ 576,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 9,433,030</u>	<u>\$ 837,299</u>	<u>\$ 1,245,788</u>	<u>\$ -</u>
Business Type Activities:				
Instruction:				
Other instruction:				
Student construction	\$ 754	\$ 1,850	\$ -	\$ -
Community rec programs	52,059	39,831	-	-
	<u>\$ 52,813</u>	<u>\$ 41,681</u>	<u>\$ -</u>	<u>\$ -</u>
Non-Instructional:				
Food service operations	\$ 401,885	\$ 231,330	\$ 178,260	\$ -
Community rec programs	95,362	92,490	-	-
	<u>\$ 497,247</u>	<u>\$ 323,820</u>	<u>\$ 178,260</u>	<u>\$ -</u>
Total Business Type Activities	<u>\$ 550,060</u>	<u>\$ 365,501</u>	<u>\$ 178,260</u>	<u>\$ -</u>
Total	<u>\$ 9,983,090</u>	<u>\$ 1,202,800</u>	<u>\$ 1,424,048</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -2,618,282	\$ -	\$ -2,618,282
-907,621	-	-907,621
-799,232	-	-799,232
<u>\$ -4,325,135</u>	<u>\$ -</u>	<u>\$ -4,325,135</u>
\$ -142,073	\$ -	\$ -142,073
-271,341	-	-271,341
-921,879	-	-921,879
-679,919	-	-679,919
-425,766	-	-425,766
<u>\$ -2,440,978</u>	<u>\$ -</u>	<u>\$ -2,440,978</u>
\$ -7,792	\$ -	\$ -7,792
\$ 32,448	\$ -	\$ 32,448
-216,178	-	-216,178
-392,308	-	-392,308
<u>\$ -576,038</u>	<u>\$ -</u>	<u>\$ -576,038</u>
\$ -7,349,943	\$ -	\$ -7,349,943
\$ -	\$ 1,096	\$ 1,096
-	-12,228	-12,228
<u>\$ -</u>	<u>\$ -11,132</u>	<u>\$ -11,132</u>
\$ -	\$ 7,705	\$ 7,705
-	-2,872	-2,872
<u>\$ -</u>	<u>\$ 4,833</u>	<u>\$ 4,833</u>
\$ -	\$ -6,299	\$ -6,299
<u>\$ -7,349,943</u>	<u>\$ -6,299</u>	<u>\$ -7,356,242</u>

Jesup Community School District

Statement of Activities

Year Ended June 30, 2015

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

General Revenues:

Property Tax Levied For:
 General purposes
 Debt service
 Capital outlay
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total General Revenues

Change in net position
Net other financing sources (uses)
Change in net position

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
\$ 2,884,780	\$ -	\$ 2,884,780
333,923	-	333,923
84,555	-	84,555
833,159	-	833,159
4,173,124	-	4,173,124
24,292	1,393	25,685
114,268	36,996	151,264
<hr/>		
\$ 8,448,101	\$ 38,389	\$ 8,486,490
<hr/>		
\$ 1,098,158	\$ 32,090	\$ 1,130,248
3,377	1,500	4,877
\$ 1,101,535	\$ 33,590	\$ 1,135,125
<hr/>		
3,234,409	9,643	3,244,052
<hr/>		
\$ 4,335,944	\$ 43,233	\$ 4,379,177

Jesup Community School District

**Balance Sheet
Governmental Funds**

June 30, 2015

Assets	General	Debt Service	Capital Projects
Cash, cash equivalents and pooled investments	\$ 1,011,109	\$ 90,569	\$ 4,451,037
Receivables:			
Property Tax:			
Delinquent	20,762	2,536	642
Succeeding year	3,089,271	331,418	87,347
Accounts	36,072	-	-
Due from other governments	119,383	-	129,679
Due from other funds	1,320	-	-
Total assets	\$ 4,277,917	\$ 424,523	\$ 4,668,705
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Excess of warrants issued over bank balance	\$ -	\$ -	\$ 542,941
Due to other funds	4,842	-	-
Accounts payable	121,653	-	133,967
Salaries and benefits payable	765,393	-	-
Total liabilities	\$ 891,888	\$ -	\$ 676,908
 Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ 3,089,271	\$ 331,418	\$ 87,347
Total deferred inflows of resources	\$ 3,089,271	\$ 331,418	\$ 87,347
 Fund Balances:			
Restricted for:			
Categorical funding	\$ 206,785	\$ -	\$ -
Debt service	-	93,105	-
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	4,327,961
Physical plant and equipment	-	-	119,430
Unassigned	89,973	-	-542,941
Total fund balances	\$ 296,758	\$ 93,105	\$ 3,904,450
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,277,917	\$ 424,523	\$ 4,668,705

See notes to financial statements.

Non-Major Funds	Total
\$ 274,829	\$ 5,827,544
1,222	25,162
180,001	3,688,037
17,375	53,447
-	249,062
-	1,320
<u>\$ 473,427</u>	<u>\$ 9,844,572</u>

\$ -	\$ 542,941
1,320	6,162
5,598	261,218
-	765,393
<u>\$ 6,918</u>	<u>\$ 1,575,714</u>

<u>\$ 180,001</u>	<u>\$ 3,688,037</u>
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<u>\$ 180,001</u>	<u>\$ 3,688,037</u>
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\$ -	\$ 206,785
-	93,105
154,239	154,239
132,269	132,269
-	4,327,961
-	119,430
-	-452,968
<u>\$ 286,508</u>	<u>\$ 4,580,821</u>

<u>\$ 473,427</u>	<u>\$ 9,844,572</u>
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See notes to financial statements.

Jesup Community School District

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

June 30, 2015

Total fund balances of governmental funds (page 18)	\$	4,580,821
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		13,758,370
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		-92,029
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	\$	1,062,117
Deferred inflows of resources		-1,314,896
		<u>-252,779</u>
Long-term liabilities, including bonds and notes payable, compensated absences payable, and 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>-13,658,439</u>
Net position of governmental activities (page 15)	\$	<u>4,335,944</u>

See notes to financial statements.

Jesup Community School District

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

Year Ended June 30, 2015

	General	Debt Service	Capital Projects	Non-Major Funds	Total
Revenues:					
Local Sources:					
Local tax	\$ 2,724,426	\$ 333,923	\$ 84,555	\$ 160,354	\$ 3,303,258
Tuition	536,012	-	-	-	536,012
Other	127,300	1,454	28,046	283,048	439,848
Intermediate sources	-	-	-	-	-
State sources	5,215,151	1,705	833,591	812	6,051,259
Federal sources	200,811	-	-	-	200,811
Total Revenues	\$ 8,803,700	\$ 337,082	\$ 946,192	\$ 444,214	\$ 10,531,188
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 4,061,574	\$ -	\$ -	\$ 84,829	\$ 4,146,403
Special instruction	1,068,757	-	-	-	1,068,757
Other instruction	915,774	-	-	255,591	1,171,365
	\$ 6,046,105	\$ -	\$ -	\$ 340,420	\$ 6,386,525
Support Services:					
Student services	\$ 156,020	\$ -	\$ -	\$ 2,026	\$ 158,046
Instructional staff services	323,309	-	-	2,026	325,335
Administration services	971,629	-	-	6,079	977,708
Operation and maintenance of plant services	684,649	-	19,925	55,833	760,407
Transportation services	394,754	-	90,219	11,099	496,072
	\$ 2,530,361	\$ -	\$ 110,144	\$ 77,063	\$ 2,717,568
Other Expenditures:					
Facilities acquisition	\$ -	\$ -	\$ 971,196	\$ -	\$ 971,196
Long-Term Debt:					
Principal	-	620,000	-	-	620,000
Interest and fiscal charges	-	220,923	1,000	-	221,923
AEA flow-through	392,308	-	-	-	392,308
	\$ 392,308	\$ 840,923	\$ 972,196	\$ -	\$ 2,205,427
Total Expenditures	\$ 8,968,774	\$ 840,923	\$ 1,082,340	\$ 417,483	\$ 11,309,520

Jesup Community School District

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

Year Ended June 30, 2015

	General	Debt Service	Capital Projects	Non-Major Funds	Total
Excess (deficiency) of revenues over (under) expenditures	\$ -165,074	\$ -503,841	\$ -136,148	\$ 26,731	\$ -778,332
Other Financing Sources (Uses):					
Operating transfers in (out)	\$ 1,229	\$ 506,735	\$ -506,735	\$ -2,014	\$ -785
Sale of assets	4,162	-	-	-	4,162
Total other financing sources (uses)	\$ 5,391	\$ 506,735	\$ -506,735	\$ -2,014	\$ 3,377
Change in fund balances	\$ -159,683	\$ 2,894	\$ -642,883	\$ 24,717	\$ -774,955
Fund balances beginning of year	456,441	90,211	4,547,333	261,791	5,355,776
Fund balances end of year	\$ 296,758	\$ 93,105	\$ 3,904,450	\$ 286,508	\$ 4,580,821

See notes to financial statements.

Jesup Community School District

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

Year Ended June 30, 2015

Change in fund balances – total governmental funds (page 21) \$ -774,955

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

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

Expenditures for capital assets	\$ 1,195,753	
Depreciation expense	<u>-525,069</u>	670,684

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

Repaid	620,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

5,745

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.

550,267

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:

Pension expense	\$ 81,120	
Other postemployment benefits	<u>-51,326</u>	29,794

Change in Net Position of Governmental Activities (page 17) \$ 1,101,535

Jesup Community School District

Statement of Net Position
Proprietary Funds

June 30, 2015

	Community Rec Program	School Nutrition	Non-Major Student Construction	Total
Assets				
Current Assets:				
Cash, cash equivalents and pooled investments	\$ 85,487	\$ 30,113	\$ 2,961	\$ 118,561
Accounts receivable	-	90	-	90
Due from other funds	4,842	343	-	5,185
Inventories	-	3,471	-	3,471
Total current assets	\$ 90,329	\$ 34,017	\$ 2,961	\$ 127,307
Non-Current Assets:				
Capital assets, net of accumulated depreciation	\$ -	\$ 54,251	\$ -	\$ 54,251
Total Assets	\$ 90,329	\$ 88,268	\$ 2,961	\$ 181,558
Deferred Outflows of Resources				
Pension related deferred outflows	\$ 13,671	\$ 20,694	\$ -	\$ 34,365
Liabilities				
Current Liabilities				
Accounts payable	\$ 1,842	\$ -	\$ -	\$ 1,842
Salaries and benefits payable	6,516	308	-	6,824
Due to other funds	343	-	-	343
Unearned revenue	-	9,871	-	9,871
Total current liabilities	\$ 8,701	\$ 10,179	\$ -	\$ 18,880
Non-Current Liabilities				
Net pension liabilities	44,295	67,051	-	111,346
Total Liabilities	\$ 52,996	\$ 77,230	\$ -	\$ 130,226
Deferred Inflows of Resources				
Pension related deferred inflows	\$ 16,893	\$ 25,571	\$ -	\$ 42,464
Net Position				
Net investment in capital assets	\$ -	\$ 54,251	\$ -	\$ 54,251
Unrestricted	34,111	-48,090	2,961	-11,018
Total Net Position	\$ 34,111	\$ 6,161	\$ 2,961	\$ 43,233

See notes to financial statements

Jesup Community School District

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

Year Ended June 30, 2015

	Community Rec Programs	School Nutrition	Non-Major Student Construction	Total
Operating revenues:				
Local sources:				
Charges for service	\$ 132,321	\$ 231,330	\$ -	\$ 363,651
Contributions/Donations	36,996	-	-	36,996
Sales	-	-	1,850	1,850
	<u>\$ 169,317</u>	<u>\$ 231,330</u>	<u>\$ 1,850</u>	<u>\$ 402,497</u>
Operating expenses:				
Other instruction:				
Purchased services	\$ 3,140	\$ -	\$ -	\$ 3,140
Supplies	43,300	-	754	44,054
Other	5,619	-	-	5,619
	<u>\$ 52,059</u>	<u>\$ -</u>	<u>\$ 754</u>	<u>\$ 52,813</u>
Non-instructional programs:				
Operations:				
Salaries	\$ 78,607	\$ 138,605	\$ -	\$ 217,212
Benefits	8,002	11,251	-	19,253
Purchased services	-	3,560	-	3,560
Supplies	8,753	241,273	-	250,026
Depreciation	-	7,196	-	7,196
	<u>\$ 95,362</u>	<u>\$ 401,885</u>	<u>\$ -</u>	<u>\$ 497,247</u>
Total operating expenses	<u>\$ 147,421</u>	<u>\$ 401,885</u>	<u>\$ 754</u>	<u>\$ 550,060</u>
Operating income (loss)	<u>\$ 21,896</u>	<u>\$ -170,555</u>	<u>\$ 1,096</u>	<u>\$ -147,563</u>
Non-operating revenues:				
State sources	\$ -	\$ 3,695	\$ -	\$ 3,695
Federal sources	-	174,565	-	174,565
Interest income	1,010	383	-	1,393
Total non-operating revenues	<u>\$ 1,010</u>	<u>\$ 178,643</u>	<u>\$ -</u>	<u>\$ 179,653</u>
Change in net position	\$ 22,906	\$ 8,088	\$ 1,096	\$ 32,090
Other financing sources:				
Operating transfers in	1,500	-	-	1,500
Change in net position	\$ 24,406	\$ 8,088	\$ 1,096	\$ 33,590
Net position beginning of year, as restated	9,705	-1,927	1,865	9,643
Net Position End of Year	<u>\$ 34,111</u>	<u>\$ 6,161</u>	<u>\$ 2,961</u>	<u>\$ 43,233</u>

See notes to financial statements.

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2015

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 231,818
Cash paid to employees for services	-162,533
Cash paid to suppliers for goods or services	-218,240
Net cash used by operating activities	<u>\$ -148,955</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 3,695
Federal grants received	147,126
Net cash provided by non-capital financing activities	<u>\$ 150,821</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -30,524</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 383</u>
Net decrease in cash and cash equivalents	\$ -28,275
Cash and cash equivalents beginning of year	<u>58,388</u>
Cash and Cash Equivalents End of Year	<u>\$ 30,113</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -170,555
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	27,475
Depreciation	7,196
(Increase) in inventories	-853
(Increase) in accounts receivable	-10
(Decrease) in salaries and benefits payable	-361
Increase in unearned revenue	529
(Decrease) in accounts payable	-59
(Increase) in deferred outflows of resources	-10,814
Increase in deferred inflows of resources	25,571
(Decrease) in net pension liability	<u>-27,074</u>
Net Cash Used by Operating Activities	<u>\$ -148,955</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$27,475 of federal commodities.

See notes to financial statements.

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2015

	<u>Community Rec Program</u>
Cash flows from operating activities:	
Cash received from services/donations	\$ 171,279
Cash paid to employees for services	-93,611
Cash paid to suppliers for goods or services	-62,211
Net cash provided by operating activities	<u>\$ 15,457</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 1,010</u>
Cash flows from non-capital financing activities:	
Interfund transfer	<u>\$ 1,500</u>
Net increase in cash and cash equivalents	\$ 17,967
Cash and cash equivalents beginning of year	<u>67,520</u>
Cash and Cash Equivalents End of Year	<u>\$ 85,487</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 21,896
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other funds	3,997
Decrease in accounts receivable	462
(Decrease) in salaries and benefits payable	-1,227
(Decrease) in accounts payable	-1,534
(Increase) in deferred outflows of resources	-7,145
Increase in deferred inflows of resources	16,893
(Decrease) in net pension liability	<u>-17,885</u>
Net Cash Provided by Operating Activities	<u>\$ 15,457</u>

See notes to financial statements.

Jesup Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2015

	<u>Student Construction</u>
Cash flows from operating activities:	
Cash received from services	\$ 1,850
Cash paid to suppliers for goods or services	-754
Net cash provided by operating activities	<u>\$ 1,096</u>
Net increase in cash and cash equivalents	\$ 1,096
Cash and cash equivalents beginning of year	<u>1,865</u>
Cash and Cash Equivalents End of Year	<u>\$ 2,961</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 1,096</u>
Net Cash Provided by Operating Activities	<u>\$ 1,096</u>

See notes to financial statements.

Jesup Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private Purpose Trust
	Scholarship
Assets	
Cash, cash equivalents and pooled investments	\$ 7,898
Total assets	\$ 7,898
Liabilities	
Accounts payable	\$ -
Net position	
Reserved for scholarships	\$ 7,898

See notes to financial statements.

Jesup Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2015

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest income	\$ 166
Deductions:	
Instruction:	
Scholarships awarded	\$ 400
Change in net position	\$ -234
Other financing (uses):	
Operating transfer out	-715
Change in net position	\$ -949
Net position beginning of year	8,847
Net Position, End of Year	\$ 7,898

See notes to financial statements.

Jesup Community School District

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or 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 not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

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

The District reports the following major proprietary funds:

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, 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.

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
Intangibles	50,000
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
Intangible	5 – 10
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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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 as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings of 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 the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures in the support services function exceeded the amount budgeted.

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

The District's deposits in banks at June 30, 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.

(3) **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
Proprietary Fund – School Nutrition Fund	Proprietary Fund – Community Rec Program Fund	\$ 343
Proprietary Fund – Community Rec Program Fund	General Fund	4,842
General Fund	Special Revenue – Student Activity Fund	1,320
Total		<u>\$ 6,505</u>

The Proprietary Fund – Community Rec Program Fund owes the School Nutrition Fund for snack reimbursement. The General Fund owes the Community Rec Program Fund for D-Cat salaries and benefits paid from the wrong fund. The Student Activity Fund owes the General Fund for transportation expenses. The balances will be paid by June 30, 2016.

(4) **Inter-fund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Statewide Sales, Services and Use Tax	\$ 506,735
General Fund	Special Revenue – Student Activity Fund	514
General Fund	Trust Fund	715
Proprietary Fund – Community Rec Program	Special Revenue – Student Activity Fund	1,500
		<u>\$ 509,464</u>

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

(5) **Capital Assets**

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

	Balance Beginning Of Year	Increases	Decreases	Re- classified	Balance End Of Year
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 33,500	\$ -	\$ -	\$ -	\$ 33,500
Construction in process	3,754,260	412,316	3,754,260	-	412,316
Total capital assets not being depreciated	<u>\$ 3,787,760</u>	<u>\$ 412,316</u>	<u>\$ 3,754,260</u>	<u>\$ -</u>	<u>\$ 445,816</u>
Capital assets being depreciated:					
Buildings	\$ 11,810,475	\$ 4,206,173	\$ -	\$ 43,555	\$ 16,060,203
Improvements other than buildings	1,818,681	13,365	-	-	1,832,046
Furniture and equipment	3,626,655	318,159	-	-43,555	3,901,259
Total capital assets being depreciated	<u>\$ 17,255,811</u>	<u>\$ 4,537,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,793,508</u>
Less accumulated depreciation for:					
Buildings	\$ 4,266,549	\$ 244,923	\$ -	\$ -	\$ 4,511,472
Improvements other than buildings	523,715	74,660	-	-	598,375
Furniture and equipment	3,165,621	205,486	-	-	3,371,107
Total accumulated depreciation	<u>\$ 7,955,885</u>	<u>\$ 525,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,480,954</u>
Total capital assets being depreciated, net	<u>\$ 9,299,926</u>	<u>\$ 4,012,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,312,554</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,087,686</u>	<u>\$ 4,424,944</u>	<u>\$ 3,754,260</u>	<u>\$ -</u>	<u>\$ 13,758,370</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 57,122	\$ 30,524	\$ 1,299	\$ 86,347
Less accumulated depreciation	26,199	7,196	1,299	32,096
Business Type Activities Capital Assets, Net	\$ 30,923	\$ 23,328	\$ -	\$ 54,251

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 364,070
Special	7,839
Other	67,387

Support services:

Instructional staff	12,525
Administration	6,437
Operation and maintenance of plant	17,119
Transportation	41,900
Non-Instructional	7,792

Total Depreciation Expense – Governmental Activities \$ 525,069

Business Type Activities:

Food service operations	<u>\$ 7,196</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:					
Revenue bonds	\$ 7,805,000	\$ -	\$ 325,000	\$ 7,480,000	\$ 440,000
General obligation bonds	2,770,000	-	295,000	2,475,000	295,000
Net OPEB liability	204,302	51,326	-	255,628	-
Net pension liability	4,839,981	-	1,392,170	3,447,811	-
Total	\$ 15,619,283	\$ 51,326	\$ 2,012,170	\$ 13,658,439	\$ 735,000
Business Type Activities:					
Net pension liability	\$ 156,305	\$ -	\$ 44,959	\$ 111,346	\$ -
Total	\$ 156,305	\$ -	\$ 44,959	\$ 111,346	\$ -

General Obligation Refunding Bonds

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issued March 1, 2012			
	Interest Rate	Principal	Interest	Total
2016	0.80%	\$ 295,000	\$ 35,918	\$ 330,918
2017	1.00%	295,000	33,557	328,557
2018	1.25%	305,000	30,608	335,608
2019	1.40%	305,000	26,795	331,795
2020	1.50%	310,000	22,525	332,525
2021	1.70%	315,000	17,875	332,875
2022	1.85%	320,000	12,520	332,520
2023	2.00%	330,000	6,600	336,600
		<u>\$ 2,475,000</u>	<u>\$ 186,398</u>	<u>\$ 2,661,398</u>

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 Issued May 1, 2013			
	Interest Rate	Principal	Interest	Total
2016	2.00%	\$ 440,000	\$ 172,085	\$ 612,085
2017	2.00%	445,000	163,235	608,235
2018	2.00%	455,000	154,235	609,235
2019	2.00%	460,000	145,085	605,085
2020	2.00%	465,000	135,835	600,835
2021	2.00%	475,000	126,435	601,435
2022	2.00%	485,000	116,835	601,835
2023	2.00%	490,000	107,085	597,085
2024	2.25%	500,000	96,560	596,560
2025	2.35%	510,000	84,943	594,943
2026	2.55%	525,000	72,256	597,256
2027	2.75%	535,000	58,206	593,206
2028	3.00%	550,000	42,600	592,600
2029	3.00%	565,000	25,875	590,875
2030	3.00%	580,000	8,700	588,700
		<u>\$ 7,480,000</u>	<u>\$ 1,509,970</u>	<u>\$ 8,989,970</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,805,000 of bonds issued in May 2013. The bonds were issued for the purpose of financing a portion of the costs of various projects. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 79% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$8,989,970. For the current year, principal and interest of \$504,735 was paid on the bonds and total statewide sales, services and use tax revenues were \$833,159.

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

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

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

(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 \$550,267.

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 \$3,559,157 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 0.087944 percent, which was a decrease of 0.000298 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the District recognized pension expense of \$263,081. 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	\$ 38,681	\$ -
Changes of assumptions	157,074	-
Net difference between projected and actual earnings on pension plan investments	-	1,357,360
Changes in proportion and differences between District contributions and proportionate share of contributions	-14,180	-
District contributions subsequent to the measurement date	916,907	-
Total	<u>\$ 1,098,482</u>	<u>\$ 1,357,360</u>

\$916,907 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	\$ 381,764
2017	381,764
2018	381,764
2019	381,764
2020	11,879
Total	<u>\$ 1,538,935</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.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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	<u>100%</u>	

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	\$6,724,927	\$3,559,157	\$886,919

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 82 active and 4 retired members 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	\$ 59,286
Interest on net OPEB obligation	5,108
Adjustment to annual required contribution	-12,888
Annual OPEB cost	\$ 51,506
Contributions made	-180
Increase in net OPEB obligation	\$ 51,326
Net OPEB obligation beginning of year	204,302
Net OPEB obligation end of year	\$ 255,628

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 \$739,295 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$43,359	14.8%	\$36,930
June 30, 2011	\$43,976	18.1%	\$72,931
June 30, 2012	\$47,350	20.5%	\$110,561
June 30, 2013	\$50,286	7.0%	\$157,332
June 30, 2014	\$48,846	3.8%	\$204,302
June 30, 2015	\$51,506	0.3%	\$255,628

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 \$185,075, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$185,075. The covered payroll (annual payroll of active employees covered by the plan) was \$4,710,431 and the ratio of the UAAL to covered payroll was 25.5%. 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%. An inflation rate of 0% is assumed for the purpose of this computation.

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

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

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$392,308 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:

<u>Program</u>	<u>Amount</u>
Limited English Proficient	\$ 22,369
Professional Development	35,328
Teacher Salary Supplement	12,201
Talented and Gifted	685
Core Curriculum	70,810
PWIM	15
At Risk	29,074
Market Factor (08)	2,726
Mentoring	567
Early Reading	23,858
Teacher Leadership	7,679
Dropout Prevention	1,473
Total	<u>\$ 206,785</u>

(12) Subsequent Events

The District has evaluated subsequent events through March 3, 2016 which is the date that the financial statement were available to be issued.

(13) Construction Commitment

The District entered into a contract for the construction of an athletic fitness center for \$1,092,730. At June 30, 2015, \$412,316 was in construction in process with the balance of \$680,414 to be paid as work on the project is completed.

(14) Deficit Balance

The Capital Projects – Other Capital Projects account has a deficit balance of \$542,941. The deficit balance was a result of costs incurred exceeding available revenues.

(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	\$ 7,566,386	149,542
Net pension liability at June 30, 2014	-4,839,981	-156,305
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	508,004	16,406
Net position July 1, 2014, as restated	\$ 3,234,409	9,643

Required Supplementary Information

Jesup Community School District

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

Required Supplementary Information

Year Ended June 30, 2015

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>
Revenues:		
Local sources	\$ 4,279,118	\$ 403,890
Intermediate sources	-	-
State sources	6,051,259	3,695
Federal sources	200,811	174,565
Total Revenues	<u>\$ 10,531,188</u>	<u>\$ 582,150</u>
Expenditures/Expenses:		
Instruction	\$ 6,386,525	\$ 52,813
Support services	2,717,568	-
Non-instructional programs	-	497,247
Other expenditures	2,205,427	-
Total Expenditures/Expenses	<u>\$ 11,309,520</u>	<u>\$ 550,060</u>
Excess (deficiency) of receipts over (under) expenditures/expenses	\$ -778,332	\$ 32,090
Other financing sources, net	<u>3,377</u>	<u>1,500</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/and other financing uses	\$ -774,955	\$ 33,590
Balances beginning of year	<u>\$ 5,355,776</u>	<u>\$ 149,542</u>
Prior period adjustment	-	-139,899
Adjusted balances beginning of year	<u>\$ 5,355,776</u>	<u>\$ 9,643</u>
Balance End of Year	<u>\$ 4,580,821</u>	<u>\$ 43,233</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	4,683,008	\$ 5,332,881	\$ -649,873
	-	-	-
	6,054,954	5,306,801	748,153
	375,376	345,000	30,376
\$	11,113,338	\$ 10,984,682	\$ 128,656
\$	6,439,338	\$ 6,601,800	\$ 162,462
	2,717,568	2,448,800	-268,768
	497,247	590,000	92,753
	2,205,427	5,101,184	2,895,757
\$	11,859,580	\$ 14,741,784	\$ 2,882,204
\$	-746,242	\$ -3,757,102	\$ 3,010,860
	4,877	-	4,877
\$	-741,365	\$ -3,757,102	\$ 3,015,737
\$	5,505,318	\$ 3,920,522	\$ 1,584,796
	-139,899	-	-139,899
\$	5,365,419	\$ 3,920,522	\$ 1,444,897
\$	4,624,054	\$ 163,420	\$ 4,460,634

Jesup Community 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.

During the year ended June 30, 2015, expenditures in the support services function exceeded the amount budgeted.

Jesup Community 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

	<u>2015</u>
District's proportion of the net pension liability	0.087944%
District's proportionate share of the net pension liability	\$ 3,559,157
District's covered-employee payroll	\$ 6,162,008
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.76%
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.

Jesup Community 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	\$ 550,267	\$ 524,786	\$ 492,157	\$ 438,545	\$ 364,499
Contributions in relation to the statutorily required contribution	-550,267	-524,786	-492,157	-438,545	-364,499
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,162,008	\$ 5,876,663	\$ 5,676,551	\$ 5,434,263	\$ 5,244,590
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006
\$	338,662	\$ 317,464	\$ 276,867	\$ 243,082	\$ 225,672
	-338,662	-317,464	-276,867	-243,082	-225,672
\$	-	\$ -	\$ -	\$ -	\$ -
\$	5,092,662	\$ 4,999,433	\$ 4,576,314	\$ 4,227,513	\$ 3,924,730
	6.65%	6.35%	6.05%	5.75%	5.75%

Jesup Community 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.

Jesup Community School District

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

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	\$-	\$329	\$329	0.0%	\$3,731	8.8%
2011	July 1, 2009	\$-	\$303	\$303	0.0%	\$4,081	7.4%
2012	July 1, 2009	\$-	\$303	\$303	0.0%	\$4,362	14.4%
2013	July 1, 2012	\$-	\$236	\$236	0.0%	\$4,442	18.8%
2014	July 1, 2012	\$-	\$185	\$185	0.0%	\$4,610	24.9%
2015	July 1, 2012	\$-	\$185	\$185	0.0%	\$4,710	25.5%

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

Supplementary Information

Jesup Community School District

Combining Balance Sheet
Non-Major Governmental Funds

June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 135,642	\$ 139,187	\$ 274,829
Receivables:			
Property Tax:			
Delinquent	1,222	-	1,222
Succeeding year	180,001	-	180,001
Accounts receivable	17,375	-	17,375
Total Assets	\$ 334,240	\$ 139,187	\$ 473,427
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Due to other funds	\$ -	\$ 1,320	\$ 1,320
Accounts payable	-	5,598	5,598
Total liabilities	\$ -	\$ 6,918	\$ 6,918
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ 180,001	\$ -	\$ 180,001
Total deferred inflows of resources	\$ 180,001	\$ -	\$ 180,001
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 154,239	\$ -	\$ 154,239
Student activities	-	132,269	132,269
Total fund balances	\$ 154,239	\$ 132,269	\$ 286,508
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 334,240	\$ 139,187	\$ 473,427

See accompanying independent auditor's report.

Jesup Community School District

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

Year Ended June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local Sources:			
Local tax	\$ 160,354	\$ -	\$ 160,354
Other	25,900	257,148	283,048
State sources	812	-	812
Total Revenues	<u>\$ 187,066</u>	<u>\$ 257,148</u>	<u>\$ 444,214</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 84,829	\$ -	\$ 84,829
Other instruction	-	255,591	255,591
Support Services:			
Student services	2,026	-	2,026
Instructional staff services	2,026	-	2,026
Administration services	6,079	-	6,079
Operation and maintenance of plant services	55,833	-	55,833
Transportation services	11,099	-	11,099
Total Expenditures	<u>\$ 161,892</u>	<u>\$ 255,591</u>	<u>\$ 417,483</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 25,174	\$ 1,557	\$ 26,731
Other financing sources (uses):			
Operating transfers in (out)	-	-2,014	-2,014
Changes in fund balances	\$ 25,174	\$ -457	\$ 24,717
Fund balances beginning of year	129,065	132,726	261,791
Fund Balances End of Year	<u>\$ 154,239</u>	<u>\$ 132,269</u>	<u>\$ 286,508</u>

See accompanying independent auditor's report.

Jesup Community 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	Other Capital Projects Fund	
Assets				
Cash, cash equivalents and pooled investments	\$ 4,332,249	\$ 118,788	\$ -	\$ 4,451,037
Receivables:				
Property Tax:				
Delinquent	-	642	-	642
Succeeding year	-	87,347	-	87,347
Due from other governments	129,679	-	-	129,679
Total Assets	\$ 4,461,928	\$ 206,777	\$ -	\$ 4,668,705
Liabilities, Deferred Inflows of Resources & Fund Balances				
Liabilities:				
Excess of warrants issued over bank balance	\$ -	\$ -	\$ 542,941	\$ 542,941
Accounts payable	133,967	-	-	133,967
Total Liabilities	\$ 133,967	\$ -	\$ 542,941	\$ 676,908
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ -	\$ 87,347	\$ -	\$ 87,347
Total deferred inflows of resources	\$ -	\$ 87,347	\$ -	\$ 87,347
Fund Balances:				
Restricted for:				
School infrastructure	\$ 4,327,961	\$ -	\$ -	\$ 4,327,961
Physical plant and equipment	-	119,430	-	119,430
Unrestricted	-	-	-542,941	-542,941
Total fund balances	\$ 4,327,961	\$ 119,430	\$ -542,941	\$ 3,904,450
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,461,928	\$ 206,777	\$ -	\$ 4,668,705

See accompanying independent auditor's report.

Jesup Community School District

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

Year Ended June 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Project Fund	
Revenues:				
Local Sources:				
Local tax	\$ -	\$ 84,555	\$ -	\$ 84,555
Other	23,837	2,439	1,770	28,046
State sources	833,159	432	-	833,591
Total Revenues	\$ 856,996	\$ 87,426	\$ 1,770	\$ 946,192
Expenditures:				
Support Services:				
Operation and maintenance of plant services	\$ 6,591	\$ 13,334	\$ -	\$ 19,925
Transportation services	-	90,219	-	90,219
Other Expenditures:				
Facilities acquisition	957,520	13,676	-	971,196
Long-Term Debt				
Interest and fiscal charges	1,000	-	-	1,000
Total Expenditures	\$ 965,111	\$ 117,229	\$ -	\$ 1,082,340
Excess (deficiency) of revenues over (under) expenditures	\$ -108,115	\$ -29,803	\$ 1,770	\$ -136,148
Other Financing Sources (Uses):				
Operating transfers in (out)	-506,735	-	-	-506,735
Change in fund balance	\$ -614,850	\$ -29,803	\$ 1,770	\$ -642,883
Fund balances beginning of year	4,942,811	149,233	-544,711	4,547,333
Fund Balances End of Year	\$ 4,327,961	\$ 119,430	\$ -542,941	\$ 3,904,450

See accompanying independent auditor's report.

Jesup Community 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 and Inter-fund Transfers	Intra- Fund Transfers	Balance End of Year
Choir robes	\$ 1,128	\$ 247	\$ 93	\$ 108	\$ 1,390
Activity books	500	10,460	-	-10,460	500
Athletics	22,795	115,314	124,874	11,919	25,154
Fine arts	-996	4,475	5,467	3,899	1,911
Student Council	3,456	9,384	10,086	77	2,831
FCCLA	333	1,483	1,208	51	659
High School Fine Arts Trip	315	1,586	1,104	160	957
Language Club	757	-	-	64	821
Miscellaneous	346	738	646	37	475
Yearbook	6,649	9,195	9,981	1,579	7,442
National Honor Society	82	7,010	7,077	80	95
Class of 2015	2,625	-	1,130	163	1,658
Class of 2016	1,279	5,195	4,043	171	2,602
Class of 2017	1,422	35	-	177	1,634
Class of 2013	501	-	-	-501	-
Class of 2014	1,777	-	-	-1,777	-
Class of 2018	-	3,131	1,850	216	1,497
Middle School	4,621	29,555	31,107	512	3,581
FFA	29,270	13,429	16,405	2,215	28,509
J-Stars	31,637	21,152	18,882	424	34,331
Interest account	8,892	2,052	156	-10,788	-
Elementary	6,107	8,599	9,877	407	5,236
PTO	7,919	8,702	7,885	608	9,344
HS Homeroom	1,311	5,406	5,334	659	2,042
Other committed	-	-	400	-	-400
Total	\$ 132,726	\$ 257,148	\$ 257,605	\$ -	\$ 132,269

See accompanying independent auditor's report.

Jesup Community School District

Schedule of Changes in Fiduciary Assets and Liabilities –
Agency Fund

Year ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash, cash equivalents and pooled investments	\$ 44	\$ 1,937	\$ 1,981	\$ -
Total assets	\$ 44	\$ 1,937	\$ 1,981	\$ -
Liabilities				
Accounts Payable	\$ 44	\$ 1,937	\$ 1,981	\$ -
Total liabilities	\$ 44	\$ 1,937	\$ 1,981	\$ -

See accompanying independent auditor's report.

Jesup Community 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	\$ 3,303,258	\$ 3,976,445	\$ 3,614,190	\$ 3,534,234
Tuition	536,012	446,976	414,336	559,975
Other	439,848	576,406	420,063	564,635
Intermediate sources	-	-	-	-
State sources	6,051,259	5,116,850	5,115,779	4,847,475
Federal sources	200,811	222,734	195,264	192,338
Total	\$ 10,531,188	\$ 10,339,411	\$ 9,759,632	\$ 9,698,657
Expenditures:				
Instruction:				
Regular instruction	\$ 4,146,403	\$ 4,113,595	\$ 3,959,650	\$ 3,735,848
Special instruction	1,068,757	1,097,611	1,047,560	1,047,038
Other instruction	1,171,365	1,208,354	1,095,515	1,073,254
Support services:				
Student services	158,046	158,236	157,336	133,932
Instructional staff services	325,335	324,249	270,831	227,848
Administrative services	977,708	941,472	872,904	824,026
Operation and maintenance of plant services	760,407	729,219	608,587	619,613
Transportation services	496,072	415,646	394,032	444,801
Non-instructional:				
Community services	-	-	-	291
Other expenditures:				
Facilities acquisition	971,196	4,276,581	1,333,384	499,812
Long-term debt:				
Principal	620,000	295,000	3,205,000	230,000
Interest and other charges	221,923	163,505	342,181	199,743
AEA flow-through	392,308	380,982	362,390	366,905
Total	\$ 11,309,520	\$ 14,104,450	\$ 13,649,370	\$ 9,403,111

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
\$ 3,178,459	\$ 2,941,733	\$ 2,835,251	\$ 2,714,990	\$ 2,595,434	\$ 2,403,758
551,657	463,047	413,652	365,464	327,907	275,991
365,630	444,694	400,113	411,311	431,642	521,100
-	-	-	-	-	-
4,683,159	4,107,694	4,284,148	3,904,474	3,686,043	3,522,995
864,848	411,234	320,382	223,379	234,996	273,936
<u>\$ 9,643,753</u>	<u>\$ 8,368,402</u>	<u>\$ 8,253,546</u>	<u>\$ 7,619,618</u>	<u>\$ 7,276,022</u>	<u>\$ 6,997,780</u>
\$ 3,694,159	\$ 3,560,488	\$ 3,480,389	\$ 3,164,596	\$ 2,821,626	\$ 2,668,183
1,041,907	1,115,856	1,055,944	871,587	768,508	736,763
1,047,427	1,006,812	908,797	828,366	793,271	751,050
178,789	135,271	124,779	124,883	116,722	113,227
291,987	212,840	204,314	183,242	147,291	129,927
799,342	846,470	791,922	747,242	696,152	665,048
576,787	563,030	568,582	562,346	528,321	447,598
373,936	457,480	444,009	393,511	462,137	329,828
10,201	8,465	12,024	9,686	9,627	4,551
621,047	441,200	365,611	493,501	354,400	901,040
220,000	244,251	239,246	229,246	248,492	185,000
150,848	158,222	165,310	171,810	178,935	185,872
402,182	396,965	318,371	283,684	272,123	249,422
<u>\$ 9,408,612</u>	<u>\$ 9,147,350</u>	<u>\$ 8,679,298</u>	<u>\$ 8,063,700</u>	<u>\$ 7,397,605</u>	<u>\$ 7,367,509</u>

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

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

To the Board of Education of
Jesup Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Jesup Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 3, 2016.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified 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-D-15 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jesup Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of non-compliance or other matters that is required to be reported under Government Auditing Standards. It is described in the accompanying Schedule of Findings as item I-F-15. I also noted certain immaterial instances of noncompliance 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.

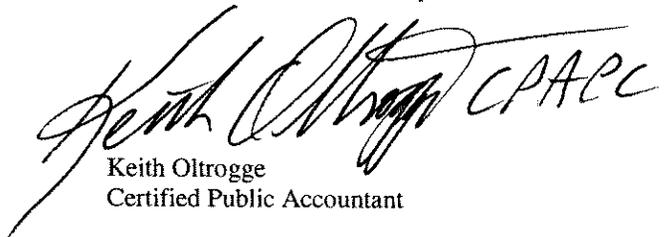
Jesup Community School District's Responses to the Findings

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

Purpose of this Report

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

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



Keith Oltrogge
Certified Public Accountant

March 3, 2016

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2015

Part I – Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Financial Reporting – During the audit, I identified three payments in the general fund accounts that were not coded properly.

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

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

Conclusion – Response acknowledged.

I-B-15 Disbursement Approval – For 21 of 23 general fund activity, 10 of 11 nutrition fund, 22 of 26 activity fund and 1 of 4 capital projects fund disbursements tested, there was no evidence to document the date the Superintendent approved the expenditures.

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

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

Conclusion – Response acknowledged.

I-C-15 Supporting Documentation – I noted three instances of a check being written to a vendor from a purchase order 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 accepted.

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2015

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

INTERNAL CONTROL DEFICIENCIES:

- I-D-15 Other Accounts – I noted during my audit, that the District’s Booster Club is using the District’s Federal Identification Number. Because this club is using the District’s Federal Identification Number, the District should be accounting for the club within the District’s Student Activity Fund. The Clubs’ accounts and transactions should be included in the District’s financial statements and subjected to the same Code of Iowa requirements as well as internal controls that the District follows.

Recommendation – The District should contact the club and request the accounts to be turned over to the District. The club may establish a 501 (c)(3) organization with a federal identification number separate than that of the District, however the current accounts should be turned over to the District for proper recording.

In addition, the Board of Directors should consider contacting local banks and request listings of accounts utilizing the District’s Federal Identification Number. The District should research any unfamiliar accounts and make the necessary changes.

Response – The District will contact local banks and research any unfamiliar accounts and make necessary changes.

Conclusion – Response accepted.

- I-E-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 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.

INSTANCES OF NON-COMPLIANCE:

- I-F-15 Paid Lunch Equity-Weighted Average Meal Price – School program regulations require schools to charge enough for “paid” meals to ensure sufficient funds are provided to account for meals served to students not eligible for free or reduced price meals.

Recommendation – The District should increase student meal prices.

Response – Meal prices were increased.

Conclusion – Response accepted.

Jesup Community 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 exceeded the certified budget amount in the support service function.

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

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

Conclusion – Response accepted.

II-B-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
<u>General Fund:</u>		
Visa	Meals	\$367.91
Visa	Meals	\$320.00
Ricoh	Late fee	\$29.86
Employee	Administrative breakfast	\$333.00
<u>Activity Fund:</u>		
Red Heart Pizza	Gift cards	\$108.56
R & H Theatrical	Late fee	\$1,080.00
Farmer’s Wife	Funeral flowers and gifts	\$145.00
Starlight Cinema	Movie – 2 times	\$575.00
Visa	Flowers	\$123.17
Farmer’s Wife	Wind chimes – funeral	\$52.50
Employee	Gift Cards	\$950.00
Hy-Vee	Baby flowers	\$60.00

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

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

Response – Beginning in fiscal 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 acknowledged.

Jesup Community 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 employees were noted.
- II-D-15 Business Transactions – No business transactions between the District and District officials or employees were noted.
- 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.
- II-F-15 Board Approval – I noted two transactions requiring Board approval which were paid prior to approval 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 one of 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 certified timely to the Iowa Department of Education.
- II-K-15 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2015

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

II-L-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		\$ 4,942,811
Revenues/transfers in:		
Sales tax revenues	\$ 833,159	
Other local revenues	23,837	856,996
		\$ 5,799,807
Expenditures/transfers out:		
School infrastructure	\$ 957,520	
Other	7,591	
Transfers to other funds:		
Debt service fund	506,735	1,471,846
		1,471,846
Ending balance		\$ 4,327,961

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:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 2.2963	\$ 833,159
Physical plant and equipment levy (PPEL)	-	-
Public educational and recreational levy (PERL)	-	-
		-
Total		\$ 833,159

Jesup Community School District

Schedule of Findings

Year Ended June 30, 2015

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

II-M-15 Deficit Balances – At June 30, 2015, one student activity account had a deficit balance and the Capital Projects – Other Capital Projects account had deficit balances.

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

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

Conclusion – Response accepted.

II-N-15 Form 1099 – I noted in my test of IRS forms, that not all required 1099 forms were done, including those disbursements requiring 1099s from the activity fund.

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

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

Conclusion – Response accepted.