

PAYETTE JOINT SCHOOL DISTRICT NO. 371

FINANCIAL STATEMENTS

Year Ended June 30, 2014

PAYETTE JOINT SCHOOL DISTRICT NO. 371

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Trustees
Payette Joint School District No. 371

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Payette Joint School District No. 371 (the School) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards (as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Districts*) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2014, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our 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 the School's internal control over financial reporting and compliance.

Quest CPAs, P.C.

Payette, Idaho
July 16, 2014

BASIC FINANCIAL STATEMENTS

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$3,281,829
Receivables:	
Local Sources	577,887
State Sources	187,557
Federal Sources	573,897
Inventory	61,130
Total Current Assets	<u>4,682,300</u>
Noncurrent Assets	
Nondepreciable Capital Assets	831,666
Depreciable Net Capital Assets	9,750,607
Total Noncurrent Assets	<u>10,582,273</u>
Total Assets	<u><u>\$15,264,573</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$1,926
Salaries & Benefits Payable	1,407,116
Unspent Grant Allocation	85,719
Accrued Interest	16,418
Long-Term Debt, Current	965,000
Total Current Liabilities	<u>2,476,179</u>
Noncurrent Liabilities	
Long-Term Debt, Noncurrent	995,000
Total Noncurrent Liabilities	<u>995,000</u>
Total Liabilities	<u><u>3,471,179</u></u>
Net Position	
Net Investment in Capital Assets	8,605,855
Restricted:	
Special Programs	660,642
Debt Service	1,254,929
Capital Projects	965,550
Unrestricted	306,418
Total Net Position	<u>11,793,394</u>
Total Liabilities and Net Position	<u><u>\$15,264,573</u></u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Statement of Activities
Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants And Contributions</u>	<u>Net (Expense) Revenue And Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>		
Governmental Activities					
Instructional Programs					
Elementary School	\$2,641,548		\$573,515		(\$2,068,033)
Secondary School	1,848,541	\$5,305	73,709	\$44,462	(1,725,065)
Alternative School	38,895				(38,895)
Special Education	666,418		296,550		(369,868)
Special Education Preschool	77,558		12,131		(65,427)
Gifted & Talented	0				0
Interscholastic	172,463				(172,463)
School Activity	43				(43)
Support Service Programs					
Attendance - Guidance - Health	311,528				(311,528)
Special Education Support Services	104,937				(104,937)
Instructional Improvement	526,350		457,992		(68,358)
Educational Media	130,662				(130,662)
Instruction-Related Technology	111,658		111,658		0
District Administration	301,951		4,431		(297,520)
School Administration	615,317				(615,317)
Administrative Technology	928		928		0
Buildings - Care	466,400				(466,400)
Maintenance - Non-Student Occupied	0				0
Maintenance - Student Occupied	254,660			196	(254,464)
Maintenance - Grounds	93,001				(93,001)
Security	23,963				(23,963)
Pupil-To-School Transportation	438,861				(438,861)
Pupil-Activity Transportation	7,687	75,846			68,159
General Transportation	36,022				(36,022)
Non-Instructional Programs					
Child Nutrition	774,270	66,600	712,528		4,858
Community Services	3,504				(3,504)
Capital Assets - Student Occupied	496,597				(496,597)
Capital Assets - Non-Student Occupied	39,791				(39,791)
Debt Service - Principal	0				0
Debt Service - Interest	74,812				(74,812)
Total	<u>\$10,258,365</u>	<u>\$147,751</u>	<u>\$2,243,442</u>	<u>\$44,658</u>	<u>(7,822,514)</u>
General Revenues					
					1,452,065
Local Taxes					7,760
Other Local Revenues					7,449,211
State Revenues					0
Federal Revenues					<u>8,909,036</u>
Total					
Change in Net Position					
					1,086,522
Net Position - Beginning					
					<u>10,706,872</u>
Net Position - Ending					
					<u>\$11,793,394</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Balance Sheet - Governmental Funds

June 30, 2014

	General Fund	Child Nutrition Fund	Debt Service Fund	Plant Facilities Fund
Assets				
Cash & Investments	\$601,930	\$171,991	\$1,014,666	\$965,550
Receivables:				
Local Sources	275,440		302,447	
State Sources	177,166			
Federal Sources		16,445		
Due From Other Funds	296,404			
Inventory		61,130		
Total Assets	<u>\$1,350,940</u>	<u>\$249,566</u>	<u>\$1,317,113</u>	<u>\$965,550</u>
Liabilities				
Accounts Payable		\$1,545		
Due To Other Funds				
Salaries & Benefits Payable	\$1,167,836	38,773		
Unspent Grant Allocation				
Total Liabilities	<u>1,167,836</u>	<u>40,318</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	47,468		62,184	
Total Deferred Inflows of Resources	<u>47,468</u>	<u>0</u>	<u>62,184</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs		148,118		
Debt Service			1,254,929	
Capital Projects				965,550
Nonspendable		61,130		
Unassigned	135,636			
Total Fund Balances	<u>135,636</u>	<u>209,248</u>	<u>1,254,929</u>	<u>965,550</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$1,350,940</u>	<u>\$249,566</u>	<u>\$1,317,113</u>	<u>\$965,550</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Balance Sheet - Governmental Funds

June 30, 2014

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash & Investments	\$527,692	\$3,281,829
Receivables:		
Local Sources	0	577,887
State Sources	10,391	187,557
Federal Sources	557,452	573,897
Due From Other Funds	0	296,404
Inventory	0	61,130
Total Assets	<u><u>\$1,095,535</u></u>	<u><u>\$4,978,704</u></u>
 Liabilities		
Accounts Payable	\$381	\$1,926
Due To Other Funds	296,404	296,404
Salaries & Benefits Payable	200,506	1,407,115
Unspent Grant Allocation	85,719	85,719
Total Liabilities	<u>583,010</u>	<u>1,791,164</u>
 Deferred Inflows of Resources		
Unavailable Tax Revenues	0	109,652
Total Deferred Inflows of Resources	<u>0</u>	<u>109,652</u>
 Fund Balances		
Restricted:		
Special Programs	512,525	660,643
Debt Service	0	1,254,929
Capital Projects	0	965,550
Nonspendable	0	61,130
Unassigned	0	135,636
Total Fund Balances	<u>512,525</u>	<u>3,077,888</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u><u>\$1,095,535</u></u>	<u><u>\$4,978,704</u></u>

Balance Sheet - Governmental Funds

June 30, 2014

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

Total Governmental Fund Balances \$3,077,888

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 10,582,273

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 109,652

Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds. (1,976,419)

Net Position of Governmental Activities \$11,793,394

PAYETTE JOINT SCHOOL DISTRICT NO. 371
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2014

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facilities Fund</u>
Revenues				
Local Taxes	\$652,968		\$739,261	
Other Local Revenue	25,226	\$66,802	797	\$76,420
State Revenue	7,131,144		263,659	54,408
Federal Revenue	196	712,528		
Total Revenues	<u>7,809,534</u>	<u>779,330</u>	<u>1,003,717</u>	<u>130,828</u>
Expenditures				
Instructional Programs				
Elementary School	2,068,033			
Secondary School	1,784,150			
Alternative School	38,895			
Special Education	369,869			
Special Education Preschool	65,427			
Gifted & Talented				
Interscholastic	172,463			
School Activity	43			
Support Service Programs				
Attendance - Guidance - Health	311,528			
Special Education Support Services	62,299			
Instructional Improvement	68,358			
Educational Media	130,662			
Instruction-Related Technology				
District Administration	297,520			
School Administration	615,317			
Administrative Technology				
Buildings - Care	615,436			
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied	254,660			
Maintenance - Grounds	98,501			
Security	23,963			
Pupil-To-School Transportation	366,522			
Pupil-Activity Transportation	7,687			
General Transportation	36,022			
Non-Instructional Programs				
Child Nutrition	15,439	758,831		
Community Services	3,504			
Capital Assets - Student Occupied	375			164,084
Capital Assets - Non-Student Occupied				125,521
Debt Service - Principal			930,000	
Debt Service - Interest			82,950	
Total Expenditures	<u>7,406,673</u>	<u>758,831</u>	<u>1,012,950</u>	<u>289,605</u>
Excess (Deficiency) of Revenues Over Expenditures	402,861	20,499	(9,233)	(158,777)
Other Financing Sources (Uses)				
Transfers In	18,181	0	0	235,197
Transfers Out	(429,283)	0	0	0
Total Other Financing Sources (Uses)	<u>(411,102)</u>	<u>0</u>	<u>0</u>	<u>235,197</u>
Net Change in Fund Balances	(8,241)	20,499	(9,233)	76,420
Fund Balances - Beginning	143,877	188,749	1,264,162	889,130
Fund Balances - Ending	<u>\$135,636</u>	<u>\$209,248</u>	<u>\$1,254,929</u>	<u>\$965,550</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2014

	Other Governmental Funds	Total Governmental Funds
Revenues		
Local Taxes	\$0	\$1,392,229
Other Local Revenue	92,848	262,093
State Revenue	92,136	7,541,347
Federal Revenue	1,376,659	2,089,383
Total Revenues	1,561,643	11,285,052
Expenditures		
Instructional Programs		
Elementary School	573,515	2,641,548
Secondary School	73,709	1,857,859
Alternative School	0	38,895
Special Education	296,549	666,418
Special Education Preschool	12,131	77,558
Gifted & Talented	0	0
Interscholastic	0	172,463
School Activity	0	43
Support Service Programs		
Attendance - Guidance - Health	0	311,528
Special Education Support Services	42,638	104,937
Instructional Improvement	457,992	526,350
Educational Media	0	130,662
Instruction-Related Technology	111,658	111,658
District Administration	4,431	301,951
School Administration	0	615,317
Administrative Technology	928	928
Buildings - Care	0	615,436
Maintenance - Non-Student Occupied	0	0
Maintenance - Student Occupied	0	254,660
Maintenance - Grounds	0	98,501
Security	0	23,963
Pupil-To-School Transportation	0	366,522
Pupil-Activity Transportation	0	7,687
General Transportation	0	36,022
Non-Instructional Programs		
Child Nutrition	0	774,270
Community Services	0	3,504
Capital Assets - Student Occupied	0	164,459
Capital Assets - Non-Student Occupied	0	125,521
Debt Service - Principal	0	930,000
Debt Service - Interest	0	82,950
Total Expenditures	1,573,551	11,041,610
Excess (Deficiency) of Revenues Over Expenditures	(11,908)	243,442
Other Financing Sources (Uses)		
Transfers In	194,086	447,464
Transfers Out	(18,181)	(447,464)
Total Other Financing Sources (Uses)	175,905	0
Net Change in Fund Balances	163,997	243,442
Fund Balances - Beginning	348,528	2,834,446
Fund Balances - Ending	\$512,525	\$3,077,888

PAYETTE JOINT SCHOOL DISTRICT NO. 371
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2014

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

Net Change in Fund Balances - Total Governmental Funds \$243,442

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. (154,893)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 59,836

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 930,000

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 8,137

Change in Net Position of Governmental Activities \$1,086,522

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Statement of Fiduciary Net Position

June 30, 2014

	Employee Benefit Trust Fund	Private Purpose Trust Funds - Scholarship	Agency Funds - Student Activity	Total
Assets				
Cash & Investments	\$97,096	\$110,493	\$245,879	\$453,468
Total Assets	<u>\$97,096</u>	<u>\$110,493</u>	<u>\$245,879</u>	<u>\$453,468</u>
Liabilities				
Accounts Payable		\$1,295		\$1,295
Due to Student Groups			\$245,879	245,879
Total Liabilities	<u>\$0</u>	<u>1,295</u>	<u>245,879</u>	<u>247,174</u>
Net Position				
Restricted:				
Scholarships		109,198		109,198
Employees	97,096			97,096
Total Net Position	<u>97,096</u>	<u>109,198</u>	<u>0</u>	<u>206,294</u>
Total Liabilities and Net Position	<u>\$97,096</u>	<u>\$110,493</u>	<u>\$245,879</u>	<u>\$453,468</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2014

	<u>Employee Benefit Trust Fund</u>	<u>Private Purpose Trust Funds - Scholarship</u>	<u>Total</u>
Additions			
Contributions			\$0
Investment Income (Loss)	\$4,156	\$124	4,280
Total Additions	<u>4,156</u>	<u>124</u>	<u>4,280</u>
Deductions			
Distributions	5,371		5,371
Scholarships Awarded		500	500
Total Deductions	<u>5,371</u>	<u>500</u>	<u>5,871</u>
Change in Net Position	(1,215)	(376)	(1,591)
Net Position - Beginning	<u>98,311</u>	<u>109,574</u>	<u>207,885</u>
Net Position - Ending	<u>\$97,096</u>	<u>\$109,198</u>	<u>\$206,294</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Payette Joint School District No. 371 (the School) provides public school educational services as authorized by Section 33 of Idaho Code. The School's boundaries for taxing and school enrollment purposes are located within Payette and Washington Counties.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to school districts. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements - Government-Wide Statements – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Notes to Financial Statements

outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds. Major governmental funds of the School include:

General Fund – The general fund is the School’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

Debt Service Fund – The debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on long term debt.

Capital Projects Funds – Capital projects funds are used to account for the acquisition of major capital assets. Major capital project funds include the plant facilities fund, used to account for the maintenance of facilities and other capital assets.

Fiduciary funds of the School include:

Private Purpose Trust Funds – Private purpose trust funds are used to account for the assets, and related income producing and disbursement activities, for which the School acts as a scholarship trustee.

Employee Benefit Trust Funds – Employee benefit trust funds are used to account for the assets, and related income producing and disbursement activities, for which the School acts as a trustee for certain benefits of its employees.

Agency Funds – Agency funds are used to account for assets held by the School on behalf of students.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Notes to Financial Statements

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash and Investments – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds in proportion to each fund's respective investment balance. Investments include monies invested in the local government investment pool and deferred compensation plan and are stated at fair value using either quoted market prices or best available estimate. The reported value of the local government investment pool is materially the same as the fair value of its shares.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at cost using the first-in, first-out method.

Capital Assets and Depreciation – Significant capital asset acquisitions with an original cost of \$5,000 or more are recorded at cost if purchased or fair value if contributed. Minor repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method, except for certain transportation vehicles which use the declining balance method.

Compensated Absences and Post-Retirement Benefits – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded. Government accounting standards board statement 45 requires employers to accrue future estimated post-retirement benefits on the employer's government-wide financial statements when such benefits are deemed material to the employer. The future estimated post-retirement benefits are deemed immaterial to the School, and accordingly, are not reflected on the government-wide financial statements.

Deferred Inflows of Resources – The School's financial statements may report a separate section for deferred inflows of resources which reflects an increase in resources that applies to a future period. This situation occurs in instances where certain grant revenues or property tax revenues are not collected within thirty days after the end of the School's fiscal year (thus not meeting the criteria for revenue recognition under the modified accrual basis of accounting). When such grant revenues or property tax revenues are later collected, they are recognized in the governmental fund financial statements by increasing revenue and decreasing the related deferred inflow of resources account.

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Notes to Financial Statements

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

Property Taxes – The School is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Notes to Financial Statements

Concentrations of Credit Risk – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning concentrations of credit risk.

Risk Management – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Nonmonetary Transactions – Items received via food commodities programs are recognized at their stated fair market value.

Subsequent Events – Subsequent events were evaluated through the date of the auditor’s report, which is the date the financial statements were available to be issued.

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

Cash - Deposits	\$901,508
Investments - Local Government Investment Pool	2,736,693
Investments - IRC 457 Deferred Compensation Plan	97,096
Total	<u><u>\$3,735,297</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$901,508 and the bank balances were \$1,081,973. Of the bank balances, \$269,196 was insured and \$812,777 was collateralized.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. Government accounting standards board statement 40 requires government entities to disclose credit quality ratings, concentration of credit risk, and interest rate risk on investment balances. Investments in the local government investment pool and deferred compensation plan (comprised of mutual funds and unrated collectively) are, due to their nature, not required to be rated in terms of credit quality, and are excluded from the other disclosure requirements. These investments include insured or registered investments or investments for which the securities are held by the School or its agent in the School's name. Collateralized securities in the local government investment pool are held in trust by a safekeeping bank.

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
Local Sources			
Other Local Sources	\$8,028		
Local Taxes	<u>267,413</u>		<u>\$302,446</u>
Total	<u><u>\$275,441</u></u>		<u><u>\$302,446</u></u>
State Sources			
Foundation Program	\$177,166		
Special Programs		<u>\$10,391</u>	
Total	<u><u>\$177,166</u></u>	<u><u>\$10,391</u></u>	
Federal Sources			
Special Programs		<u>\$573,897</u>	
Total		<u><u>\$573,897</u></u>	

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Notes to Financial Statements

D. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$831,666			\$831,666
Total	<u>831,666</u>	<u>\$0</u>	<u>\$0</u>	<u>831,666</u>
Depreciable Capital Assets				
Buildings	16,817,386	149,036		16,966,422
Equipment	1,760,040	14,818		1,774,858
Transportation	1,360,066	85,730		1,445,796
Subtotal	<u>19,937,492</u>	<u>249,584</u>	<u>0</u>	<u>20,187,076</u>
Accumulated Depreciation				
Buildings	7,301,963	315,131		7,617,094
Equipment	1,744,515	17,007		1,761,522
Transportation	985,514	72,339		1,057,853
Subtotal	<u>10,031,992</u>	<u>404,477</u>	<u>0</u>	<u>10,436,469</u>
Total	<u>9,905,500</u>	<u>(154,893)</u>	<u>0</u>	<u>9,750,607</u>
Net Capital Assets	<u>\$10,737,166</u>	<u>(\$154,893)</u>	<u>\$0</u>	<u>\$10,582,273</u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$332,138
Pupil-To-School Transportation	72,339
Total	<u>\$404,477</u>

E. LONG-TERM DEBT

At year end, the School's bonded debt was as follows:

	<u>Outstanding</u>
2003 - \$8,300,000 - general obligation bonds for capital improvements due in annual installments with interest at 2.00% - 3.40% through 2015/16, secured by future taxes, paid through the debt service fund	\$1,960,000
Total	<u>\$1,960,000</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Notes to Financial Statements

Maturities on the bonds are estimated as follows:

Year Ended	Principal	Interest
6/30/15	\$965,000	\$49,752
6/30/16	995,000	16,915
Total	\$1,960,000	\$66,667

Changes in long-term debt are as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2003 G.O. Bonds	\$2,890,000		\$930,000	\$1,960,000	\$965,000
Total	\$2,890,000	\$0	\$930,000	\$1,960,000	\$965,000

Interest and related costs during the year amounted to \$74,812 and were charged to the debt service – interest program.

F. RETIREMENT PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available standalone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2014, the required contribution rate as a percentage of covered payrolls for members was 6.79% for general members and 8.36% for police/firefighter members. The employer rate as a

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Notes to Financial Statements

percentage of covered payroll was 11.32% for general members and 11.66% for police/firefighter members. Additionally, PERSI administers the Sick Leave Insurance Reserve Fund which collects salary-based contributions for state and school employees while employed and pays insurance premiums at retirement based on a portion of the accumulated balance of their unused sick leave. State and school employers pre-fund this termination payment with contributions during active employment. The School's employer contributions required and paid were \$700,549, \$663,844, and \$668,277, for the three years ended June 30, 2014, 2013, and 2012 respectively.

G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	
	<u>Nonmajor Governmental</u>	<u>Total</u>
General	<u>\$296,404</u>	<u>\$296,404</u>
Total	<u><u>\$296,404</u></u>	<u><u>\$296,404</u></u>

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General	\$18,181	\$429,283	Indirect costs; depreciation allowance; support
Plant Facilities	235,197		Depreciation allowance; support
Nonmajor Governmental	<u>194,086</u>	<u>18,181</u>	Indirect costs; support
Total	<u><u>\$447,464</u></u>	<u><u>\$447,464</u></u>	

H. DEFERRED COMPENSATION PLAN

The School offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is funded with employee contributions only.

REQUIRED SUPPLEMENTARY INFORMATION

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2014

General Fund	Budgeted Amounts		Actual	Final Budget
	Original	Final		
	(GAAP Basis)			Positive
				(Negative)
Revenues				
Local Taxes	\$715,792	\$715,792	\$652,968	(\$62,824)
Other Local Revenue	7,000	18,530	25,226	6,696
State Revenue	6,881,407	7,056,238	7,131,144	74,906
Federal Revenue	0	0	196	196
Total Revenues	7,604,199	7,790,560	7,809,534	18,974
Expenditures				
Instructional Programs				
Elementary School	2,155,014	2,221,152	2,068,033	153,119
Secondary School	1,844,349	1,918,237	1,784,150	134,087
Alternative School	35,825	42,000	38,895	3,105
Special Education	368,937	367,687	369,869	(2,182)
Special Education Preschool	65,013	66,263	65,427	836
Gifted & Talented	0	0	0	0
Interscholastic	177,000	176,150	172,463	3,687
School Activity	0	0	43	(43)
Support Service Programs				
Attendance - Guidance - Health	321,076	321,076	311,528	9,548
Special Education Support Services	63,645	63,645	62,299	1,346
Instructional Improvement	57,429	58,279	68,358	(10,079)
Educational Media	145,667	145,667	130,662	15,005
Instruction-Related Technology	0	0	0	0
District Administration	315,100	315,100	297,520	17,580
School Administration	639,850	639,850	615,317	24,533
Administrative Technology	0	0	0	0
Buildings - Care	575,306	587,306	615,436	(28,130)
Maintenance - Non-Student Occupied	2,500	2,500	0	2,500
Maintenance - Student Occupied	221,400	266,400	254,660	11,740
Maintenance - Grounds	76,000	101,000	98,501	2,499
Security	0	23,850	23,963	(113)
Pupil-To-School Transportation	406,861	406,861	366,522	40,339
Pupil-Activity Transportation	9,055	9,055	7,687	1,368
General Transportation	25,000	25,000	36,022	(11,022)
Non-Instructional Programs				
Child Nutrition	18,500	18,500	15,439	3,061
Community Services	6,000	6,000	3,504	2,496
Capital Assets - Student Occupied	1,000	1,000	375	625
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	7,530,527	7,782,578	7,406,673	375,905 *
Excess (Deficiency) of Revenues				
Over Expenditures	73,672	7,982	402,861	394,879
Other Financing Sources (Uses)				
Transfers In	18,184	18,181	18,181	0
Transfers Out	(80,000)	(150,000)	(429,283)	(279,283) *
Total Other Financing Sources (Uses)	(61,816)	(131,819)	(411,102)	(279,283)
Net Change in Fund Balances	11,856	(123,837)	(8,241)	115,596
Fund Balances - Beginning	0	143,877	143,877	0
Fund Balances - Ending	\$11,856	\$20,040	\$135,636	\$115,596

*Total expenditures (over) under appropriations are: \$96,622

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2014

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Child Nutrition Fund				
Revenues				
Other Local Revenue	\$58,500	\$58,500	\$66,802	\$8,302
Federal Revenue	585,000	585,000	712,528	127,528
Total Revenues	<u>643,500</u>	<u>643,500</u>	<u>779,330</u>	<u>135,830</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	641,000	826,000	758,831	67,169
Total Expenditures	<u>641,000</u>	<u>826,000</u>	<u>758,831</u>	<u>67,169</u> *
Excess (Deficiency) of Revenues				
Over Expenditures	2,500	(182,500)	20,499	202,999
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	2,500	(182,500)	20,499	202,999
Fund Balances - Beginning	<u>101,589</u>	<u>188,749</u>	<u>188,749</u>	<u>0</u>
Fund Balances - Ending	<u>\$104,089</u>	<u>\$6,249</u>	<u>\$209,248</u>	<u>\$202,999</u>
				<u>\$67,169</u>

**Total expenditures (over) under appropriations are:*

SUPPLEMENTARY INFORMATION

PAYETTE JOINT SCHOOL DISTRICT NO. 371
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds			
	Local Special Projects	McCain Middle School	Driver Education	Professional Technical
Assets				
Cash & Investments	\$32,521	\$348,085		
Receivables:				
Local Sources				
State Sources				\$10,391
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$32,521</u>	<u>\$348,085</u>	<u>\$0</u>	<u>\$10,391</u>
Liabilities				
Accounts Payable				
Due To Other Funds			\$142	\$8,116
Salaries & Benefits Payable	\$14,785			2,275
Unspent Grant Allocation				
Total Liabilities	<u>14,785</u>	<u>\$0</u>	<u>142</u>	<u>10,391</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs	17,736	348,085	(142)	
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>17,736</u>	<u>348,085</u>	<u>(142)</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$32,521</u>	<u>\$348,085</u>	<u>\$0</u>	<u>\$10,391</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds			
	Technology	Substance Abuse	Title I-A ESEA IBP	Title I-C ESEA EMC
Assets				
Cash & Investments	\$145,000	\$2,086		
Receivables:				
Local Sources				
State Sources				
Federal Sources			\$181,530	\$18,273
Due From Other Funds				
Inventory				
Total Assets	<u>\$145,000</u>	<u>\$2,086</u>	<u>\$181,530</u>	<u>\$18,273</u>
Liabilities				
Accounts Payable				
Due To Other Funds			\$83,019	\$6,685
Salaries & Benefits Payable	\$240		73,428	6,133
Unspent Grant Allocation			25,083	5,455
Total Liabilities	<u>240</u>	<u>\$0</u>	<u>181,530</u>	<u>18,273</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs	144,760	2,086		
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>144,760</u>	<u>2,086</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$145,000</u>	<u>\$2,086</u>	<u>\$181,530</u>	<u>\$18,273</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds			
	Special Educ. IDEA Part B School-Age	Special Educ. IDEA Preschool	Title VI-B ESEA REAP	Perkins III Professional Technical Act
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$163,348	\$12,893	\$13,170	\$15,516
Due From Other Funds				
Inventory				
Total Assets	<u>\$163,348</u>	<u>\$12,893</u>	<u>\$13,170</u>	<u>\$15,516</u>
Liabilities				
Accounts Payable				
Due To Other Funds	\$78,927		\$7,283	\$15,516
Salaries & Benefits Payable	41,452	\$12,131	2,196	
Unspent Grant Allocation	42,969	762	3,691	
Total Liabilities	<u>163,348</u>	<u>12,893</u>	<u>13,170</u>	<u>15,516</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$163,348</u>	<u>\$12,893</u>	<u>\$13,170</u>	<u>\$15,516</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds		
	Title III ESEA LILEP&I	Title II-A Improving Teacher Quality	21st Century CLC
Assets			
Cash & Investments			
Receivables:			
Local Sources			
State Sources			
Federal Sources	\$10,227	\$26,216	\$116,279
Due From Other Funds			
Inventory			
Total Assets	\$10,227	\$26,216	\$116,279
Liabilities			
Accounts Payable			\$381
Due To Other Funds	\$4,640	\$11,675	80,401
Salaries & Benefits Payable	3,266	9,103	35,497
Unspent Grant Allocation	2,321	5,438	
Total Liabilities	10,227	26,216	116,279
Deferred Inflows of Resources			
Unavailable Tax Revenues			
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Restricted:			
Special Programs			
Debt Service			
Capital Projects			
Nonspendable			
Unassigned			
Total Fund Balances	0	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$10,227	\$26,216	\$116,279

PAYETTE JOINT SCHOOL DISTRICT NO. 371
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2014

	Total
Assets	
Cash & Investments	\$527,692
Receivables:	
Local Sources	0
State Sources	10,391
Federal Sources	557,452
Due From Other Funds	0
Inventory	0
Total Assets	\$1,095,535
 Liabilities	
Accounts Payable	\$381
Due To Other Funds	296,404
Salaries & Benefits Payable	200,506
Unspent Grant Allocation	85,719
Total Liabilities	583,010
 Deferred Inflows of Resources	
Unavailable Tax Revenues	0
Total Deferred Inflows of Resources	0
 Fund Balances	
Restricted:	
Special Programs	512,525
Debt Service	0
Capital Projects	0
Nonspendable	0
Unassigned	0
Total Fund Balances	512,525
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$1,095,535

PAYETTE JOINT SCHOOL DISTRICT NO. 371
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2014

	Special Revenue Funds			
	Local Special Projects	McCain Middle School	Driver Education	Professional Technical
Revenues				
Local Taxes				
Other Local Revenue	\$42,740	\$44,803	\$5,305	
State Revenue			5,041	\$34,637
Federal Revenue				
Total Revenues	<u>42,740</u>	<u>44,803</u>	<u>10,346</u>	<u>34,637</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School			12,726	34,637
Alternative School				
Special Education	50,319			
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instructional Improvement				
Educational Media				
Instruction-Related Technology				
District Administration			4,431	
School Administration				
Administrative Technology				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>50,319</u>	<u>0</u>	<u>17,157</u>	<u>34,637</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,579)	44,803	(6,811)	0
Other Financing Sources (Uses)				
Transfers In	0	0	6,384	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>6,384</u>	<u>0</u>
Net Change in Fund Balances	(7,579)	44,803	(427)	0
Fund Balances - Beginning	25,315	303,282	285	0
Fund Balances - Ending	<u>\$17,736</u>	<u>\$348,085</u>	<u>(\$142)</u>	<u>\$0</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2014

	<u>Special Revenue Funds</u>			
	<u>Technology</u>	<u>Substance Abuse</u>	<u>Title I-A ESEA IBP</u>	<u>Title I-C ESEA EMC</u>
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue	\$52,458			
Federal Revenue			\$436,417	\$38,562
Total Revenues	<u>52,458</u>	<u>\$0</u>	<u>436,417</u>	<u>38,562</u>
Expenditures				
Instructional Programs				
Elementary School			369,618	38,524
Secondary School	168			
Alternative School				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instructional Improvement	206		60,174	38
Educational Media				
Instruction-Related Technology	111,658			
District Administration				
School Administration				
Administrative Technology	928			
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>112,960</u>	<u>0</u>	<u>429,792</u>	<u>38,562</u>
Excess (Deficiency) of Revenues Over Expenditures	(60,502)	0	6,625	0
Other Financing Sources (Uses)				
Transfers In	187,702	0	0	0
Transfers Out	0	0	(6,625)	0
Total Other Financing Sources (Uses)	<u>187,702</u>	<u>0</u>	<u>(6,625)</u>	<u>0</u>
Net Change in Fund Balances	127,200	0	0	0
Fund Balances - Beginning	17,560	2,086	0	0
Fund Balances - Ending	<u>\$144,760</u>	<u>\$2,086</u>	<u>\$0</u>	<u>\$0</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2014

	Special Revenue Funds			
	Special Educ. IDEA Part B School-Age	Special Educ. IDEA Preschool	Title VI-B ESEA REAP	Perkins III Professional Technical Act
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$293,787	\$12,131	\$36,333	\$26,178
Total Revenues	<u>293,787</u>	<u>12,131</u>	<u>36,333</u>	<u>26,178</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School				26,178
Alternative School				
Special Education	246,230			
Special Education Preschool		12,131		
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services	42,638			
Instructional Improvement			36,333	
Educational Media				
Instruction-Related Technology				
District Administration				
School Administration				
Administrative Technology				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>288,868</u>	<u>12,131</u>	<u>36,333</u>	<u>26,178</u>
Excess (Deficiency) of Revenues Over Expenditures	4,919	0	0	0
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(4,919)	0	0	0
Total Other Financing Sources (Uses)	<u>(4,919)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2014

	Special Revenue Funds		
	Title III	Title II-A	
	ESEA LILEP&I	Improving Teacher Quality	21st Century CLC
Revenues			
Local Taxes			
Other Local Revenue			
State Revenue			
Federal Revenue	\$26,446	\$95,172	\$411,633
Total Revenues	<u>26,446</u>	<u>95,172</u>	<u>411,633</u>
Expenditures			
Instructional Programs			
Elementary School		63,390	101,983
Secondary School			
Alternative School			
Special Education			
Special Education Preschool			
Gifted & Talented			
Interscholastic			
School Activity			
Support Service Programs			
Attendance - Guidance - Health			
Special Education Support Services			
Instructional Improvement	26,446	31,782	303,013
Educational Media			
Instruction-Related Technology			
District Administration			
School Administration			
Administrative Technology			
Buildings - Care			
Maintenance - Non-Student Occupied			
Maintenance - Student Occupied			
Maintenance - Grounds			
Security			
Pupil-To-School Transportation			
Pupil-Activity Transportation			
General Transportation			
Non-Instructional Programs			
Child Nutrition			
Community Services			
Capital Assets - Student Occupied			
Capital Assets - Non-Student Occupied			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>26,446</u>	<u>95,172</u>	<u>404,996</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	6,637
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	0	0	(6,637)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(6,637)</u>
Net Change in Fund Balances	0	0	0
Fund Balances - Beginning	0	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

PAYETTE JOINT SCHOOL DISTRICT NO. 371
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2014

	Total
Revenues	
Local Taxes	\$0
Other Local Revenue	92,848
State Revenue	92,136
Federal Revenue	1,376,659
Total Revenues	1,561,643
Expenditures	
Instructional Programs	
Elementary School	573,515
Secondary School	73,709
Alternative School	0
Special Education	296,549
Special Education Preschool	12,131
Gifted & Talented	0
Interscholastic	0
School Activity	0
Support Service Programs	
Attendance - Guidance - Health	0
Special Education Support Services	42,638
Instructional Improvement	457,992
Educational Media	0
Instruction-Related Technology	111,658
District Administration	4,431
School Administration	0
Administrative Technology	928
Buildings - Care	0
Maintenance - Non-Student Occupied	0
Maintenance - Student Occupied	0
Maintenance - Grounds	0
Security	0
Pupil-To-School Transportation	0
Pupil-Activity Transportation	0
General Transportation	0
Non-Instructional Programs	
Child Nutrition	0
Community Services	0
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
Debt Service - Principal	0
Debt Service - Interest	0
Total Expenditures	1,573,551
Excess (Deficiency) of Revenues	
Over Expenditures	(11,908)
Other Financing Sources (Uses)	
Transfers In	194,086
Transfers Out	(18,181)
Total Other Financing Sources (Uses)	175,905
Net Change in Fund Balances	163,997
Fund Balances - Beginning	348,528
Fund Balances - Ending	\$512,525

PAYETTE JOINT SCHOOL DISTRICT NO. 371

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture			
<i>Passed Through Washington County:</i>			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to Counties	10.666	None	\$196
Total Forest Service Schools and Roads Cluster			<u>196</u>
<i>Passed Through Idaho Dept of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	10.553	196,029
National School Lunch Program	10.555	10.555	458,655
Summer Food Service Program for Children	10.559	10.559	26,976
Total Child Nutrition Cluster			<u>681,660</u>
Fresh Fruit & Vegetable Program	10.582	10.582	30,868
Total US Dept of Agriculture			<u>712,724</u>
US Dept of Education			
<i>Passed Through Idaho Dept of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	84.027	293,787
Special Education - Preschool Grants	84.173	84.173	12,131
Total Special Education Cluster			<u>305,918</u>
Title I Grants to Local Educational Agencies	84.010	84.010	436,417
Migrant Education - State Grant Program	84.011	84.011	38,562
Career & Technical Education - Basic Grants to States	84.048	84.048	26,178
Twenty-First Century Community Learning Centers	84.287	84.287	411,633
Rural Education	84.358	84.358	36,333
English Language Acquisition State Grants	84.365	84.365	26,446
Improving Teacher Quality State Grants	84.367	84.367	95,172
Total US Dept of Education			<u>1,376,659</u>
Total Expenditures of Federal Awards			<u>\$2,089,383</u>

NOTES:

A. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the School under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

B. Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

C. Nonmonetary Assistance - Included in the National School Lunch Program award is USDA food commodities stated at a fair market value of \$36,909.

OTHER REPORTS AND SCHEDULES

Audits
Taxes
Special Services



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

Board of Trustees
Payette Joint School District No. 371

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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, each major fund, and the aggregate remaining fund information of the Payette Joint School District No. 371 (the School), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated July 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Quest CPAs, P.C.

Payette, Idaho
July 16, 2014

Audits
Taxes
Special Services



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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees
Payette Joint School District No. 371

Report on Compliance for Each Major Federal Program

We have audited Payette Joint School District No. 371 (the School's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2014. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Quest CPAs, P.C.

Payette, Idaho
July 16, 2014

PAYETTE JOINT SCHOOL DISTRICT NO. 371
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report being issued:	Unmodified
<i>Internal control over financial reporting:</i>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

FEDERAL AWARDS

<i>Internal control over major programs:</i>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Major program identification:	
a. Child Nutrition Cluster – CFDA #10.553, 10.555, 10.556	
b. Twenty-First Century Community Learning Centers – CFDA #84.287	
Dollar threshold used to distinguish between type A and B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes