

MIDVALE SCHOOL DISTRICT NO. 433

FINANCIAL STATEMENTS

Year Ended June 30, 2015

MIDVALE SCHOOL DISTRICT NO. 433
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FINANCIAL SECTION

Audits
Taxes
Special Services



11501 Highway 95
Payette, Idaho 83661
www.qcpas.com
info@qcpas.com
P: 208-642-1417
F: 208-642-1582

Independent Auditor's Report

Board of Trustees
Midvale School District No. 433

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 Midvale School District No. 433 (the School) as of and for the year ended June 30, 2015, 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.

Basis for Qualified Opinion on Governmental Activities

Management has not performed the actuarial calculations for other post-employment benefits for the governmental activities and, accordingly, has not considered the School's other post-employment benefit liability. Accounting principles generally accepted in the United States of America require that a liability be recorded for other post-employment benefits, which would decrease net position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2015, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2015, 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 schedules, schedule of employer's share of net pension liability, and schedule of employer contributions 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 School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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 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 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 30, 2015, 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 30, 2015

BASIC FINANCIAL STATEMENTS

MIDVALE SCHOOL DISTRICT NO. 433

Statement of Net Position

June 30, 2015

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$597,294
Receivables:	
Local Sources	15,547
State Sources	53,984
Federal Sources	38,524
Total Current Assets	<u>705,349</u>
Noncurrent Assets	
Nondepreciable Capital Assets	461,110
Depreciable Net Capital Assets	433,837
Total Noncurrent Assets	<u>894,947</u>
Total Assets	<u>1,600,296</u>
 Deferred Outflows of Resources	
Pension Sources	<u>111,098</u>
Total Deferred Outflows of Resources	<u>111,098</u>
Total Assets and Deferred Outflows of Resources	<u>\$1,711,394</u>
 Liabilities	
Current Liabilities	
Accounts Payable	\$69,230
Salaries & Benefits Payable	141,898
Unspent Grant Allocation	127
Total Current Liabilities	<u>211,255</u>
Noncurrent Liabilities	
Net Pension Liability	<u>230,619</u>
Total Noncurrent Liabilities	<u>230,619</u>
Total Liabilities	<u>441,874</u>
 Deferred Inflows of Resources	
Pension Sources	<u>317,476</u>
Total Deferred Inflows of Resources	<u>317,476</u>
Total Liabilities and Deferred Inflows of Resources	<u>759,350</u>
 Net Position	
Invested in Capital Assets	894,947
Restricted:	
Special Programs	2,619
Capital Projects	48,839
Unrestricted	<u>5,639</u>
Total Net Position	<u>952,044</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$1,711,394</u>

See Accompanying Notes

MIDVALE SCHOOL DISTRICT NO. 433

Statement of Activities Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Instructional Programs					
Elementary School	\$191,233		\$73,736		(\$117,497)
Secondary School	260,642	\$1,400	31,027	\$3,491	(224,724)
Alternative School	114,779				(114,779)
Special Education	96,234		17,878		(78,356)
Special Education Preschool	6,001		1,692		(4,309)
Interscholastic	32,429				(32,429)
School Activity	7,775				(7,775)
Support Service Programs					
Attendance - Guidance - Health	22,635				(22,635)
Special Education Support Services	6,412		6,412		0
Instructional Improvement	9,020		5,056		(3,964)
Educational Media	3,673		169		(3,504)
Board of Education	1,916				(1,916)
District Administration	47,184				(47,184)
School Administration	71,061				(71,061)
Business Operation	59,160				(59,160)
Buildings - Care	51,560				(51,560)
Maintenance - Student Occupied	74,251				(74,251)
Pupil-To-School Transportation	42,537				(42,537)
Pupil-Activity Transportation	9,769				(9,769)
Non-Instructional Programs					
Child Nutrition	60,428	14,403	46,025		0
Capital Assets - Student Occupied	44,865				(44,865)
Capital Assets - Non-Student Occupied	379,353				(379,353)
Total	\$1,592,917	\$15,803	\$181,995	\$3,491	(1,391,628)
General Revenues					
Local Taxes					13,485
Other Local Revenue					90,567
State Revenue					1,452,994
Federal Revenue					3,004
Total					1,560,050
Change in Net Position					168,422
Net Position - Beginning - As Previously Stated					1,286,867
Restatement - See Note G					(503,245)
Net Position - Beginning - As Restated					783,622
Net Position - Ending					\$952,044

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Balance Sheet - Governmental Funds

June 30, 2015

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Plant Facilities Fund</u>	<u>Other Governmental Funds</u>
Assets				
Cash & Investments	\$411,755	\$3,281	\$105,478	\$76,780
Receivables:				
Local Sources	12,722	2,825		0
State Sources	44,431			9,553
Federal Sources				38,524
Due From Other Funds	44,540			0
Total Assets	<u>\$513,448</u>	<u>\$6,106</u>	<u>\$105,478</u>	<u>\$124,857</u>
Liabilities				
Accounts Payable	\$8,301	\$459	\$56,639	\$3,831
Due To Other Funds				44,540
Salaries & Benefits Payable	138,870	3,028		0
Unspent Grant Allocation	127			0
Total Liabilities	<u>147,298</u>	<u>3,487</u>	<u>56,639</u>	<u>48,371</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs		2,619		0
Capital Projects			48,839	0
Unassigned	366,150			76,486
Total Fund Balances	<u>366,150</u>	<u>2,619</u>	<u>48,839</u>	<u>76,486</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$513,448</u>	<u>\$6,106</u>	<u>\$105,478</u>	<u>\$124,857</u>

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Balance Sheet - Governmental Funds

June 30, 2015

	Total Governmental Funds
Assets	
Cash & Investments	\$597,294
Receivables:	
Local Sources	15,547
State Sources	53,984
Federal Sources	38,524
Due From Other Funds	44,540
Total Assets	\$749,889
Liabilities	
Accounts Payable	\$69,230
Due To Other Funds	44,540
Salaries & Benefits Payable	141,898
Unspent Grant Allocation	127
Total Liabilities	255,795
Deferred Inflows of Resources	
Unavailable Tax Revenues	0
Total Deferred Inflows of Resources	0
Fund Balances	
Restricted:	
Special Programs	2,619
Capital Projects	48,839
Unassigned	442,636
Total Fund Balances	494,094
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$749,889

MIDVALE SCHOOL DISTRICT NO. 433

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Balance Sheet - Governmental Funds

June 30, 2015

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

Total Governmental Fund Balances	\$494,094
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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.	894,947
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Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds.	(436,997)
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Net Position of Governmental Activities	<u>\$952,044</u>
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Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2015

	General Fund	Child Nutrition Fund	Plant Facilities Fund	Other Governmental Funds
Revenues				
Local Taxes	\$13,485			\$0
Other Local Revenue	24,319	\$14,403		1,400
State Revenue	1,452,994			29,926
Federal Revenue		49,029		109,535
Total Revenues	<u>1,490,798</u>	<u>63,432</u>	<u>\$0</u>	<u>140,861</u>
Expenditures				
Instructional Programs				
Elementary School	257,351			73,736
Secondary School	415,001			37,020
Alternative School	114,779			0
Special Education	78,356			17,878
Special Education Preschool	4,309			1,692
Interscholastic	32,429			0
School Activity	7,775			0
Support Service Programs				
Attendance - Guidance - Health	22,635			0
Special Education Support Services				6,412
Instructional Improvement	3,964			5,056
Educational Media	3,504			169
Board of Education	1,916			0
District Administration	47,184			0
School Administration	71,061			0
Business Operation	59,160			0
Buildings - Care	88,364			0
Maintenance - Student Occupied	74,251			0
Pupil-To-School Transportation	42,537			0
Pupil-Activity Transportation	2,207			0
Non-Instructional Programs				
Child Nutrition		60,428		0
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied			379,353	0
Total Expenditures	<u>1,326,783</u>	<u>60,428</u>	<u>379,353</u>	<u>141,963</u>
Excess (Deficiency) of Revenues Over Expenditures	164,015	3,004	(379,353)	(1,102)
Other Financing Sources (Uses)				
Transfers In				77,588
Transfers Out	(8,664)		(68,924)	0
Total Other Financing Sources (Uses)	<u>(8,664)</u>	<u>0</u>	<u>(68,924)</u>	<u>77,588</u>
Net Change in Fund Balances	155,351	3,004	(448,277)	76,486
Fund Balances - Beginning	210,799	(385)	497,116	0
Fund Balances - Ending	<u>\$366,150</u>	<u>\$2,619</u>	<u>\$48,839</u>	<u>\$76,486</u>

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Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2015

	Total Governmental Funds
Revenues	
Local Taxes	\$13,485
Other Local Revenue	40,122
State Revenue	1,482,920
Federal Revenue	158,564
Total Revenues	<u>1,695,091</u>
Expenditures	
Instructional Programs	
Elementary School	331,087
Secondary School	452,021
Alternative School	114,779
Special Education	96,234
Special Education Preschool	6,001
Interscholastic	32,429
School Activity	7,775
Support Service Programs	
Attendance - Guidance - Health	22,635
Special Education Support Services	6,412
Instructional Improvement	9,020
Educational Media	3,673
Board of Education	1,916
District Administration	47,184
School Administration	71,061
Business Operation	59,160
Buildings - Care	88,364
Maintenance - Student Occupied	74,251
Pupil-To-School Transportation	42,537
Pupil-Activity Transportation	2,207
Non-Instructional Programs	
Child Nutrition	60,428
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	379,353
Total Expenditures	<u>1,908,527</u>
Excess (Deficiency) of Revenues Over Expenditures	(213,436)
Other Financing Sources (Uses)	
Transfers In	77,588
Transfers Out	(77,588)
Total Other Financing Sources (Uses)	<u>0</u>
Net Change in Fund Balances	(213,436)
Fund Balances - Beginning	707,530
Fund Balances - Ending	<u><u>\$494,094</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2015

**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 (\$213,436)

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. 315,610

Changes in net pension liability and related pension source
deferred outflow and deferred inflow of resources do not provide
or require current financial resources and therefore are not
reflected in the funds. 66,248

Change in Net Position of Governmental Activities \$168,422

MIDVALE SCHOOL DISTRICT NO. 433

Statement of Fiduciary Net Position

June 30, 2015

	Agency Funds - Student Activity
Assets	
Cash & Investments	<u>\$71,911</u>
Total Assets	<u><u>\$71,911</u></u>
Liabilities	
Due to Student Groups	<u>\$71,911</u>
Total Liabilities	<u>71,911</u>
Net Position	
Restricted:	
Scholarships	<u>0</u>
Total Net Position	<u>0</u>
Total Liabilities and Net Position	<u><u>\$71,911</u></u>

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Midvale School District No. 433 (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 Washington County.

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

MIDVALE SCHOOL DISTRICT NO. 433

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).

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:

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.

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

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

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 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 – 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.

Pensions – For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. 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 – The School's governmental fund 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.

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.

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

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.

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.

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

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	\$100,877
Investments - Local Government Investment Pool	568,328
Total	<u><u>\$669,205</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$100,877 and the bank balances were \$128,987. The bank balances were insured.

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 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.

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Total
Local Sources			
Local Taxes	\$5,419		\$5,419
Reimbursements & Other	7,303	\$2,825	10,128
Total	<u>\$12,722</u>	<u>\$2,825</u>	<u>\$15,547</u>
State Sources			
Foundation Program	\$43,480		\$43,480
Special Programs	951	\$9,553	10,504
Total	<u>\$44,431</u>	<u>\$9,553</u>	<u>\$53,984</u>
Federal Sources			
Special Programs		\$38,524	\$38,524
Total		<u>\$38,524</u>	<u>\$38,524</u>

MIDVALE SCHOOL DISTRICT NO. 433

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	\$86,255			\$86,255
Construction in Progress	6,818	\$368,037		374,855
Total	<u>93,073</u>	<u>368,037</u>	<u>\$0</u>	<u>461,110</u>
Depreciable Capital Assets				
Buildings	989,383			989,383
Equipment	720,001			720,001
Transportation	274,006			274,006
Subtotal	<u>1,983,390</u>	<u>0</u>	<u>0</u>	<u>1,983,390</u>
Accumulated Depreciation				
Buildings	628,128	19,788		647,916
Equipment	674,763	25,077		699,840
Transportation	194,235	7,562		201,797
Subtotal	<u>1,497,126</u>	<u>52,427</u>	<u>0</u>	<u>1,549,553</u>
Total	<u>486,264</u>	<u>(52,427)</u>	<u>0</u>	<u>433,837</u>
Net Capital Assets	<u>\$579,337</u>	<u>\$315,610</u>	<u>\$0</u>	<u>\$894,947</u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$44,865
Pupil-To-School Transportation	7,562
Total	<u>\$52,427</u>

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

E. PENSION PLAN

Plan Description

The School contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the PERSI Base Plan, as of June 30, 2014 was as follows:

Retirees and beneficiaries currently receiving benefits	40,776
Terminated employees entitled to but not yet receiving benefits	11,504
Active plan members	<u>66,223</u>
Total	<u><u>118,503</u></u>

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2014 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The School's contributions were \$91,901 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the School's proportion was 0.0313275 percent.

For the year ended June 30, 2015, the School recognized pension expense (revenue) of (\$66,248). At June 30, 2015, the School 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		\$28,628
Changes in assumptions or other inputs	\$19,197	
Net difference between projected and actual earnings on pension plan investments		288,848
Changes in the employer's proportion and differences between employer's contributions and the employer's proportionate contributions		0
Employer contributions subsequent to the measurement date	91,901	
Total	\$111,098	\$317,476

\$91,901 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the plan pension expense or reduction of the plan pension revenue in the year ending June 30, 2016.

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013 the beginning of the measurement period ended June 30, 2014 is 5.6 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
6/30/16	(\$74,262)
6/30/17	(74,262)
6/30/18	(74,262)
6/30/19	(74,262)
6/30/20	(1,230)
Total	<u><u>(\$298,278)</u></u>

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The total pension liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses			7.10%

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. 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. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate.

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
School's proportionate share of the net pension liability (asset)	\$800,874	\$230,619	(\$243,428)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

MIDVALE SCHOOL DISTRICT NO. 433

Notes to Financial Statements

F. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund	
	Nonmajor Governmental	Total
Due To Fund		
General	\$44,540	\$44,540
Total	\$44,540	\$44,540

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:

Fund	Transfer In	Transfer Out	Purpose
General		\$8,664	Depreciation allowance; support
Plant Facilities		68,924	Support
Nonmajor Governmental	\$77,588		Depreciation allowance; support
Total	\$77,588	\$77,588	

G. PRIOR PERIOD ADJUSTMENT

During the year, the School implemented GASB No. 68 *Accounting and Financial Reporting for Pensions*. As required by GASB 68, the School's net position was restated by \$503,245 to reflect the prior year net pension liability and related deferred outflows from pension contributions made subsequent to the measurement date.

REQUIRED SUPPLEMENTARY INFORMATION

MIDVALE SCHOOL DISTRICT NO. 433 Page 1 of 2
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2015

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$13,803	\$13,803	\$13,485	(\$318)
Other Local Revenue	19,000	19,000	24,319	5,319
State Revenue	1,462,997	1,462,997	1,452,994	(10,003)
Federal Revenue	0	0	0	0
Total Revenues	<u>1,495,800</u>	<u>1,495,800</u>	<u>1,490,798</u>	<u>(5,002)</u>
Expenditures				
Instructional Programs				
Elementary School	266,482	266,482	257,351	9,131
Secondary School	438,504	438,504	415,001	23,503
Alternative School	115,490	115,490	114,779	711
Special Education	78,289	78,289	78,356	(67)
Special Education Preschool	4,309	4,309	4,309	0
Interscholastic	37,569	37,569	32,429	5,140
School Activity	9,262	9,262	7,775	1,487
Support Service Programs				
Attendance - Guidance - Health	35,270	35,270	22,635	12,635
Special Education Support Services	0	0	0	0
Instructional Improvement	0	0	3,964	(3,964)
Educational Media	3,730	3,730	3,504	226
Board of Education	23,398	23,398	1,916	21,482
District Administration	61,442	61,442	47,184	14,258
School Administration	72,710	72,710	71,061	1,649
Business Operation	67,122	67,122	59,160	7,962
Buildings - Care	112,363	112,363	88,364	23,999
Maintenance - Student Occupied	82,833	82,833	74,251	8,582
Pupil-To-School Transportation	67,470	67,470	42,537	24,933
Pupil-Activity Transportation	9,376	9,376	2,207	7,169
Non-Instructional Programs				
Child Nutrition	2,619	2,619	0	2,619
Capital Assets - Student Occupied	74,790	74,790	0	74,790
Capital Assets - Non-Student Occupied	0	0	0	0
Total Expenditures	<u>1,563,028</u>	<u>1,563,028</u>	<u>1,326,783</u>	<u>236,245 *</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(67,228)</u>	<u>(67,228)</u>	<u>164,015</u>	<u>231,243</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(7,562)	(7,562)	(8,664)	(1,102) *
Total Other Financing Sources (Uses)	<u>(7,562)</u>	<u>(7,562)</u>	<u>(8,664)</u>	<u>(1,102)</u>
Net Change in Fund Balances	<u>(74,790)</u>	<u>(74,790)</u>	<u>155,351</u>	<u>230,141</u>
Fund Balances - Beginning	<u>110,000</u>	<u>110,000</u>	<u>210,799</u>	<u>100,799</u>
Fund Balances - Ending	<u>\$35,210</u>	<u>\$35,210</u>	<u>\$366,150</u>	<u>\$330,940</u>

*Total expenditures (over) under appropriations are: \$235,143

MIDVALE SCHOOL DISTRICT NO. 433 Page 2 of 2
Budgetary Comparison Schedule - General and Major Special Revenue Funds
Year Ended June 30, 2015

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
Child Nutrition Fund	Original	Final		
Revenues				
Other Local Revenue	\$18,040	\$18,040	\$14,403	(\$3,637)
Federal Revenue	37,000	37,000	49,029	12,029
Total Revenues	<u>55,040</u>	<u>55,040</u>	<u>63,432</u>	<u>8,392</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	54,383	54,383	60,428	(6,045)
Total Expenditures	<u>54,383</u>	<u>54,383</u>	<u>60,428</u>	<u>(6,045) *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	657	657	3,004	2,347
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	657	657	3,004	2,347
Fund Balances - Beginning	0	0	(385)	(385)
Fund Balances - Ending	<u>\$657</u>	<u>\$657</u>	<u>\$2,619</u>	<u>\$1,962</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u>(\$6,045)</u>

MIDVALE SCHOOL DISTRICT NO. 433
Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	<u>2015</u>
School's portion of the net pension liability	0.0313275%
School's proportionate share of the net pension liability	\$230,619
School's covered-employee payroll	\$811,846
School's proportional share of the net pension liability as a percentage of its covered-employee payroll	28.41%
Plan fiduciary net position as a percentage of the total pension liability	94.95%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured using the beginning fiscal year measurement date (i.e. 2015 data uses a July 1, 2014 measurement date).

MIDVALE SCHOOL DISTRICT NO. 433

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2015</u>
Statutorily required contribution	\$101,827
Contributions in relation to the statutorily required contribution	\$97,424
Contribution deficiency (excess)	<u>\$4,403</u>
School's covered-employee payroll	<u>\$811,846</u>
Contributions as a percentage of covered- employee payroll	12.00%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's most recent fiscal year end.

SUPPLEMENTARY INFORMATION

MIDVALE SCHOOL DISTRICT NO. 433
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2015

Page 1 of 3

	<u>Special Revenue Funds</u>			
	<u>Forest Reserve</u>	<u>Local Grants</u>	<u>Driver Education</u>	<u>Professional Technical</u>
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources			\$1,250	\$8,303
Federal Sources				
Due From Other Funds				
Total Assets	<u>\$0</u>	<u>\$0</u>	<u>\$1,250</u>	<u>\$8,303</u>
Liabilities				
Accounts Payable			\$67	\$3,267
Due To Other Funds			1,183	5,036
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>1,250</u>	<u>8,303</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>\$0</u>	<u>\$0</u>	<u>\$1,250</u>	<u>\$8,303</u>

MIDVALE SCHOOL DISTRICT NO. 433
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2015

Page 2 of 3

	Special Revenue Funds			
	Title I-A ESEA IBP	Special Educ. IDEA Part B School-Age	Special Educ. IDEA Preschool	Title VI-B ESEA REAP
Assets				
Cash & Investments		\$294		
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$19,521			\$15,447
Due From Other Funds				
Total Assets	<u>\$19,521</u>	<u>\$294</u>	<u>\$0</u>	<u>\$15,447</u>
Liabilities				
Accounts Payable	\$203	\$294		
Due To Other Funds	19,318			\$15,447
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	<u>19,521</u>	<u>294</u>	<u>\$0</u>	<u>15,447</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>\$19,521</u>	<u>\$294</u>	<u>\$0</u>	<u>\$15,447</u>

MIDVALE SCHOOL DISTRICT NO. 433
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2015

Page 3 of 3

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	
	<u>Perkins III Professional Technical Act</u>	<u>Title II-A Improving Teacher Quality</u>	<u>Bus Depreciation</u>	<u>Total</u>
Assets				
Cash & Investments			\$76,486	\$76,780
Receivables:				
Local Sources				0
State Sources				9,553
Federal Sources		\$3,556		38,524
Due From Other Funds				0
Total Assets	<u>\$0</u>	<u>\$3,556</u>	<u>\$76,486</u>	<u>\$124,857</u>
Liabilities				
Accounts Payable				\$3,831
Due To Other Funds		\$3,556		44,540
Salaries & Benefits Payable				0
Unspent Grant Allocation				0
Total Liabilities	<u>\$0</u>	<u>3,556</u>	<u>\$0</u>	<u>48,371</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				0
Debt Service				0
Capital Projects			76,486	76,486
Nonspendable				0
Unassigned				0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>76,486</u>	<u>76,486</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$0</u>	<u>\$3,556</u>	<u>\$76,486</u>	<u>\$124,857</u>

MIDVALE SCHOOL DISTRICT NO. 433
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2015

Page 1 of 3

	Special Revenue Funds			
	Forest Reserve	Local Grants	Driver Education	Professional Technical
Revenues				
Local Taxes				
Other Local Revenue			\$1,400	
State Revenue		\$1,000	1,250	\$27,676
Federal Revenue	\$3,491			
Total Revenues	<u>3,491</u>	<u>1,000</u>	<u>2,650</u>	<u>27,676</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School	3,491	831	3,752	27,676
Alternative School				
Special Education				
Special Education Preschool				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instructional Improvement				
Educational Media		169		
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>3,491</u>	<u>1,000</u>	<u>3,752</u>	<u>27,676</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(1,102)	0
Other Financing Sources (Uses)				
Transfers In			1,102	
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,102</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

MIDVALE SCHOOL DISTRICT NO. 433
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2015

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	Special Revenue Funds			
	Title I-A ESEA IBP	Special Educ. IDEA Part B School-Age	Special Educ. IDEA Preschool	Title VI-B ESEA REAP
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$58,492	\$24,290	\$1,692	\$15,447
Total Revenues	<u>58,492</u>	<u>24,290</u>	<u>1,692</u>	<u>15,447</u>
Expenditures				
Instructional Programs				
Elementary School	58,289			15,447
Secondary School	203			
Alternative School				
Special Education		17,878		
Special Education Preschool			1,692	
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services		6,412		
Instructional Improvement				
Educational Media				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>58,492</u>	<u>24,290</u>	<u>1,692</u>	<u>15,447</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

MIDVALE SCHOOL DISTRICT NO. 433
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2015

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	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	
	<u>Perkins III</u>	<u>Title II-A</u>		
	<u>Professional</u>	<u>Improving</u>	<u>Bus</u>	
	<u>Technical Act</u>	<u>Teacher Quality</u>	<u>Depreciation</u>	<u>Total</u>
Revenues				
Local Taxes				\$0
Other Local Revenue				1,400
State Revenue				29,926
Federal Revenue	\$1,067	\$5,056		109,535
Total Revenues	<u>1,067</u>	<u>5,056</u>	<u>\$0</u>	<u>140,861</u>
Expenditures				
Instructional Programs				
Elementary School				73,736
Secondary School	1,067			37,020
Alternative School				0
Special Education				17,878
Special Education Preschool				1,692
Interscholastic				0
School Activity				0
Support Service Programs				
Attendance - Guidance - Health				0
Special Education Support Services				6,412
Instructional Improvement		5,056		5,056
Educational Media				169
Board of Education				0
District Administration				0
School Administration				0
Business Operation				0
Buildings - Care				0
Maintenance - Student Occupied				0
Pupil-To-School Transportation				0
Pupil-Activity Transportation				0
Non-Instructional Programs				
Child Nutrition				0
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Total Expenditures	<u>1,067</u>	<u>5,056</u>	<u>0</u>	<u>141,963</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	(1,102)
Other Financing Sources (Uses)				
Transfers In			76,486	77,588
Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>76,486</u>	<u>77,588</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>76,486</u>	<u>76,486</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$76,486</u>	<u>\$76,486</u>

OTHER REPORTS AND SCHEDULES

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11501 Highway 95
Payette, Idaho 83661
www.qcpas.com
info@qcpas.com
P: 208-642-1417
F: 208-642-1582

**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***

Board of Trustees
Midvale School District No. 433

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 Midvale School District No. 433 (the School), as of and for the year ended June 30, 2015, 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 30, 2015.

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 30, 2015