

WEISER SCHOOL DISTRICT NO. 431

FINANCIAL STATEMENTS

Year Ended June 30, 2011

WEISER SCHOOL DISTRICT NO. 431

Table of Contents

	<u>PAGE (S)</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-2
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Assets.....	3
Statement of Activities.....	4
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	5-7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	8-10
Statement of Fiduciary Net Assets.....	11
Statement of Changes in Fiduciary Net Assets.....	12
Notes to Financial Statements.....	13-21
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Budgetary Comparison Schedule – General and Major Special Revenue Funds.....	22-23
<u>SUPPLEMENTARY INFORMATION</u>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	24-28
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	29-33
Schedule of Expenditures of Federal Awards.....	34
<u>OTHER REPORTS AND SCHEDULES</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35-36

WEISER SCHOOL DISTRICT NO. 431

Table of Contents

	<u>PAGE (S)</u>
Independent Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	37-38
Schedule of Findings and Questioned Costs.....	39-40

FINANCIAL SECTION

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Independent Auditor's Report

Board of Trustees
Weiser School District No. 431

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weiser School District No. 431 (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2011 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary information listed as required supplemental 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements as a whole. The accompanying combining fund financial statements, and the schedule of expenditures of federal awards (as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Folke CPAs, P.C.

July 26, 2011

BASIC FINANCIAL STATEMENTS

WEISER SCHOOL DISTRICT NO. 431

Statement of Net Assets

June 30, 2011

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	\$2,409,872
Receivables:	
Local Sources	283,023
State Sources	784,543
Federal Sources	490,525
Inventory	61,394
Total Current Assets	<u>4,029,357</u>
Noncurrent Assets	
Nondepreciable Capital Assets	290,128
Depreciable Net Capital Assets	5,033,655
Total Noncurrent Assets	<u>5,323,783</u>
Total Assets	<u><u>\$9,353,140</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$13,342
Salaries & Benefits Payable	1,243,743
Deferred Revenue	119,417
Accrued Interest	21,100
Long-Term Debt, Current	425,000
Total Current Liabilities	<u>1,822,602</u>
Noncurrent Liabilities	
Long-Term Debt, Noncurrent	1,350,000
Total Noncurrent Liabilities	<u>1,350,000</u>
Total Liabilities	<u><u>3,172,602</u></u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,527,683
Restricted:	
Special Programs	262,603
Debt Service	389,218
Capital Projects	429,186
Unrestricted	1,571,848
Total Net Assets	<u>6,180,538</u>
Total Liabilities and Net Assets	<u><u>\$9,353,140</u></u>

WEISER SCHOOL DISTRICT NO. 431

Statement of Activities Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Instructional Programs					
Elementary School	\$2,288,988		\$418,661		(\$1,870,327)
Secondary School	2,975,295	\$115,731	166,805	\$890	(2,691,869)
Alternative School	45,946				(45,946)
Exceptional Child	1,042,229		522,622		(519,607)
Gifted & Talented	0				0
Interscholastic	9,676				(9,676)
School Activity	2,515				(2,515)
Summer School	40,660		40,660		0
Support Service Programs					
Attendance - Guidance - Health	596,267		256,811		(339,456)
Special Services	25,997		4,643	21,354	0
Instructional Improvement	1,186,874		1,111,539		(75,335)
Educational Media	165,172				(165,172)
District Administration	281,486				(281,486)
School Administration	742,768		29,954	243	(712,571)
Buildings - Care	413,314				(413,314)
Maintenance - Student Occupied	427,118			26,353	(400,765)
Maintenance - Grounds	74,679				(74,679)
Pupil-To-School Transportation	481,966				(481,966)
Non-Instructional Programs					
Child Nutrition	803,484	131,339	674,934		2,789
Community Services	21,103		21,103		0
Capital Assets - Student Occupied	351,644			12,876	(338,768)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	60,785				(60,785)
Total	\$12,037,966	\$247,070	\$3,247,732	\$61,716	(8,481,448)
General Revenues					
Local Taxes					673,320
Other Local Revenues					88,100
State Revenues					7,864,707
Federal Revenues					0
Total					8,626,127
Change in Net Assets					
					144,679
Net Assets - Beginning					
					6,035,859
Net Assets - Ending					
					\$6,180,538

WEISER SCHOOL DISTRICT NO. 431

Balance Sheet - Governmental Funds

June 30, 2011

	General Fund	Child Nutrition Fund	Debt Service Fund	Plant Facilities Fund
Assets				
Cash & Investments	\$1,456,964	\$86,754	\$264,882	\$285,647
Receivables:				
Local Sources	158,577	110	124,336	
State Sources	761,322			
Federal Sources				
Due From Other Funds	230,872			
Inventory		61,394		
Total Assets	<u>\$2,607,735</u>	<u>\$148,258</u>	<u>\$389,218</u>	<u>\$285,647</u>
Liabilities				
Accounts Payable	\$13,298	\$44		
Due To Other Funds				
Salaries & Benefits Payable	1,022,589	49,977		
Deferred Revenue	281,646		\$25,460	
Total Liabilities	<u>1,317,533</u>	<u>50,021</u>	<u>25,460</u>	<u>\$0</u>
Fund Balances				
Restricted:				
Special Programs		36,843		
Debt Service			363,758	
Capital Projects				285,647
Nonspendable		61,394		
Unassigned	1,290,202			
Total Fund Balances	<u>1,290,202</u>	<u>98,237</u>	<u>363,758</u>	<u>285,647</u>
Total Liabilities and Fund Balances	<u>\$2,607,735</u>	<u>\$148,258</u>	<u>\$389,218</u>	<u>\$285,647</u>

WEISER SCHOOL DISTRICT NO. 431

Balance Sheet - Governmental Funds

June 30, 2011

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash & Investments	\$315,625	\$2,409,872
Receivables:		
Local Sources	0	283,023
State Sources	23,221	784,543
Federal Sources	490,525	490,525
Due From Other Funds	0	230,872
Inventory	0	61,394
Total Assets	\$829,371	\$4,260,229
Liabilities		
Accounts Payable	\$0	\$13,342
Due To Other Funds	230,872	230,872
Salaries & Benefits Payable	171,177	1,243,743
Deferred Revenue	119,417	426,523
Total Liabilities	521,466	1,914,480
Fund Balances		
Restricted:		
Special Programs	164,366	201,209
Debt Service	0	363,758
Capital Projects	143,539	429,186
Nonspendable	0	61,394
Unassigned	0	1,290,202
Total Fund Balances	307,905	2,345,749
Total Liabilities and Fund Balances	\$829,371	\$4,260,229

Balance Sheet - Governmental Funds

June 30, 2011

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities**Total Governmental Fund Balances** \$2,345,749

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 5,323,783

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 307,106

Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds. (1,796,100)

Net Assets of Governmental Activities \$6,180,538

WEISER SCHOOL DISTRICT NO. 431

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2011

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facilities Fund</u>
Revenues				
Local Taxes	\$371,399		\$287,842	
Other Local Revenue	191,216	\$131,474		
State Revenue	7,786,638		94,322	
Federal Revenue		674,934		
Total Revenues	<u>8,349,253</u>	<u>806,408</u>	<u>382,164</u>	<u>\$0</u>
Expenditures				
Instructional Programs				
Elementary School	1,867,430			2,897
Secondary School	2,798,261			9,339
Alternative School	45,946			
Exceptional Child	439,771			
Gifted & Talented				
Interscholastic	9,676			
School Activity	2,515			
Summer School				
Support Service Programs				
Attendance - Guidance - Health	339,456			
Special Services				
Instructional Improvement	75,335			
Educational Media	165,172			
District Administration	281,486			
School Administration	712,571			
Buildings - Care	413,314			
Maintenance - Student Occupied	362,683			38,082
Maintenance - Grounds	74,679			19,319
Pupil-To-School Transportation	421,653			52,300
Non-Instructional Programs				
Child Nutrition	14,048	789,436		
Community Services				
Capital Assets - Student Occupied	15,059			
Capital Assets - Non-Student Occupied				
Debt Service - Principal			410,000	
Debt Service - Interest			65,385	
Total Expenditures	<u>8,039,055</u>	<u>789,436</u>	<u>475,385</u>	<u>121,937</u>
Excess (Deficiency) of Revenues Over Expenditures	310,198	16,972	(93,221)	(121,937)
Other Financing Sources (Uses)				
Transfers In	24,063			45,000
Transfers Out	(58,989)			
Total Other Financing Sources (Uses)	<u>(34,926)</u>	<u>0</u>	<u>0</u>	<u>45,000</u>
Net Change in Fund Balances	275,272	16,972	(93,221)	(76,937)
Fund Balances - Beginning	1,014,930	81,265	456,979	362,584
Fund Balances - Ending	<u>\$1,290,202</u>	<u>\$98,237</u>	<u>\$363,758</u>	<u>\$285,647</u>

WEISER SCHOOL DISTRICT NO. 431

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2011

	Other Governmental Funds	Total Governmental Funds
Revenues		
Local Taxes	\$0	\$659,241
Other Local Revenue	72,701	395,391
State Revenue	119,207	8,000,167
Federal Revenue	2,455,086	3,130,020
Total Revenues	2,646,994	12,184,819
Expenditures		
Instructional Programs		
Elementary School	418,661	2,288,988
Secondary School	167,695	2,975,295
Alternative School	0	45,946
Exceptional Child	602,458	1,042,229
Gifted & Talented	0	0
Interscholastic	0	9,676
School Activity	0	2,515
Summer School	40,660	40,660
Support Service Programs		
Attendance - Guidance - Health	256,811	596,267
Special Services	25,997	25,997
Instructional Improvement	1,111,539	1,186,874
Educational Media	0	165,172
District Administration	0	281,486
School Administration	30,197	742,768
Buildings - Care	0	413,314
Maintenance - Student Occupied	26,353	427,118
Maintenance - Grounds	0	93,998
Pupil-To-School Transportation	0	473,953
Non-Instructional Programs		
Child Nutrition	0	803,484
Community Services	21,103	21,103
Capital Assets - Student Occupied	0	15,059
Capital Assets - Non-Student Occupied	0	0
Debt Service - Principal	0	410,000
Debt Service - Interest	0	65,385
Total Expenditures	2,701,474	12,127,287
Excess (Deficiency) of Revenues Over Expenditures	(54,480)	57,532
Other Financing Sources (Uses)		
Transfers In	13,989	83,052
Transfers Out	(24,063)	(83,052)
Total Other Financing Sources (Uses)	(10,074)	0
Net Change in Fund Balances	(64,554)	57,532
Fund Balances - Beginning	372,459	2,288,217
Fund Balances - Ending	\$307,905	\$2,345,749

WEISER SCHOOL DISTRICT NO. 431
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2011

Page 3 of 3

**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 \$57,532

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. (325,279)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (2,174)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets. 410,000

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 4,600

Change in Net Assets of Governmental Activities \$144,679

WEISER SCHOOL DISTRICT NO. 431

Statement of Fiduciary Net Assets

June 30, 2011

	Employee Benefit Trust Fund	Agency Funds - Student Activity	Total
Assets			
Cash & Investments	\$429,417	\$200,712	\$630,129
Total Assets	<u>\$429,417</u>	<u>\$200,712</u>	<u>\$630,129</u>
Liabilities			
Due to Student Groups		\$200,712	\$200,712
Total Liabilities	<u>\$0</u>	<u>200,712</u>	<u>200,712</u>
Net Assets			
Restricted:			
Employees	429,417		429,417
Total Net Assets	<u>429,417</u>	<u>0</u>	<u>429,417</u>
Total Liabilities and Net Assets	<u>\$429,417</u>	<u>\$200,712</u>	<u>\$630,129</u>

WEISER SCHOOL DISTRICT NO. 431
Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2011

	<u>Employee Benefit Trust Fund</u>
Additions	
Contributions	\$2,220
Investment Income (Loss)	14,208
Total Additions	<u>16,428</u>
 Deductions	
Distributions	35,360
Plan Expenses	0
Total Deductions	<u>35,360</u>
Change in Net Assets	(18,932)
Net Assets - Beginning	<u>448,349</u>
Net Assets - Ending	<u><u>\$429,417</u></u>

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Weiser School District No. 431 (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 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to school districts. The significant accounting policies of the School are described 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 assets, 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 School's net assets may be reported in three parts - invested in capital assets, net of related debt (when related debt exists), restricted net assets, and unrestricted net assets. The School first utilizes restricted resources to finance qualifying activities.

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 assets 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

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, 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, liabilities, revenues, and 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:

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 financial statements are presented on the accrual basis of accounting and are required to follow both governmental accounting standards board pronouncements and financial accounting standards board pronouncements issued through November 30, 1989. 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

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

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.

The School may report deferred revenue on its financial statements. For the fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the revenue is recognized. For both the government-wide and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are reported as deferred revenue.

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 \$500 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.

Net Assets – Net assets is the difference between assets and liabilities. Net assets invested in capital assets - net of related debt, are capital assets net of accumulated depreciation and reduced by any outstanding debt related to the financing of those assets. Restricted net assets are net

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

assets less related debt that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net assets are 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 are not expected to be converted into cash. 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. Assigned fund balance classifications are not actively used by the entity. 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.

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.

WEISER SCHOOL DISTRICT NO. 431

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	\$400,691
Investments - Local Government Investment Pool	2,209,893
Investments - IRC 457 Deferred Compensation Plan	429,417
Total	<u><u>\$3,040,001</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$400,691 and the bank balances were \$446,436. Of the bank balances, \$446,436 was 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 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.

WEISER SCHOOL DISTRICT NO. 431

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			
Local Taxes	\$158,577		\$124,336
Other Local Sources		\$110	
Total	<u>\$158,577</u>	<u>\$110</u>	<u>\$124,336</u>
State Sources			
Foundation Program	\$146,351		
Transportation	260,000		
Special Programs	354,971	\$23,221	
Total	<u>\$761,322</u>	<u>\$23,221</u>	
Federal Sources			
Special Programs		\$490,525	
Total		<u>\$490,525</u>	

D. DEFERRED REVENUE

Deferred revenue consists of the following at year end:

<u>Description</u>	<u>Fund Financial Statements</u>	<u>Government Wide Financial Statements</u>
Property Taxes	\$47,106	
Grant Advances	119,417	\$119,417
Transportation Reimbursement	260,000	
Total	<u>\$426,523</u>	<u>\$119,417</u>

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

E. 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	\$290,128			\$290,128
Total	<u>290,128</u>	<u>\$0</u>	<u>\$0</u>	<u>290,128</u>
Depreciable Capital Assets				
Buildings	10,106,992			10,106,992
Equipment	2,243,966	19,319		2,263,285
Transportation	703,284	52,300	38,907	716,677
Subtotal	<u>13,054,242</u>	<u>71,619</u>	<u>38,907</u>	<u>13,086,954</u>
Accumulated Depreciation				
Buildings	5,518,880	252,675		5,771,555
Equipment	1,675,911	83,910		1,759,821
Transportation	500,517	60,313	38,907	521,923
Subtotal	<u>7,695,308</u>	<u>396,898</u>	<u>38,907</u>	<u>8,053,299</u>
Total	<u>5,358,934</u>	<u>(325,279)</u>	<u>0</u>	<u>5,033,655</u>
Net Capital Assets	<u>\$5,649,062</u>	<u>(\$325,279)</u>	<u>\$0</u>	<u>\$5,323,783</u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$336,585
Pupil-To-School Transportation	60,313
Total	<u>\$396,898</u>

F. LONG-TERM DEBT

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

	<u>Outstanding</u>
2004 - \$2,800,000 - general obligation bonds for capital improvements due in annual principal installments and semiannual interest payments with interest at 2.50% - 3.40% through 2014/15, secured by future taxes, paid through the debt service fund	\$1,775,000
Total	<u>\$1,775,000</u>

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

Maturities on the bonds are estimated as follows:

Year Ended	Principal	Interest
6/30/12	\$425,000	\$49,860
6/30/13	435,000	36,960
6/30/14	450,000	23,123
6/30/15	465,000	7,905
Total	\$1,775,000	\$117,848

Changes in long-term debt are as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2004 G.O. Bonds	\$2,185,000		\$410,000	\$1,775,000	\$425,000
Total	\$2,185,000	\$0	\$410,000	\$1,775,000	\$425,000

Interest and related costs during the year amounted to \$60,785 and were charged to the debt service – interest program.

G. 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, 2011, the required contribution rate as a percentage of covered payrolls for members was 6.23%

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The School's employer contributions required and paid were \$654,181, \$681,906, and \$785,877, for the three years ended June 30, 2011, 2010, and 2009 respectively.

H. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	
	<u>Governmental</u>	<u>Total</u>
General	\$230,872	\$230,872
Total	<u>\$230,872</u>	<u>\$230,872</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	\$24,063	\$58,989	Reimbursements & general support
Plant Facilities	45,000		Capital outlay
Nonmajor Governmental	13,989	24,063	Reimbursements & general support
Total	<u>\$83,052</u>	<u>\$83,052</u>	

I. 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 SUPPLEMENTAL INFORMATION

WEISER SCHOOL DISTRICT NO. 431

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2011

General Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			
	Original	Final	Amounts	Variance
				Positive
				(Negative)
Revenues				
Local Taxes	\$390,237	\$390,237	\$371,399	(\$18,838)
Other Local Revenue	175,000	175,000	191,216	16,216
State Revenue	7,365,606	7,365,606	7,786,638	421,032
Federal Revenue			0	0
Total Revenues	<u>7,930,843</u>	<u>7,930,843</u>	<u>8,349,253</u>	<u>418,410</u>
Expenditures				
Instructional Programs				
Elementary School	1,798,879	1,798,879	1,867,430	(68,551)
Secondary School	2,777,584	2,777,584	2,798,261	(20,677)
Alternative School	55,788	55,788	45,946	9,842
Exceptional Child	439,771	439,771	439,771	0
Gifted & Talented			0	0
Interscholastic	12,935	12,935	9,676	3,259
School Activity	6,500	6,500	2,515	3,985
Summer School			0	0
Support Service Programs				
Attendance - Guidance - Health	336,317	336,317	339,456	(3,139)
Special Services			0	0
Instructional Improvement	75,427	75,427	75,335	92
Educational Media	167,035	167,035	165,172	1,863
District Administration	252,389	252,389	281,486	(29,097)
School Administration	712,163	712,163	712,571	(408)
Buildings - Care	638,760	638,760	413,314	225,446
Maintenance - Student Occupied	183,799	183,799	362,683	(178,884)
Maintenance - Grounds	72,640	72,640	74,679	(2,039)
Pupil-To-School Transportation	400,908	400,908	421,653	(20,745)
Non-Instructional Programs				
Child Nutrition	15,000	15,000	14,048	952
Community Services			0	0
Capital Assets - Student Occupied	11,800	11,800	15,059	(3,259)
Capital Assets - Non-Student Occupied			0	0
Debt Service - Principal			0	0
Debt Service - Interest			0	0
Total Expenditures	<u>7,957,695</u>	<u>7,957,695</u>	<u>8,039,055</u>	<u>(81,360) *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(26,852)	(26,852)	310,198	337,050
Other Financing Sources (Uses)				
Transfers In			24,063	24,063
Transfers Out	(112,431)	(112,431)	(58,989)	53,442
Total Other Financing Sources (Uses)	<u>(112,431)</u>	<u>(112,431)</u>	<u>(34,926)</u>	<u>77,505</u>
Net Change in Fund Balances	<u>(139,283)</u>	<u>(139,283)</u>	<u>275,272</u>	<u>414,555</u>
Fund Balances - Beginning	<u>808,264</u>	<u>808,264</u>	<u>1,014,930</u>	<u>206,666</u>
Fund Balances - Ending	<u>\$668,981</u>	<u>\$668,981</u>	<u>\$1,290,202</u>	<u>\$621,221</u>

*Total expenditures (over) under appropriations.

WEISER SCHOOL DISTRICT NO. 431

Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended June 30, 2011

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Child Nutrition Fund				
Revenues				
Other Local Revenue	\$145,000	\$145,000	\$131,474	(\$13,526)
Federal Revenue	625,497	625,497	674,934	49,437
Total Revenues	<u>770,497</u>	<u>770,497</u>	<u>806,408</u>	<u>35,911</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	770,497	770,497	789,436	(18,939)
Total Expenditures	<u>770,497</u>	<u>770,497</u>	<u>789,436</u>	<u>(18,939) *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	16,972	16,972
Other Financing Sources (Uses)				
Transfers In			0	0
Transfers Out			0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	16,972	16,972
Fund Balances - Beginning	0	0	81,265	81,265
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$98,237</u>	<u>\$98,237</u>

**Total expenditures (over) under appropriations.*

SUPPLEMENTARY INFORMATION

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds			
	Forest Reserve	Success For All	School Nurse Program	Local Special Projects
Assets				
Cash & Investments	\$133,541	\$20,755		\$115,748
Receivables:				
Local Sources				
State Sources			\$5,504	
Federal Sources				5,864
Due From Other Funds				
Inventory				
Total Assets	<u>\$133,541</u>	<u>\$20,755</u>	<u>\$5,504</u>	<u>\$121,612</u>
Liabilities				
Accounts Payable				
Due To Other Funds			\$4,556	
Salaries & Benefits Payable			948	\$5,511
Deferred Revenue				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>5,504</u>	<u>5,511</u>
Fund Balances				
Restricted:				
Special Programs		20,755	0	116,101
Debt Service				
Capital Projects	133,541			
Nonspendable				
Unassigned				
Total Fund Balances	<u>133,541</u>	<u>20,755</u>	<u>0</u>	<u>116,101</u>
Total Liabilities and Fund Balances	<u>\$133,541</u>	<u>\$20,755</u>	<u>\$5,504</u>	<u>\$121,612</u>

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds			
	Driver Education	Professional Technical	Limited English Proficiency	Technology
Assets				
Cash & Investments	\$8,398		\$11,134	\$4,930
Receivables:				
Local Sources				
State Sources	3,750	\$13,967		
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$12,148</u>	<u>\$13,967</u>	<u>\$11,134</u>	<u>\$4,930</u>
Liabilities				
Accounts Payable				
Due To Other Funds		\$10,970		
Salaries & Benefits Payable	\$2,865	2,997	6,727	\$1,313
Deferred Revenue				
Total Liabilities	<u>2,865</u>	<u>13,967</u>	<u>6,727</u>	<u>1,313</u>
Fund Balances				
Restricted:				
Special Programs	9,283	0	4,407	3,617
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>9,283</u>	<u>0</u>	<u>4,407</u>	<u>3,617</u>
Total Liabilities and Fund Balances	<u>\$12,148</u>	<u>\$13,967</u>	<u>\$11,134</u>	<u>\$4,930</u>

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds			Special Educ. IDEA Part B
	Substance Abuse	Title I-A ESEA IBP	Title I-C ESEA EMC	
Assets				
Cash & Investments	\$10,619		\$502	
Receivables:				
Local Sources				
State Sources				
Federal Sources		\$139,391	19,531	\$147,925
Due From Other Funds				
Inventory				
Total Assets	<u>\$10,619</u>	<u>\$139,391</u>	<u>\$20,033</u>	<u>\$147,925</u>
Liabilities				
Accounts Payable				
Due To Other Funds		\$46,908		\$40,944
Salaries & Benefits Payable	\$416	55,851	\$8,314	54,773
Deferred Revenue		36,632	11,719	52,208
Total Liabilities	<u>416</u>	<u>139,391</u>	<u>20,033</u>	<u>147,925</u>
Fund Balances				
Restricted:				
Special Programs	10,203	0	0	0
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>10,203</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$10,619</u>	<u>\$139,391</u>	<u>\$20,033</u>	<u>\$147,925</u>

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds			
	Special Educ. IDEA Preschool	Perkins III Professional Technical Act	Title III ESEA LILEP&I	Title II-A Improving Teacher Quality
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$9,601	\$25,781	\$12,719	\$77,567
Due From Other Funds				
Inventory				
Total Assets	<u>\$9,601</u>	<u>\$25,781</u>	<u>\$12,719</u>	<u>\$77,567</u>
Liabilities				
Accounts Payable				
Due To Other Funds	\$5,019	\$24,134	\$4,157	\$51,826
Salaries & Benefits Payable	2,704	1,647	5,005	12,318
Deferred Revenue	1,878		3,557	13,423
Total Liabilities	<u>9,601</u>	<u>25,781</u>	<u>12,719</u>	<u>77,567</u>
Fund Balances				
Restricted:				
Special Programs	0	0	0	0
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$9,601</u>	<u>\$25,781</u>	<u>\$12,719</u>	<u>\$77,567</u>

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2011

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total</u>
	<u>21st Century CLC</u>	<u>Title II-D ESEA Technology</u>	<u>School Building Maintenance</u>	
Assets				
Cash & Investments			\$9,998	\$315,625
Receivables:				
Local Sources				0
State Sources				23,221
Federal Sources	\$52,146			490,525
Due From Other Funds				0
Inventory				0
Total Assets	<u>\$52,146</u>	<u>\$0</u>	<u>\$9,998</u>	<u>\$829,371</u>
Liabilities				
Accounts Payable				\$0
Due To Other Funds	\$42,358			230,872
Salaries & Benefits Payable	9,788			171,177
Deferred Revenue				119,417
Total Liabilities	<u>52,146</u>	<u>\$0</u>	<u>\$0</u>	<u>521,466</u>
Fund Balances				
Restricted:				
Special Programs	0	0		164,366
Debt Service				0
Capital Projects			9,998	143,539
Nonspendable				0
Unassigned				0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>9,998</u>	<u>307,905</u>
Total Liabilities and Fund Balances	<u>\$52,146</u>	<u>\$0</u>	<u>\$9,998</u>	<u>\$829,371</u>

WEISER SCHOOL DISTRICT NO. 431

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Forest Reserve</u>	<u>Success For All</u>	<u>School Nurse Program</u>	<u>Local Special Projects</u>
Revenues				
Local Taxes				
Other Local Revenue				\$60,221
State Revenue			\$16,000	
Federal Revenue	\$61,716			99,807
Total Revenues	<u>61,716</u>	<u>\$0</u>	<u>16,000</u>	<u>\$160,028</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School	890			
Alternative School				
Exceptional Child				220,165
Gifted & Talented				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Services	21,354			
Instructional Improvement				
Educational Media				
District Administration				
School Administration	243			
Buildings - Care				
Maintenance - Student Occupied	26,353			
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services			18,025	
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>48,840</u>	<u>0</u>	<u>18,025</u>	<u>220,165</u>
Excess (Deficiency) of Revenues Over Expenditures	12,876	0	(2,025)	(60,137)
Other Financing Sources (Uses)				
Transfers In				1,466
Transfers Out				(3,193)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,727)</u>
Net Change in Fund Balances	12,876	0	(2,025)	(61,864)
Fund Balances - Beginning	120,665	20,755	2,025	177,965
Fund Balances - Ending	<u>\$133,541</u>	<u>\$20,755</u>	<u>\$0</u>	<u>\$116,101</u>

WEISER SCHOOL DISTRICT NO. 431

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds			
	Driver Education	Professional Technical	Limited English Proficiency	Technology
Revenues				
Local Taxes				
Other Local Revenue	\$12,480			
State Revenue	11,684	\$46,558	\$44,965	
Federal Revenue				
Total Revenues	<u>24,164</u>	<u>46,558</u>	<u>44,965</u>	<u>\$0</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School		44,818	41,054	
Alternative School				
Exceptional Child				
Gifted & Talented				
Interscholastic				
School Activity				
Summer School	23,798			
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement				12,833
Educational Media				
District Administration				
School Administration		1,740		
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School 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>23,798</u>	<u>46,558</u>	<u>41,054</u>	<u>12,833</u>
Excess (Deficiency) of Revenues Over Expenditures	366	0	3,911	(12,833)
Other Financing Sources (Uses)				
Transfers In				10,000
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Net Change in Fund Balances	366	0	3,911	(2,833)
Fund Balances - Beginning	8,917	0	496	6,450
Fund Balances - Ending	<u>\$9,283</u>	<u>\$0</u>	<u>\$4,407</u>	<u>\$3,617</u>

WEISER SCHOOL DISTRICT NO. 431

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds			Special Educ. IDEA Part B
	Substance Abuse	Title I-A ESEA IBP	Title I-C ESEA EMC	
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue		\$432,317	\$58,049	\$381,341
Total Revenues	\$0	432,317	58,049	381,341
Expenditures				
Instructional Programs				
Elementary School		390,269	9,350	
Secondary School			12,941	
Alternative School				
Exceptional Child				365,624
Gifted & Talented				
Interscholastic				
School Activity				
Summer School		10,815	6,047	
Support Service Programs				
Attendance - Guidance - Health	17,508		29,711	
Special Services				4,643
Instructional Improvement				7,549
Educational Media				
District Administration				
School Administration		28,214		
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services		3,019		
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	17,508	432,317	58,049	377,816
Excess (Deficiency) of Revenues Over Expenditures	(17,508)	0	0	3,525
Other Financing Sources (Uses)				
Transfers In	2,523			
Transfers Out				(3,525)
Total Other Financing Sources (Uses)	2,523	0	0	(3,525)
Net Change in Fund Balances	(14,985)	0	0	0
Fund Balances - Beginning	25,188	0	0	0
Fund Balances - Ending	\$10,203	\$0	\$0	\$0

WEISER SCHOOL DISTRICT NO. 431

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds			
	Special Educ. IDEA Preschool	Perkins III Professional Technical Act	Title III ESEA LILEP&I	Title II-A Improving Teacher Quality
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$16,669	\$25,781	\$42,270	\$110,817
Total Revenues	<u>16,669</u>	<u>25,781</u>	<u>42,270</u>	<u>110,817</u>
Expenditures				
Instructional Programs				
Elementary School				19,042
Secondary School		25,781	42,211	
Alternative School				
Exceptional Child	16,669			
Gifted & Talented				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement				91,775
Educational Media				
District Administration				
School Administration				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services			59	
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>16,669</u>	<u>25,781</u>	<u>42,270</u>	<u>110,817</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	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>

WEISER SCHOOL DISTRICT NO. 431

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2011

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total</u>
	<u>21st Century CLC</u>	<u>Title II-D ESEA Technology</u>	<u>School Building Maintenance</u>	
Revenues				
Local Taxes				\$0
Other Local Revenue				72,701
State Revenue				119,207
Federal Revenue	\$226,937	\$999,382		2,455,086
Total Revenues	<u>226,937</u>	<u>999,382</u>	<u>\$0</u>	<u>2,646,994</u>
Expenditures				
Instructional Programs				
Elementary School				418,661
Secondary School				167,695
Alternative School				0
Exceptional Child				602,458
Gifted & Talented				0
Interscholastic				0
School Activity				0
Summer School				40,660
Support Service Programs				
Attendance - Guidance - Health	209,592			256,811
Special Services				25,997
Instructional Improvement		999,382		1,111,539
Educational Media				0
District Administration				0
School Administration				30,197
Buildings - Care				0
Maintenance - Student Occupied				26,353
Maintenance - Grounds				0
Pupil-To-School Transportation				0
Non-Instructional Programs				
Child Nutrition				0
Community Services				21,103
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Debt Service - Principal				0
Debt Service - Interest				0
Total Expenditures	<u>209,592</u>	<u>999,382</u>	<u>0</u>	<u>2,701,474</u>
Excess (Deficiency) of Revenues Over Expenditures	17,345	0	0	(54,480)
Other Financing Sources (Uses)				
Transfers In				13,989
Transfers Out	(17,345)			(24,063)
Total Other Financing Sources (Uses)	<u>(17,345)</u>	<u>0</u>	<u>0</u>	<u>(10,074)</u>
Net Change in Fund Balances	0	0	0	(64,554)
Fund Balances - Beginning	0	0	9,998	372,459
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$9,998</u>	<u>\$307,905</u>

WEISER SCHOOL DISTRICT NO. 431
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

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>			
Schools and Roads Cluster:			
Schools and Roads - Grants to Counties	10.666	None	\$48,840
Total Schools and Roads Cluster			<u>48,840</u>
<i>Passed Through Idaho Dept of Education:</i>			
Fresh Fruit & Vegetable Program	10.582	10.582	24,362
Child Nutrition Cluster:			
School Breakfast Program	10.553	10.553	162,829
ARRA - National School Lunch Program	10.555	10.555	456,790
Summer Food Program	10.559	10.559	30,953
Total Child Nutrition Cluster			<u>650,572</u>
Total US Dept of Agriculture			<u>723,774</u>
US Dept of Education			
<i>Passed Through Idaho Dept of Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	84.010	300,444
ARRA - Title I Grants to Local Educational Agencies	84.389	84.389	131,873
Total Title I, Part A Cluster			<u>432,317</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	84.027	234,605
Special Education - Preschool Grants	84.173	84.173	12,463
ARRA - Special Education - Grants to States	84.391	84.391	146,736
ARRA - Special Education - Preschool Grants	84.392	84.392	4,206
Total Special Education Cluster			<u>398,010</u>
Migrant Education - State Grant Program	84.011	84.011	58,049
Career & Technical Education - Basic Grants to States	84.048	84.048	25,781
Twenty-First Century Community Learning Centers	84.287	84.287	204,740
Education Technology State Grants	84.318	84.318	999,382
Safe & Drug-Free Schools & Communities - State Grants	84.186	84.186	22,197
English Language Acquisition Grants	84.365	84.365	42,270
Improving Teacher Quality State Grants	84.367	84.367	110,817
Total US Dept of Education			<u>2,293,563</u>
US Dept of Health & Human Services			
<i>Passed Through Idaho Dept of Health & Welfare:</i>			
Social Services Block Grant	93.667	None	99,807
Total US Dept of Health & Human Services			<u>99,807</u>
Total Expenditures of Federal Awards			<u>\$3,117,144</u>

NOTES:

Basis of Presentation - This schedule includes the federal grant activity of the School and is presented on the modified accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Nonmonetary Assistance - Included in the National School Lunch Program award is USDA food commodities stated at a fair market value of \$61,729.

OTHER REPORTS AND SCHEDULES

**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
Weiser School District No. 431

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weiser School District No. 431 (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated July 26, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as B-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

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*.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Folke CPAs, P.C.

July 26, 2011

**Independent Auditor’s Report on Compliance With Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

Board of Trustees
Weiser School District No. 431

Compliance

We have audited Weiser School District No. 431’s (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, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School’s management. Our responsibility is to express an opinion on the School’s compliance based on our audit.

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. 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. Our audit does not provide a legal determination of the School’s compliance with those requirements.

In our opinion, the School complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, 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 in order to determine our auditing procedures for the purpose

of expressing our opinion on compliance 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the management, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Folke CPAs, P.C.

July 26, 2011

WEISER SCHOOL DISTRICT NO. 431
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the School.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*. The deficiency is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the School were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133. Due to additional monitoring and other oversight by the board, management, and others, the significant deficiency relating to segregation of duties does not extend to, or include, major federal programs.
5. The auditor's report on compliance for the major federal award programs for the School expresses an unqualified opinion on all major federal programs.
6. Audit findings, if any, that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in part C. of this schedule.
7. The programs tested as major programs include:
 - a. Child Nutrition Cluster – CFDA #10.553, 10.555, 10.559
 - b. Title 1, Part A Cluster – CFDA #84.010, 84.389
 - c. Special Education Cluster – CFDA #84.027, 84.173, 84.391, 84.392
 - d. Education Technology State Grants – CFDA #84.318
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. The School did not qualify as a low-risk auditee.

WEISER SCHOOL DISTRICT NO. 431
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Significant Deficiency

1. *Segregation of Duties*

Condition – Although the School has implemented various checks and balances in internal control to the degree possible given available staff, it does not have a complete segregation of duties over assets.

Criteria – Inherent in an ideal internal control structure is a complete segregation of duties over assets.

Cause – This situation is due to staffing limitations common to an entity this size.

Effect – The lack of a complete segregation of duties may increase the risk that a loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation and Response – It is requested that the School take note that this situation exists. Management has taken steps to improve in this area insofar as is possible with an entity this size. However, substantial changes cannot be expected until the benefits are deemed to outweigh the costs of hiring additional staff.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.