

WEISER SCHOOL DISTRICT NO. 431

FINANCIAL STATEMENTS

Year Ended June 30, 2016

WEISER SCHOOL DISTRICT NO. 431

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Trustees
Weiser School District No. 431

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 Weiser School District No. 431 (the School) as of and for the year ended June 30, 2016, 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 believes the costs of implementing GASB 45 (having actuarial calculations performed for other post-employment benefits) cannot be justified at this time. 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, 2016, 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, 2016, 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 not included 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 information, although not 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 not including this 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016, 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 26, 2016

BASIC FINANCIAL STATEMENTS

WEISER SCHOOL DISTRICT NO. 431

Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$1,882,478
Receivables:	
Local Sources	250,504
State Sources	223,866
Federal Sources	381,599
Inventory	47,052
Total Current Assets	<u>2,785,499</u>
Noncurrent Assets	
Nondepreciable Capital Assets	290,128
Depreciable Net Capital Assets	3,979,480
Total Noncurrent Assets	<u>4,269,608</u>
Total Assets	<u>7,055,107</u>
Deferred Outflows of Resources	
Pension Sources	1,825,720
Total Deferred Outflows of Resources	<u>1,825,720</u>
Total Assets and Deferred Outflows of Resources	<u>\$8,880,827</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$0
Salaries & Benefits Payable	1,229,777
Unspent Grant Allocation	153,969
Total Current Liabilities	<u>1,383,746</u>
Noncurrent Liabilities	
Net Pension Liability	2,836,333
Total Noncurrent Liabilities	<u>2,836,333</u>
Total Liabilities	<u>4,220,079</u>
Deferred Inflows of Resources	
Pension Sources	1,829,475
Total Deferred Inflows of Resources	<u>1,829,475</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,049,554</u>
Net Position	
Net Investment in Capital Assets	4,269,608
Restricted:	
Special Programs	173,504
Debt Service	0
Capital Projects	14,313
Unrestricted	(1,626,152)
Total Net Position	<u>2,831,273</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$8,880,827</u>

See Accompanying Notes

WEISER SCHOOL DISTRICT NO. 431

Statement of Activities Year Ended June 30, 2016

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
Governmental Activities				
Instructional Programs				
Elementary School	\$2,025,866		\$285,788	(\$1,740,078)
Secondary School	2,940,706	\$11,335	113,293	(2,816,078)
Alternative School	125,677			(125,677)
Special Education	718,200		306,382	(411,818)
Special Education Preschool	13,468			(13,468)
Gifted & Talented	0			0
Interscholastic	9,900			(9,900)
School Activity	2,671			(2,671)
Summer School	22,872		12,500	(10,372)
Support Service Programs				
Attendance - Guidance - Health	507,597		225,100	(282,497)
Special Education Support Services	111,791		112,294	503
Instruction Improvement	174,219		122,335	(51,884)
Educational Media	85,504			(85,504)
Instruction-Related Technology	72,667		72,667	0
District Administration	308,192			(308,192)
School Administration	761,825		21,408	(740,417)
Administrative Technology Service	13,921			(13,921)
Buildings - Care	402,764			(402,764)
Maintenance - Non-Student Occupied	15,386		325	(15,061)
Maintenance - Student Occupied	377,416		9,589	(367,827)
Maintenance - Grounds	66,291			(66,291)
Security	0			0
Pupil-To-School Transportation	430,477			(430,477)
Non-Instructional Programs				
Child Nutrition	671,389	110,163	595,357	34,131
Community Services	1,493		1,493	0
Capital Assets - Student Occupied	221,119			(221,119)
Capital Assets - Non-Student Occupied	0			0
Debt Service - Principal	0			0
Debt Service - Interest	0			0
Total	\$10,081,411	\$121,498	\$1,878,531	\$0
General Revenues				
Local Taxes				697,398
Other Local Revenues				182,584
State Revenues				8,108,686
Federal Revenues				0
Total				8,988,668
Change in Net Position				907,286
Net Position - Beginning				1,923,987
Net Position - Ending				\$2,831,273

WEISER SCHOOL DISTRICT NO. 431

Balance Sheet - Governmental Funds

June 30, 2016

	General Fund	Child Nutrition Fund	Plant Facilities Fund	Other Governmental Funds
Assets				
Cash & Investments	\$1,650,405	\$30,745		\$201,328
Receivables:				
Local Sources	138,975		\$111,529	0
State Sources	195,448			28,418
Federal Sources				381,599
Due From Other Funds	221,582			0
Inventory		47,052		0
Total Assets	<u>\$2,206,410</u>	<u>\$77,797</u>	<u>\$111,529</u>	<u>\$611,345</u>
Liabilities				
Accounts Payable				\$0
Due To Other Funds			\$76,532	145,050
Salaries & Benefits Payable	\$1,038,211	\$53,023		138,543
Unspent Grant Allocation				153,969
Total Liabilities	<u>1,038,211</u>	<u>53,023</u>	<u>76,532</u>	<u>437,562</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	26,153		20,963	0
Total Deferred Inflows of Resources	<u>26,153</u>	<u>0</u>	<u>20,963</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				173,504
Debt Service				0
Capital Projects			14,034	279
Nonspendable		47,052		0
Unassigned	1,142,046	(22,278)		0
Total Fund Balances	<u>1,142,046</u>	<u>24,774</u>	<u>14,034</u>	<u>173,783</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$2,206,410</u>	<u>\$77,797</u>	<u>\$111,529</u>	<u>\$611,345</u>

WEISER SCHOOL DISTRICT NO. 431

Balance Sheet - Governmental Funds

June 30, 2016

	Total Governmental Funds
	<u> </u>
Assets	
Cash & Investments	\$1,882,478
Receivables:	
Local Sources	250,504
State Sources	223,866
Federal Sources	381,599
Due From Other Funds	221,582
Inventory	47,052
Total Assets	<u><u>\$3,007,081</u></u>
 Liabilities	
Accounts Payable	\$0
Due To Other Funds	221,582
Salaries & Benefits Payable	1,229,777
Unspent Grant Allocation	153,969
Total Liabilities	<u>1,605,328</u>
 Deferred Inflows of Resources	
Unavailable Tax Revenues	47,116
Total Deferred Inflows of Resources	<u>47,116</u>
 Fund Balances	
Restricted:	
Special Programs	173,504
Debt Service	0
Capital Projects	14,313
Nonspendable	47,052
Unassigned	1,119,768
Total Fund Balances	<u>1,354,637</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u><u>\$3,007,081</u></u>

WEISER SCHOOL DISTRICT NO. 431
Balance Sheet - Governmental Funds
June 30, 2016

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

Total Governmental Fund Balances \$1,354,637

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. 4,269,608

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 47,116

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. (2,840,088)

Net Position of Governmental Activities \$2,831,273

WEISER SCHOOL DISTRICT NO. 431

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2016

	General Fund	Child Nutrition Fund	Plant Facilities Fund	Other Governmental Funds
Revenues				
Local Taxes	\$387,750		\$309,748	\$0
Other Local Revenue	182,584	\$110,163		11,335
State Revenue	8,003,402			284,367
Federal Revenue		595,357		1,104,091
Total Revenues	8,573,736	705,520	309,748	1,399,793
Expenditures				
Instructional Programs				
Elementary School	1,852,298			285,788
Secondary School	2,904,998			198,603
Alternative School	51,025			74,652
Special Education	425,286			292,914
Special Education Preschool				13,468
Gifted & Talented				0
Interscholastic	9,900			0
School Activity	2,671			0
Summer School				22,872
Support Service Programs				
Attendance - Guidance - Health	280,456			227,141
Special Education Support Services				111,791
Instruction Improvement	51,884			122,335
Educational Media	85,504			0
Instruction-Related Technology				72,667
District Administration	308,192			0
School Administration	738,978			22,847
Administrative Technology Service				13,921
Buildings - Care	402,764			0
Maintenance - Non-Student Occupied	2,620		76,769	325
Maintenance - Student Occupied	360,620		203,887	9,589
Maintenance - Grounds	66,291			0
Security				0
Pupil-To-School Transportation	373,420			109,600
Non-Instructional Programs				
Child Nutrition	13,855	657,534		0
Community Services				1,493
Capital Assets - Student Occupied	3,330			0
Capital Assets - Non-Student Occupied				0
Debt Service - Principal				0
Debt Service - Interest				0
Total Expenditures	7,934,092	657,534	280,656	1,580,006
Excess (Deficiency) of Revenues Over Expenditures	639,644	47,986	29,092	(180,213)
Other Financing Sources (Uses)				
Transfers In	2,327			190,501
Transfers Out	(190,501)			(2,327)
Total Other Financing Sources (Uses)	(188,174)	0	0	188,174
Net Change in Fund Balances	451,470	47,986	29,092	7,961
Fund Balances - Beginning	690,576	(23,212)	(15,058)	165,822
Fund Balances - Ending	\$1,142,046	\$24,774	\$14,034	\$173,783

WEISER SCHOOL DISTRICT NO. 431
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2016

	Total Governmental Funds
Revenues	
Local Taxes	\$697,498
Other Local Revenue	304,082
State Revenue	8,287,769
Federal Revenue	1,699,448
Total Revenues	10,988,797
Expenditures	
Instructional Programs	
Elementary School	2,138,086
Secondary School	3,103,601
Alternative School	125,677
Special Education	718,200
Special Education Preschool	13,468
Gifted & Talented	0
Interscholastic	9,900
School Activity	2,671
Summer School	22,872
Support Service Programs	
Attendance - Guidance - Health	507,597
Special Education Support Services	111,791
Instruction Improvement	174,219
Educational Media	85,504
Instruction-Related Technology	72,667
District Administration	308,192
School Administration	761,825
Administrative Technology Service	13,921
Buildings - Care	402,764
Maintenance - Non-Student Occupied	79,714
Maintenance - Student Occupied	574,096
Maintenance - Grounds	66,291
Security	0
Pupil-To-School Transportation	483,020
Non-Instructional Programs	
Child Nutrition	671,389
Community Services	1,493
Capital Assets - Student Occupied	3,330
Capital Assets - Non-Student Occupied	0
Debt Service - Principal	0
Debt Service - Interest	0
Total Expenditures	10,452,288
Excess (Deficiency) of Revenues Over Expenditures	536,509
Other Financing Sources (Uses)	
Transfers In	192,828
Transfers Out	(192,828)
Total Other Financing Sources (Uses)	0
Net Change in Fund Balances	536,509
Fund Balances - Beginning	818,128
Fund Balances - Ending	\$1,354,637

WEISER SCHOOL DISTRICT NO. 431
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2016

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

Net Change in Fund Balances - Total Governmental Funds \$536,509

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. 95,762

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (100)

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. 275,115

Change in Net Position of Governmental Activities \$907,286

WEISER SCHOOL DISTRICT NO. 431

Statement of Fiduciary Net Position

June 30, 2016

	Employee Benefit Trust Fund	Agency Funds - Student Activity	Total
Assets			
Cash & Investments	\$231,234	\$242,599	\$473,833
Total Assets	<u>\$231,234</u>	<u>\$242,599</u>	<u>\$473,833</u>
Liabilities			
Due to Student Groups		\$242,599	\$242,599
Total Liabilities	<u>\$0</u>	<u>242,599</u>	<u>242,599</u>
Net Position			
Restricted:			
Employees	231,234		231,234
Total Net Position	<u>231,234</u>	<u>0</u>	<u>231,234</u>
Total Liabilities and Net Position	<u>\$231,234</u>	<u>\$242,599</u>	<u>\$473,833</u>

WEISER SCHOOL DISTRICT NO. 431
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2016

	<u>Employee Benefit Trust Fund</u>
Additions	
Contributions	\$720
Investment Income (Loss)	4,260
Total Additions	<u>4,980</u>
 Deductions	
Distributions	85,931
Plan Expenses	
Total Deductions	<u>85,931</u>
Change in Net Position	(80,951)
Net Position - Beginning	<u>312,185</u>
Net Position - Ending	<u><u>\$231,234</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 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

WEISER SCHOOL DISTRICT NO. 431

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.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. 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 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 are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. 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 and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

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

Cash and Investments – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is paid to the general fund unless Idaho Code specifies otherwise. Investments include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants. The reported value of the local government investment pool is materially the same as the fair value of its shares. Investments also include mutual funds in the deferred compensation plan and are stated at fair value using quoted market prices (Level 1).

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 – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for 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/revenue, 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 Outflows/Inflows of Resources – The School's financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

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 restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

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

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

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

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

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

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.

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	\$468,289
Investments - Local Government Investment Pool	1,656,788
Investments - IRC 457 Deferred Compensation Plan	231,234
Total	<u><u>\$2,356,311</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$468,289 and the bank balances were \$521,172. The bank balances were insured.

Change in fair value of investments (for investments that are recorded at fair value) during the year consists of the following:

Fair value - ending	\$231,234
Plus proceeds from investments distributed during the year	85,931
Less cost of investments purchased/reinvested during the year	(3,215)
Less fair value - beginning	<u>(312,185)</u>
Total	<u><u>\$1,765</u></u>

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, 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

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Notes to Financial Statements

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. More information on the local governmental investment pool including regulatory information, restriction on withdrawals, and rating and risk information can be found at sto.idaho.gov. Government accounting standards board statements 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) are, due to their nature, not required to be rated in terms of credit quality, and are excluded from the other disclosure requirements.

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Plant Facilities Fund	Total
Local Sources				
Local Taxes	\$138,975		\$111,529	\$250,504
Total	<u>\$138,975</u>		<u>\$111,529</u>	<u>\$250,504</u>
State Sources				
Foundation Program	\$195,448			\$195,448
Special Programs		\$28,418		28,418
Total	<u>\$195,448</u>	<u>\$28,418</u>		<u>\$223,866</u>
Federal Sources				
Special Programs		\$381,599		\$381,599
Total		<u>\$381,599</u>		<u>\$381,599</u>

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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	\$290,128			\$290,128
Total	<u>290,128</u>	<u>\$0</u>	<u>\$0</u>	<u>290,128</u>
Depreciable Capital Assets				
Buildings	10,328,587	224,212		10,552,799
Equipment	2,308,096	36,796		2,344,892
Transportation	957,043	109,600		1,066,643
Subtotal	<u>13,593,726</u>	<u>370,608</u>	<u>0</u>	<u>13,964,334</u>
Accumulated Depreciation				
Buildings	6,692,630	211,056		6,903,686
Equipment	2,280,614	6,733		2,287,347
Transportation	736,764	57,057		793,821
Subtotal	<u>9,710,008</u>	<u>274,846</u>	<u>0</u>	<u>9,984,854</u>
Total	<u>3,883,718</u>	<u>95,762</u>	<u>0</u>	<u>3,979,480</u>
Net Capital Assets	<u>\$4,173,846</u>	<u>\$95,762</u>	<u>\$0</u>	<u>\$4,269,608</u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$217,789
Pupil-To-School Transportation	<u>57,057</u>
Total	<u>\$274,846</u>

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.

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

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, 2015 was as follows:

Active participants	67,008
Terminated and vested	42,657
Retirees and beneficiaries	11,859
Total	<u><u>121,524</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.

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.

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% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2015 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and

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Notes to Financial Statements

8.36% for police and firefighters. The School's contributions were \$678,576 for the year ended June 30, 2016.

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

At June 30, 2016, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, 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, 2015, the School's proportion was 0.2153898 percent.

For the year ended June 30, 2016, the School recognized pension expense (revenue) of \$403,461. At June 30, 2016, 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		\$340,015
Changes in assumptions or other inputs	\$103,294	
Net difference between projected and actual earnings on pension plan investments	1,043,850	1,489,460
Employer contributions subsequent to the measurement date	678,576	
Total	<u>\$1,825,720</u>	<u>\$1,829,475</u>

\$678,576 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, 2017.

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, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 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:

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Notes to Financial Statements

Year Ended	
6/30/16	(\$290,948)
6/30/17	(290,948)
6/30/18	(290,948)
6/30/19	211,178
6/30/20	<u>(20,664)</u>
Total	<u>(\$682,330)</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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10.00%
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

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, 2015 is based on the results of an actuarial valuation date of July 1, 2015.

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Notes to Financial Statements

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 ACWI ex USA	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Geometric Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			<u>7.10%</u>

*Arithmetic Return

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

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

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)	\$6,908,277	\$2,836,333	(\$548,948)

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.

F. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund		
	Plant Facilities	Nonmajor Governmental	Total
Due To Fund			
General	\$76,532	\$145,050	\$221,582
Total	\$76,532	\$145,050	\$221,582

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.

WEISER SCHOOL DISTRICT NO. 431

Notes to Financial Statements

Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General	\$2,327	\$190,501	Support, depreciation, indirect costs
Nonmajor Governmental	190,501	2,327	Support, depreciation, indirect costs
Total	<u>\$192,828</u>	<u>\$192,828</u>	

G. DEFERRED COMPENSATION PLAN

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

REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2016

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$400,970	\$400,970	\$387,750	(\$13,220)
Other Local Revenue	164,040	164,040	182,584	18,544
State Revenue	7,640,776	7,640,776	8,003,402	362,626
Federal Revenue	0	0	0	0
Total Revenues	<u>8,205,786</u>	<u>8,205,786</u>	<u>8,573,736</u>	<u>367,950</u>
Expenditures				
Instructional Programs				
Elementary School	1,817,220	1,817,220	1,852,298	(35,078)
Secondary School	2,810,949	2,810,949	2,904,998	(94,049)
Alternative School	58,642	58,642	51,025	7,617
Special Education	426,616	426,616	425,286	1,330
Special Education Preschool	0	0	0	0
Gifted & Talented	0	0	0	0
Interscholastic	12,400	12,400	9,900	2,500
School Activity	6,500	6,500	2,671	3,829
Summer School	0	0	0	0
Support Service Programs				
Attendance - Guidance - Health	365,298	365,298	280,456	84,842
Special Education Support Services	0	0	0	0
Instruction Improvement	58,837	58,837	51,884	6,953
Educational Media	112,449	112,449	85,504	26,945
Instruction-Related Technology	0	0	0	0
District Administration	299,070	299,070	308,192	(9,122)
School Administration	637,472	637,472	738,978	(101,506)
Administrative Technology Service	0	0	0	0
Buildings - Care	656,983	656,983	402,764	254,219
Maintenance - Non-Student Occupied	1,800	1,800	2,620	(820)
Maintenance - Student Occupied	160,063	160,063	360,620	(200,557)
Maintenance - Grounds	73,251	73,251	66,291	6,960
Security	315	315	0	315
Pupil-To-School Transportation	381,178	381,178	373,420	7,758
Non-Instructional Programs				
Child Nutrition	16,800	16,800	13,855	2,945
Community Services	0	0	0	0
Capital Assets - Student Occupied	7,500	7,500	3,330	4,170
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	<u>7,903,343</u>	<u>7,903,343</u>	<u>7,934,092</u>	<u>(30,749) *</u>
Excess (Deficiency) of Revenues Over Expenditures	302,443	302,443	639,644	337,201
Other Financing Sources (Uses)				
Transfers In	2,427	2,427	2,327	(100)
Transfers Out	(215,945)	(215,945)	(190,501)	25,444 *
Total Other Financing Sources (Uses)	<u>(213,518)</u>	<u>(213,518)</u>	<u>(188,174)</u>	<u>25,344</u>
Net Change in Fund Balances	88,925	88,925	451,470	362,545
Fund Balances - Beginning	512,987	512,987	690,576	177,589
Fund Balances - Ending	<u>\$601,912</u>	<u>\$601,912</u>	<u>\$1,142,046</u>	<u>\$540,134</u>

*Total expenditures (over) under appropriations are: (\$5,305)

WEISER SCHOOL DISTRICT NO. 431

Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended June 30, 2016

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Child Nutrition Fund				
Revenues				
Other Local Revenue	\$126,050	\$126,050	\$110,163	(\$15,887)
Federal Revenue	665,000	665,000	595,357	(69,643)
Total Revenues	<u>791,050</u>	<u>791,050</u>	<u>705,520</u>	<u>(85,530)</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	791,050	791,050	657,534	133,516
Total Expenditures	<u>791,050</u>	<u>791,050</u>	<u>657,534</u>	<u>133,516 *</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	47,986	47,986
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	0	0	47,986	47,986
Fund Balances - Beginning	0	0	(23,212)	(23,212)
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$24,774</u>	<u>\$24,774</u>
				<u><u>\$133,516</u></u>

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

WEISER SCHOOL DISTRICT NO. 431
Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	<u>2016</u>	<u>2015</u>
School's portion of the net pension liability	0.2153898%	0.2283487%
School's proportionate share of the net pension liability	\$2,836,333	\$1,681,004
School's covered-employee payroll	\$5,994,488	\$6,536,864
School's proportional share of the net pension liability as a percentage of its covered-employee payroll	47.32%	25.72%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	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. July 1).

WEISER SCHOOL DISTRICT NO. 431

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$678,576	\$739,973
Contributions in relation to the statutorily required contribution	\$678,576	\$739,973
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
School's covered-employee payroll	\$5,994,488	\$6,536,864
Contributions as a percentage of covered-employee payroll	11.32%	11.32%

*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 fiscal year end.

SUPPLEMENTARY INFORMATION

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds			
	Forest Reserve	Student Information Systems	School Nurse Program	Indianhead Academy
Assets				
Cash & Investments	\$85,963	\$2,088	\$3,812	
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$85,963</u>	<u>\$2,088</u>	<u>\$3,812</u>	<u>\$0</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable			\$3,812	
Unspent Grant Allocation				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>3,812</u>	<u>\$0</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	85,963	2,088		
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>85,963</u>	<u>2,088</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$85,963</u>	<u>\$2,088</u>	<u>\$3,812</u>	<u>\$0</u>

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds			
	Local Special Projects	Driver Education	Professional Technical	Limited English Proficiency
Assets				
Cash & Investments	\$36,993	\$9,688		\$8,497
Receivables:				
Local Sources				
State Sources		2,625	\$25,793	
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$36,993</u>	<u>\$12,313</u>	<u>\$25,793</u>	<u>\$8,497</u>
Liabilities				
Accounts Payable				
Due To Other Funds			\$23,828	
Salaries & Benefits Payable	\$1,970	\$2,810	1,965	\$8,497
Unspent Grant Allocation				
Total Liabilities	<u>1,970</u>	<u>2,810</u>	<u>25,793</u>	<u>8,497</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	35,023	9,503		
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>35,023</u>	<u>9,503</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$36,993</u>	<u>\$12,313</u>	<u>\$25,793</u>	<u>\$8,497</u>

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds			
	Technology	Substance Abuse	Title I-A ESEA IBP	Title I-C ESEA EMC
Assets				
Cash & Investments	\$35,861	\$6,735		
Receivables:				
Local Sources				
State Sources				
Federal Sources			\$112,747	\$10,846
Due From Other Funds				
Inventory				
Total Assets	\$35,861	\$6,735	\$112,747	\$10,846
Liabilities				
Accounts Payable				
Due To Other Funds			\$17,393	\$2,921
Salaries & Benefits Payable	\$1,669		43,186	5,077
Unspent Grant Allocation			52,168	2,848
Total Liabilities	1,669	\$0	112,747	10,846
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs	34,192	6,735		
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	34,192	6,735	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$35,861	\$6,735	\$112,747	\$10,846

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds			
	Special Educ. IDEA Part B School-Age	Special Educ. IDEA Preschool	Title VI-B ESEA REAP	Perkins III Professional Technical Act
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$114,532	\$4,538	\$12,919	\$18,711
Due From Other Funds				
Inventory				
Total Assets	<u>\$114,532</u>	<u>\$4,538</u>	<u>\$12,919</u>	<u>\$18,711</u>
Liabilities				
Accounts Payable				
Due To Other Funds	\$26,956	\$1,311	\$7,748	\$17,048
Salaries & Benefits Payable	40,049	1,827	5,171	1,663
Unspent Grant Allocation	47,527	1,400		
Total Liabilities	<u>114,532</u>	<u>4,538</u>	<u>12,919</u>	<u>18,711</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>\$114,532</u>	<u>\$4,538</u>	<u>\$12,919</u>	<u>\$18,711</u>

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds			
	Title III ESEA LILEP&I	Title II-A Improving Teacher Quality	21st Century CLC	Gear-Up
Assets				
Cash & Investments			\$11,412	
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$12,820	\$56,591	25,522	\$12,373
Due From Other Funds				
Inventory				
Total Assets	\$12,820	\$56,591	\$36,934	\$12,373
Liabilities				
Accounts Payable				
Due To Other Funds	\$4,678	\$39,303		\$3,864
Salaries & Benefits Payable	3,892	5,987	\$8,838	2,130
Unspent Grant Allocation	4,250	11,301	28,096	6,379
Total Liabilities	12,820	56,591	36,934	12,373
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$12,820	\$56,591	\$36,934	\$12,373

WEISER SCHOOL DISTRICT NO. 431
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2016

	<u>Capital Projects</u>	
	<u>Bus Depreciation</u>	<u>Total</u>
Assets		
Cash & Investments	\$279	\$201,328
Receivables:		
Local Sources		0
State Sources		28,418
Federal Sources		381,599
Due From Other Funds		0
Inventory		0
Total Assets	<u>\$279</u>	<u>\$611,345</u>
Liabilities		
Accounts Payable		\$0
Due To Other Funds		145,050
Salaries & Benefits Payable		138,543
Unspent Grant Allocation		153,969
Total Liabilities	<u>\$0</u>	<u>437,562</u>
Deferred Inflows of Resources		
Unavailable Tax Revenues		0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>
Fund Balances		
Restricted:		
Special Programs		173,504
Debt Service		0
Capital Projects	279	279
Nonspendable		0
Unassigned		0
Total Fund Balances	<u>279</u>	<u>173,783</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$279</u>	<u>\$611,345</u>

WEISER SCHOOL DISTRICT NO. 431

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2016

	<u>Special Revenue Funds</u>			
	<u>Forest Reserve</u>	<u>Student Information Systems</u>	<u>School Nurse Program</u>	<u>Indianhead Academy</u>
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$40,305		\$20,000	
Total Revenues	<u>40,305</u>	<u>\$0</u>	<u>20,000</u>	<u>\$0</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School	32,224			
Alternative School				74,652
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health			22,994	
Special Education Support Services	7,316			
Instruction Improvement				
Educational Media				
Instruction-Related Technology				
District Administration				
School Administration	5,576			
Administrative Technology Service		13,921		
Buildings - Care				
Maintenance - Non-Student Occupied	325			
Maintenance - Student Occupied	9,589			
Maintenance - Grounds				
Security				
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>55,030</u>	<u>13,921</u>	<u>22,994</u>	<u>74,652</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,725)	(13,921)	(2,994)	(74,652)
Other Financing Sources (Uses)				
Transfers In			2,994	74,652
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>2,994</u>	<u>74,652</u>
Net Change in Fund Balances	(14,725)	(13,921)	0	0
Fund Balances - Beginning	100,688	16,009	0	0
Fund Balances - Ending	<u>\$85,963</u>	<u>\$2,088</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, 2016

	Special Revenue Funds			
	Local Special Projects	Driver Education	Professional Technical	Limited English Proficiency
Revenues				
Local Taxes				
Other Local Revenue		\$11,335		
State Revenue	\$54,949	12,500	\$61,179	\$42,439
Federal Revenue	10			
Total Revenues	<u>54,959</u>	<u>23,835</u>	<u>61,179</u>	<u>42,439</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School			59,856	53,168
Alternative School				
Special Education	30,354			
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Summer School		22,872		
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology				
District Administration				
School Administration			1,439	
Administrative Technology Service				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
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>30,354</u>	<u>22,872</u>	<u>61,295</u>	<u>53,168</u>
Excess (Deficiency) of Revenues Over Expenditures	24,605	963	(116)	(10,729)
Other Financing Sources (Uses)				
Transfers In	10,418		116	3,163
Transfers Out				
Total Other Financing Sources (Uses)	<u>10,418</u>	<u>0</u>	<u>116</u>	<u>3,163</u>
Net Change in Fund Balances	35,023	963	0	(7,566)
Fund Balances - Beginning	0	8,540	0	7,566
Fund Balances - Ending	<u>\$35,023</u>	<u>\$9,503</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, 2016

	Special Revenue Funds			
	Technology	Substance Abuse	Title I-A ESEA IBP	Title I-C ESEA EMC
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue	\$92,167	\$21,133		
Federal Revenue			\$289,280	\$33,671
Total Revenues	<u>92,167</u>	<u>21,133</u>	<u>289,280</u>	<u>33,671</u>
Expenditures				
Instructional Programs				
Elementary School			271,955	1,689
Secondary School				15
Alternative School				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health		22,004		31,967
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology	72,667			
District Administration				
School Administration			15,832	
Administrative Technology Service				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services			1,493	
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>72,667</u>	<u>22,004</u>	<u>289,280</u>	<u>33,671</u>
Excess (Deficiency) of Revenues Over Expenditures	19,500	(871)	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	19,500	(871)	0	0
Fund Balances - Beginning	14,692	7,606	0	0
Fund Balances - Ending	<u>\$34,192</u>	<u>\$6,735</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, 2016

	Special Revenue Funds			
	Special Educ. IDEA Part B School-Age	Special Educ. IDEA Preschool	Title VI-B ESEA REAP	Perkins III Professional Technical Act
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$307,677	\$13,468	\$40,711	\$18,711
Total Revenues	<u>307,677</u>	<u>13,468</u>	<u>40,711</u>	<u>18,711</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School				18,711
Alternative School				
Special Education	262,560			
Special Education Preschool		13,468		
Gifted & Talented				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services	42,312			
Instruction Improvement	2,805		40,711	
Educational Media				
Instruction-Related Technology				
District Administration				
School Administration				
Administrative Technology Service				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
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>307,677</u>	<u>13,468</u>	<u>40,711</u>	<u>18,711</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, 2016

	Special Revenue Funds			
	Title III ESEA LILEP&I	Title II-A Improving Teacher Quality	21st Century CLC	Gear-Up
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$34,629	\$90,963	\$152,000	\$62,666
Total Revenues	<u>34,629</u>	<u>90,963</u>	<u>152,000</u>	<u>62,666</u>
Expenditures				
Instructional Programs				
Elementary School		12,144		
Secondary School	34,629			
Alternative School				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health			150,176	
Special Education Support Services				62,163
Instruction Improvement		78,819		
Educational Media				
Instruction-Related Technology				
District Administration				
School Administration				
Administrative Technology Service				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
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>34,629</u>	<u>90,963</u>	<u>150,176</u>	<u>62,163</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	1,824	503
Other Financing Sources (Uses)				
Transfers In				
Transfers Out			(1,824)	(503)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(1,824)</u>	<u>(503)</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>

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2016

	<u>Capital Projects</u>	
	<u>Bus Depreciation</u>	<u>Total</u>
Revenues		
Local Taxes		\$0
Other Local Revenue		11,335
State Revenue		284,367
Federal Revenue		1,104,091
Total Revenues	<u>\$0</u>	<u>1,399,793</u>
Expenditures		
Instructional Programs		
Elementary School		285,788
Secondary School		198,603
Alternative School		74,652
Special Education		292,914
Special Education Preschool		13,468
Gifted & Talented		0
Interscholastic		0
School Activity		0
Summer School		22,872
Support Service Programs		
Attendance - Guidance - Health		227,141
Special Education Support Services		111,791
Instruction Improvement		122,335
Educational Media		0
Instruction-Related Technology		72,667
District Administration		0
School Administration		22,847
Administrative Technology Service		13,921
Buildings - Care		0
Maintenance - Non-Student Occupied		325
Maintenance - Student Occupied		9,589
Maintenance - Grounds		0
Security		0
Pupil-To-School Transportation	109,600	109,600
Non-Instructional Programs		
Child Nutrition		0
Community Services		1,493
Capital Assets - Student Occupied		0
Capital Assets - Non-Student Occupied		0
Debt Service - Principal		0
Debt Service - Interest		0
Total Expenditures	<u>109,600</u>	<u>1,580,006</u>
Excess (Deficiency) of Revenues Over Expenditures	(109,600)	(180,213)
Other Financing Sources (Uses)		
Transfers In	99,158	190,501
Transfers Out		(2,327)
Total Other Financing Sources (Uses)	<u>99,158</u>	<u>188,174</u>
Net Change in Fund Balances	(10,442)	7,961
Fund Balances - Beginning	10,721	165,822
Fund Balances - Ending	<u>\$279</u>	<u>\$173,783</u>

WEISER SCHOOL DISTRICT NO. 431
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture			
<i>Passed Through Washington County:</i>			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665		\$55,030
Total Forest Service Schools and Roads Cluster			<u>55,030</u>
<i>Passed Through Idaho Dept of Education:</i>			
Fresh Fruit & Vegetable Program			
Child Nutrition Cluster:	10.582		7,284
School Breakfast Program	10.553		130,444
National School Lunch Program*	10.555		443,778
Summer Food Program	10.559		13,851
Total Child Nutrition Cluster			<u>588,073</u>
Total US Dept of Agriculture			<u><u>650,387</u></u>
US Dept of Education			
<i>Passed Through Idaho Dept of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027		307,677
Special Education - Preschool Grants	84.173		13,468
Total Special Education Cluster			<u>321,145</u>
Title I Grants to Local Educational Agencies	84.010		289,280
Migrant Education - State Grant Program	84.011		33,671
Career & Technical Education - Basic Grants to States	84.048		18,711
Twenty-First Century Community Learning Centers	84.287		152,000
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334		62,666
Rural Education	84.358		40,711
English Language Acquisition State Grants	84.365		34,629
Improving Teacher Quality State Grants	84.367		90,963
Total US Dept of Education			<u><u>1,043,776</u></u>
US Dept of Health & Human Services			
<i>Passed Through Idaho Dept of Health & Welfare:</i>			
Social Services Block Grant	93.667		10
Children's Health Insurance Program	93.767	RC072800	20,000
Total US Dept of Health & Human Services			<u><u>20,010</u></u>
Total Expenditures of Federal Awards			<u><u>\$1,714,173</u></u>

NOTES:

A. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*. Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

B. Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

***C. Nonmonetary Assistance** - Included in the National School Lunch Program award is USDA food commodities stated at a fair market value of \$44,402.

OTHER REPORTS AND SCHEDULES

Audits
Taxes
Special Services



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

Board of Trustees
Weiser School District No. 431

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 Weiser School District No. 431 (the School), as of and for the year ended June 30, 2016, 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 26, 2016.

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 26, 2016



**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance**

Board of Trustees
Weiser School District No. 431

Report on Compliance for Each Major Federal Program

We have audited Weiser School District No. 431 (the School's) compliance with the types of compliance requirements described in the *OMB 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, 2016. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Quest CPAs, P.C.

Payette, Idaho
July 26, 2016

WEISER SCHOOL DISTRICT NO. 431
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

<i>Internal control over major programs:</i>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
Major program identification:	
a. Child Nutrition Cluster – CFDA #10.553, 10.555, 10.559	
Dollar threshold used to distinguish between type A and B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes