

**WEISER SCHOOL DISTRICT NO. 431**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2013**

**WEISER SCHOOL DISTRICT NO. 431**

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**FINANCIAL SECTION**

Audits  
Taxes  
Special Services



P.O. Box 100  
Payette, Idaho 83661  
www.qcpas.com  
info@qcpas.com  
P: 208-642-1417  
F: 208-642-1582

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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, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining fund financial statements, and schedule of expenditures of federal awards (as required by Office

of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Schools*) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining 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 information is 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 24, 2013, 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 24, 2013

## **BASIC FINANCIAL STATEMENTS**



**WEISER SCHOOL DISTRICT NO. 431**

## Statement of Net Position

June 30, 2013

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Current Assets	
Cash & Investments	\$1,631,311
Receivables:	
Local Sources	266,705
State Sources	99,068
Federal Sources	495,266
Inventory	80,920
Total Current Assets	<u>2,573,270</u>
Noncurrent Assets	
Nondepreciable Capital Assets	290,128
Depreciable Net Capital Assets	4,574,179
Total Noncurrent Assets	<u>4,864,307</u>
<b>Total Assets</b>	<b><u><u>\$7,437,577</u></u></b>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$18,471
Salaries & Benefits Payable	1,273,338
Accrued Interest	11,414
Long-Term Debt, Current	450,000
Total Current Liabilities	<u>1,753,223</u>
Noncurrent Liabilities	
Long-Term Debt, Noncurrent	465,000
Total Noncurrent Liabilities	<u>465,000</u>
<b>Total Liabilities</b>	<b><u><u>2,218,223</u></u></b>
<b>Deferred Inflows of Resources</b>	
Current Deferred Inflows of Resources	
Unspent Grant Allocation	216,466
Total Current Deferred Inflows of Resources	<u>216,466</u>
<b>Total Deferred Inflows of Resources</b>	<b><u><u>216,466</u></u></b>
<b>Net Position</b>	
Net Investment in Capital Assets	3,937,893
Restricted:	
Special Programs	98,361
Debt Service	191,952
Capital Projects	151,347
Unrestricted	623,335
<b>Total Net Position</b>	<b><u><u>5,002,888</u></u></b>
<b>Total Liabilities and Deferred Inflows of Resources and Net Position</b>	<b><u><u>\$7,437,577</u></u></b>

See Accompanying Notes

# WEISER SCHOOL DISTRICT NO. 431

## Statement of Activities Year Ended June 30, 2013

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
<b>Governmental Activities</b>					
Instructional Programs					
Elementary School	\$2,369,433		\$381,321		(\$1,988,112)
Secondary School	2,986,581	\$161,864	219,902	\$19,887	(2,584,928)
Alternative School	65,818		8,471		(57,347)
Special Education	842,672		324,271		(518,401)
Gifted & Talented	685				(685)
Interscholastic	7,930				(7,930)
School Activity	2,248				(2,248)
Summer School	28,372		28,372		0
Support Service Programs					
Attendance - Guidance - Health	567,619		231,844		(335,775)
Special Education Support Services	98,084		65,889	32,195	0
Instructional Improvement	172,433		118,475		(53,958)
Educational Media	165,278				(165,278)
District Administration	304,320				(304,320)
School Administration	743,889		32,067	1,009	(710,813)
Buildings - Care	421,909				(421,909)
Maintenance - Student Occupied	353,033			4,985	(348,048)
Maintenance - Grounds	69,665				(69,665)
Pupil-To-School Transportation	472,962				(472,962)
Non-Instructional Programs					
Child Nutrition	909,979	126,648	702,245		(81,086)
Community Services	111,795		111,795		0
Capital Assets - Student Occupied	326,976				(326,976)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	35,067				(35,067)
<b>Total</b>	<b>\$11,056,748</b>	<b>\$288,512</b>	<b>\$2,224,652</b>	<b>\$58,076</b>	<b>(8,485,508)</b>
<b>General Revenues</b>					
Local Taxes					663,675
Other Local Revenues					97,990
State Revenues					7,521,901
Federal Revenues					0
<b>Total</b>					<b>8,283,566</b>
<b>Change in Net Position</b>					
					(201,942)
<b>Net Position - Beginning</b>					
					5,204,830
<b>Net Position - Ending</b>					
					<b>\$5,002,888</b>

**WEISER SCHOOL DISTRICT NO. 431**

Balance Sheet - Governmental Funds

June 30, 2013

	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Debt Service Fund</b>	<b>Plant Facilities Fund</b>
<b>Assets</b>				
Cash & Investments	\$1,295,365	\$19,794	\$80,325	\$21,370
Receivables:				
Local Sources	144,934	218	111,627	
State Sources	80,777			
Federal Sources				
Due From Other Funds	167,690			
Inventory		80,920		
<b>Total Assets</b>	<u>\$1,688,766</u>	<u>\$100,932</u>	<u>\$191,952</u>	<u>\$21,370</u>
<b>Liabilities</b>				
Accounts Payable	\$18,438	\$33		
Due To Other Funds				
Salaries & Benefits Payable	1,046,993	60,528		
<b>Total Liabilities</b>	<u>1,065,431</u>	<u>60,561</u>	<u>\$0</u>	<u>\$0</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues	19,435		14,825	
Unspent Grant Allocation				
<b>Total Deferred Inflows of Resources</b>	<u>19,435</u>	<u>0</u>	<u>14,825</u>	<u>0</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs				
Debt Service			177,127	
Capital Projects				21,370
Nonspendable		80,920		
Unassigned	603,900	(40,549)		
<b>Total Fund Balances</b>	<u>603,900</u>	<u>40,371</u>	<u>177,127</u>	<u>21,370</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$1,688,766</u>	<u>\$100,932</u>	<u>\$191,952</u>	<u>\$21,370</u>

**WEISER SCHOOL DISTRICT NO. 431**

Balance Sheet - Governmental Funds

June 30, 2013

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Cash & Investments	\$214,457	\$1,631,311
Receivables:		
Local Sources	9,926	266,705
State Sources	18,291	99,068
Federal Sources	495,266	495,266
Due From Other Funds	0	167,690
Inventory	0	80,920
<b>Total Assets</b>	<u>\$737,940</u>	<u>\$2,740,960</u>
 <b>Liabilities</b>		
Accounts Payable	\$0	\$18,471
Due To Other Funds	167,690	167,690
Salaries & Benefits Payable	165,817	1,273,338
<b>Total Liabilities</b>	<u>333,507</u>	<u>1,459,499</u>
 <b>Deferred Inflows of Resources</b>		
Unavailable Tax Revenues	0	34,260
Unspent Grant Allocation	216,466	216,466
<b>Total Deferred Inflows of Resources</b>	<u>216,466</u>	<u>250,726</u>
 <b>Fund Balances</b>		
Restricted:		
Special Programs	58,930	58,930
Debt Service	0	177,127
Capital Projects	129,977	151,347
Nonspendable	0	80,920
Unassigned	(940)	562,411
<b>Total Fund Balances</b>	<u>187,967</u>	<u>1,030,735</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$737,940</u>	<u>\$2,740,960</u>

## Balance Sheet - Governmental Funds

June 30, 2013

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

<b>Total Governmental Fund Balances</b>	\$1,030,735
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,864,307
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	34,260
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Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(926,414)
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<b>Net Position of Governmental Activities</b>	<u><u>\$5,002,888</u></u>
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**WEISER SCHOOL DISTRICT NO. 431**

Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2013

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facilities Fund</u>
<b>Revenues</b>				
Local Taxes	\$382,875		\$297,444	
Other Local Revenue	300,996	\$126,667		
State Revenue	7,438,432		83,469	
Federal Revenue	145,332	702,245		
<b>Total Revenues</b>	<u>8,267,635</u>	<u>828,912</u>	<u>380,913</u>	<u>\$0</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	2,060,778			
Secondary School	2,801,316			147,872
Alternative School	57,347			
Special Education	468,991			
Gifted & Talented	685			
Interscholastic	7,930			
School Activity	2,248			
Summer School				
Support Service Programs				
Attendance - Guidance - Health	335,775			
Special Education Support Services				
Instructional Improvement	35,165			
Educational Media	165,278			
District Administration	304,320			
School Administration	710,813			
Buildings - Care	421,909			
Maintenance - Student Occupied	348,048			
Maintenance - Grounds	69,665			
Pupil-To-School Transportation	413,300			79,895
Non-Instructional Programs				
Child Nutrition	16,662	893,317		
Community Services				
Capital Assets - Student Occupied	7,462			
Capital Assets - Non-Student Occupied				
Debt Service - Principal			435,000	
Debt Service - Interest			39,960	
<b>Total Expenditures</b>	<u>8,227,692</u>	<u>893,317</u>	<u>474,960</u>	<u>227,767</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	39,943	(64,405)	(94,047)	(227,767)
<b>Other Financing Sources (Uses)</b>				
Transfers In	23,463			59,662
Transfers Out	(153,057)			
<b>Total Other Financing Sources (Uses)</b>	<u>(129,594)</u>	<u>0</u>	<u>0</u>	<u>59,662</u>
<b>Net Change in Fund Balances</b>	(89,651)	(64,405)	(94,047)	(168,105)
<b>Fund Balances - Beginning</b>	693,551	104,776	271,174	189,475
<b>Fund Balances - Ending</b>	<u>\$603,900</u>	<u>\$40,371</u>	<u>\$177,127</u>	<u>\$21,370</u>

Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2013

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>		
Local Taxes	\$0	\$680,319
Other Local Revenue	71,079	498,742
State Revenue	152,115	7,674,016
Federal Revenue	1,170,796	2,018,373
<b>Total Revenues</b>	<b>1,393,990</b>	<b>10,871,450</b>
<b>Expenditures</b>		
Instructional Programs		
Elementary School	308,655	2,369,433
Secondary School	176,190	3,125,378
Alternative School	8,471	65,818
Special Education	373,681	842,672
Gifted & Talented	0	685
Interscholastic	0	7,930
School Activity	0	2,248
Summer School	28,372	28,372
Support Service Programs		
Attendance - Guidance - Health	231,844	567,619
Special Education Support Services	98,084	98,084
Instructional Improvement	137,268	172,433
Educational Media	0	165,278
District Administration	0	304,320
School Administration	33,076	743,889
Buildings - Care	0	421,909
Maintenance - Student Occupied	4,985	353,033
Maintenance - Grounds	0	69,665
Pupil-To-School Transportation	0	493,195
Non-Instructional Programs		
Child Nutrition	0	909,979
Community Services	111,795	111,795
Capital Assets - Student Occupied	0	7,462
Capital Assets - Non-Student Occupied	0	0
Debt Service - Principal	0	435,000
Debt Service - Interest	0	39,960
<b>Total Expenditures</b>	<b>1,512,421</b>	<b>11,336,157</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(118,431)</b>	<b>(464,707)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers In	93,395	176,520
Transfers Out	(23,463)	(176,520)
<b>Total Other Financing Sources (Uses)</b>	<b>69,932</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(48,499)</b>	<b>(464,707)</b>
<b>Fund Balances - Beginning</b>	<b>236,466</b>	<b>1,495,442</b>
<b>Fund Balances - Ending</b>	<b>\$187,967</b>	<b>\$1,030,735</b>

**WEISER SCHOOL DISTRICT NO. 431**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2013

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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** (\$464,707)

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. (160,484)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (16,644)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 435,000

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 4,893

**Change in Net Position of Governmental Activities** (\$201,942)



**WEISER SCHOOL DISTRICT NO. 431**

Statement of Fiduciary Net Position

June 30, 2013

	<b>Employee Benefit Trust Fund</b>	<b>Agency Funds - Student Activity</b>	<b>Total</b>
<b>Assets</b>			
Cash & Investments	\$348,353	\$214,262	\$562,615
<b>Total Assets</b>	<u>\$348,353</u>	<u>\$214,262</u>	<u>\$562,615</u>
<b>Liabilities</b>			
Due to Student Groups		\$214,262	\$214,262
<b>Total Liabilities</b>	<u>\$0</u>	<u>214,262</u>	<u>214,262</u>
<b>Net Position</b>			
Restricted:			
Employees	348,353		348,353
<b>Total Net Position</b>	<u>348,353</u>	<u>0</u>	<u>348,353</u>
<b>Total Liabilities and Net Position</b>	<u>\$348,353</u>	<u>\$214,262</u>	<u>\$562,615</u>

**WEISER SCHOOL DISTRICT NO. 431**  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2013

	<u><b>Employee Benefit Trust Fund</b></u>
<b>Additions</b>	
Contributions	\$2,220
Investment Income (Loss)	5,970
<b>Total Additions</b>	<u>8,190</u>
 <b>Deductions</b>	
Distributions	80,914
Plan Expenses	0
<b>Total Deductions</b>	<u>80,914</u>
<b>Change in Net Position</b>	(72,724)
<b>Net Position - Beginning</b>	<u>421,077</u>
<b>Net Position - Ending</b>	<u><u>\$348,353</u></u>

## WEISER SCHOOL DISTRICT NO. 431

### Notes to Financial Statements

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#### 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 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, liabilities, reserves, fund equity, revenues and expenditures/expenses.

## WEISER SCHOOL DISTRICT NO. 431

### Notes to Financial Statements

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

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

## WEISER SCHOOL DISTRICT NO. 431

### Notes to Financial Statements

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The School may report deferred inflows of resources on its financial statements. For the fund financial statements, deferred inflows of resources arise when assets (i.e. receivables) are recorded before the related revenues are available (i.e. before both the "measurable" and "available" criteria for revenue recognition in the current period are met). 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. At yearend, any unspent grant allocations are reported as receivables and offset by deferred inflows of resources in an account called unspent grant allocation.

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

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

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

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

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

**Net Position** – Net position is assets plus deferred outflows of resources (when they exist) less liabilities less deferred inflows of resources (when they exist). The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt that are attributable to the acquisition, improvement, or construction of those assets and adjusted for any related deferred outflows or inflows of resources (when they exist). Restricted net position consists of restricted assets reduced by

## WEISER SCHOOL DISTRICT NO. 431

### Notes to Financial Statements

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liabilities and deferred inflows of resources (when they exist) related to those assets. Restricted assets are assets less related debt that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties.

**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 the 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 20<sup>th</sup> and June 20<sup>th</sup>. 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.

## WEISER SCHOOL DISTRICT NO. 431

### Notes to Financial Statements

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**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	\$295,562
Investments - Local Government Investment Pool	1,550,011
Investments - IRC 457 Deferred Compensation Plan	348,353
<b>Total</b>	<u><u>\$2,193,926</u></u>

**Deposits** – At year end, the carrying amounts of the School's deposits were \$295,562 and the bank balances were \$384,034. Of the bank balances, \$384,034 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

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**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	\$144,934		\$111,627
Other Local Sources		\$10,144	
<b>Total</b>	<u>\$144,934</u>	<u>\$10,144</u>	<u>\$111,627</u>
State Sources			
Foundation Program	\$80,777		
Special Programs		\$18,291	
<b>Total</b>	<u>\$80,777</u>	<u>\$18,291</u>	
Federal Sources			
Special Programs		\$495,266	
<b>Total</b>		<u>\$495,266</u>	



**WEISER SCHOOL DISTRICT NO. 431**

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
<b>Total</b>	<u>290,128</u>	<u>\$0</u>	<u>\$0</u>	<u>290,128</u>
Depreciable Capital Assets				
Buildings	10,106,992	132,797		10,239,789
Equipment	2,271,561	6,000		2,277,561
Transportation	794,582	79,895		874,477
Subtotal	<u>13,173,135</u>	<u>218,692</u>	<u>0</u>	<u>13,391,827</u>
Accumulated Depreciation				
Buildings	6,024,230	255,995		6,280,225
Equipment	1,832,927	63,519		1,896,446
Transportation	581,315	59,662		640,977
Subtotal	<u>8,438,472</u>	<u>379,176</u>	<u>0</u>	<u>8,817,648</u>
<b>Total</b>	<u>4,734,663</u>	<u>(160,484)</u>	<u>0</u>	<u>4,574,179</u>
<b>Net Capital Assets</b>	<u>\$5,024,791</u>	<u>(\$160,484)</u>	<u>\$0</u>	<u>\$4,864,307</u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$319,514
Pupil-To-School Transportation	59,662
<b>Total</b>	<u>\$379,176</u>

**E. 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	\$915,000
<b>Total</b>	<u>\$915,000</u>

# WEISER SCHOOL DISTRICT NO. 431

## Notes to Financial Statements

Maturities on the bonds are estimated as follows:

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>
6/30/14	\$450,000	\$23,123
6/30/15	465,000	7,905
<b>Total</b>	<b>\$915,000</b>	<b>\$31,028</b>

Changes in long-term debt are as follows:

<b>Description</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
2004 G.O. Bonds	\$1,350,000		\$435,000	\$915,000	\$450,000
<b>Total</b>	<b>\$1,350,000</b>	<b>\$0</b>	<b>\$435,000</b>	<b>\$915,000</b>	<b>\$450,000</b>

Interest and related costs during the year amounted to \$35,067 and were charged to the debt service – interest program.

### F. RETIREMENT PLAN

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

PERSI issues publicly available standalone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://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, 2013, the required contribution rate as a percentage of covered payrolls for members was 6.23% 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. Additionally, PERSI administers the Sick Leave Insurance Reserve Fund which collects salary-

## WEISER SCHOOL DISTRICT NO. 431

### Notes to Financial Statements

based contributions for state and school employees while employed and pays insurance premiums at retirement based on a portion of the accumulated balance of their unused sick leave. State and school employers pre-fund this termination payment with contributions during active employment. The School's employer contributions required and paid were \$747,209, \$720,057, and \$654,181, for the three years ended June 30, 2013, 2012 and 2011 respectively.

#### G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	
	Nonmajor <u>Governmental</u>	<u>Total</u>
General	\$167,690	\$167,690
<b>Total</b>	<u>\$167,690</u>	<u>\$167,690</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	\$23,463	\$153,057	Reimbursements, Depreciation, & General Support
Plant Facilities	59,662		Depreciation
Nonmajor Governmental	93,395	23,463	Reimbursements & General Support
<b>Total</b>	<u>\$176,520</u>	<u>\$176,520</u>	

#### H. DEFERRED COMPENSATION PLAN

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**WEISER SCHOOL DISTRICT NO. 431**

Budgetary Comparison Schedule -  
General and Major Special Revenue Funds  
Year Ended June 30, 2013

<b>General Fund</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Final Budget</b>
	<b>(GAAP Basis)</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Variance</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Local Taxes	\$398,399	\$398,399	\$382,875	(\$15,524)
Other Local Revenue	165,627	165,627	300,996	135,369
State Revenue	7,492,637	7,492,637	7,438,432	(54,205)
Federal Revenue	0	0	145,332	145,332
<b>Total Revenues</b>	<b>8,056,663</b>	<b>8,056,663</b>	<b>8,267,635</b>	<b>210,972</b>
<b>Expenditures</b>				
<b>Instructional Programs</b>				
Elementary School	1,998,889	1,998,889	2,060,778	(61,889)
Secondary School	2,845,142	2,845,142	2,801,316	43,826
Alternative School	61,408	61,408	57,347	4,061
Special Education	469,376	469,376	468,991	385
Gifted & Talented	0	0	685	(685)
Interscholastic	12,935	12,935	7,930	5,005
School Activity	6,500	6,500	2,248	4,252
Summer School	0	0	0	0
<b>Support Service Programs</b>				
Attendance - Guidance - Health	330,033	330,033	335,775	(5,742)
Special Education Support Services	0	0	0	0
Instructional Improvement	79,028	79,028	35,165	43,863
Educational Media	167,801	167,801	165,278	2,523
District Administration	282,194	282,194	304,320	(22,126)
School Administration	722,099	722,099	710,813	11,286
Buildings - Care	642,919	642,919	421,909	221,010
Maintenance - Student Occupied	185,995	185,995	348,048	(162,053)
Maintenance - Grounds	73,299	73,299	69,665	3,634
Pupil-To-School Transportation	419,111	419,111	413,300	5,811
<b>Non-Instructional Programs</b>				
Child Nutrition	18,750	18,750	16,662	2,088
Community Services	0	0	0	0
Capital Assets - Student Occupied	9,800	9,800	7,462	2,338
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
<b>Total Expenditures</b>	<b>8,325,279</b>	<b>8,325,279</b>	<b>8,227,692</b>	<b>97,587 *</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(268,616)</b>	<b>(268,616)</b>	<b>39,943</b>	<b>308,559</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	14,908	14,908	23,463	8,555
Transfers Out	(101,341)	(101,341)	(153,057)	(51,716) *
<b>Total Other Financing Sources (Uses)</b>	<b>(86,433)</b>	<b>(86,433)</b>	<b>(129,594)</b>	<b>(43,161)</b>
<b>Net Change in Fund Balances</b>	<b>(355,049)</b>	<b>(355,049)</b>	<b>(89,651)</b>	<b>265,398</b>
<b>Fund Balances - Beginning</b>	<b>824,857</b>	<b>824,857</b>	<b>693,551</b>	<b>(131,306)</b>
<b>Fund Balances - Ending</b>	<b>\$469,808</b>	<b>\$469,808</b>	<b>\$603,900</b>	<b>\$134,092</b>

\*Total expenditures (over) under appropriations are: \$45,871

**WEISER SCHOOL DISTRICT NO. 431**

Budgetary Comparison Schedule -  
 General and Major Special Revenue Funds  
 Year Ended June 30, 2013

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
<b>Child Nutrition Fund</b>				
<b>Revenues</b>				
Other Local Revenue	\$132,240	\$132,240	\$126,667	(\$5,573)
Federal Revenue	727,000	727,000	702,245	(24,755)
<b>Total Revenues</b>	<u>859,240</u>	<u>859,240</u>	<u>828,912</u>	<u>(30,328)</u>
<b>Expenditures</b>				
Non-Instructional Programs				
Child Nutrition	859,240	859,240	893,317	(34,077)
<b>Total Expenditures</b>	<u>859,240</u>	<u>859,240</u>	<u>893,317</u>	<u>(34,077) *</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	0	0	(64,405)	(64,405)
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0 *
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	(64,405)	(64,405)
<b>Fund Balances - Beginning</b>	0	0	104,776	104,776
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$40,371</u>	<u>\$40,371</u>
				<u>*(Total expenditures (over) under appropriations are: (\$34,077))</u>

**SUPPLEMENTARY INFORMATION**

**WEISER SCHOOL DISTRICT NO. 431**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds		
	Forest Reserve	ISEE Grant	School Nurse Program
<b>Assets</b>			
Cash & Investments	\$119,979		\$2,148
Receivables:			
Local Sources		\$9,926	
State Sources			
Federal Sources			
Due From Other Funds			
Inventory			
<b>Total Assets</b>	\$119,979	\$9,926	\$2,148
<b>Liabilities</b>			
Accounts Payable			
Due To Other Funds		\$2,222	
Salaries & Benefits Payable		7,704	\$2,148
<b>Total Liabilities</b>	\$0	9,926	2,148
<b>Deferred Inflows of Resources</b>			
Unavailable Tax Revenues			
Unspent Grant Allocation			
<b>Total Deferred Inflows of Resources</b>	0	0	0
<b>Fund Balances</b>			
Restricted:			
Special Programs		0	0
Debt Service			
Capital Projects	119,979		
Nonspendable			
Unassigned			
<b>Total Fund Balances</b>	119,979	0	0
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	\$119,979	\$9,926	\$2,148



**WEISER SCHOOL DISTRICT NO. 431**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds		
	Indianhead Academy	Local Special Projects	Driver Education
<b>Assets</b>			
Cash & Investments	\$16,851	\$13,419	\$14,607
Receivables:			
Local Sources			
State Sources			5,875
Federal Sources			
Due From Other Funds			
Inventory			
<b>Total Assets</b>	\$16,851	\$13,419	\$20,482
<b>Liabilities</b>			
Accounts Payable			
Due To Other Funds			
Salaries & Benefits Payable	\$3,112	\$14,359	\$3,337
<b>Total Liabilities</b>	3,112	14,359	3,337
<b>Deferred Inflows of Resources</b>			
Unavailable Tax Revenues			
Unspent Grant Allocation			
<b>Total Deferred Inflows of Resources</b>	0	0	0
<b>Fund Balances</b>			
Restricted:			
Special Programs	13,739		17,145
Debt Service			
Capital Projects			
Nonspendable			
Unassigned		(940)	
<b>Total Fund Balances</b>	13,739	(940)	17,145
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	\$16,851	\$13,419	\$20,482

**WEISER SCHOOL DISTRICT NO. 431**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	<b>Special Revenue Funds</b>			
	<b>Professional Technical</b>	<b>Limited English Proficiency</b>	<b>Technology</b>	<b>Substance Abuse</b>
<b>Assets</b>				
Cash & Investments		\$23,023	\$6,748	\$7,684
Receivables:				
Local Sources				
State Sources	\$12,416			
Federal Sources				
Due From Other Funds				
Inventory				
<b>Total Assets</b>	<u>\$12,416</u>	<u>\$23,023</u>	<u>\$6,748</u>	<u>\$7,684</u>
<b>Liabilities</b>				
Accounts Payable				
Due To Other Funds	\$10,170			
Salaries & Benefits Payable	2,246	\$6,809	\$2,600	
<b>Total Liabilities</b>	<u>12,416</u>	<u>6,809</u>	<u>2,600</u>	<u>\$0</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
Unspent Grant Allocation				
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs	0	16,214	4,148	7,684
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
<b>Total Fund Balances</b>	<u>0</u>	<u>16,214</u>	<u>4,148</u>	<u>7,684</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$12,416</u>	<u>\$23,023</u>	<u>\$6,748</u>	<u>\$7,684</u>

**WEISER SCHOOL DISTRICT NO. 431**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	<b>Special Revenue Funds</b>			
	<b>Title I-A ESEA IBP</b>	<b>Title I-C ESEA EMC</b>	<b>Special Educ. IDEA Part B</b>	<b>Special Educ. IDEA Preschool</b>
<b>Assets</b>				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$118,973	\$41,905	\$136,941	\$5,047
Due From Other Funds				
Inventory				
<b>Total Assets</b>	<u>\$118,973</u>	<u>\$41,905</u>	<u>\$136,941</u>	<u>\$5,047</u>
<b>Liabilities</b>				
Accounts Payable				
Due To Other Funds	\$49,230	\$13,918	\$33,823	\$1,191
Salaries & Benefits Payable	40,493	9,081	40,571	1,990
<b>Total Liabilities</b>	<u>89,723</u>	<u>22,999</u>	<u>74,394</u>	<u>3,181</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
Unspent Grant Allocation	29,250	18,906	62,547	1,866
<b>Total Deferred Inflows of Resources</b>	<u>29,250</u>	<u>18,906</u>	<u>62,547</u>	<u>1,866</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs	0	0	0	0
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$118,973</u>	<u>\$41,905</u>	<u>\$136,941</u>	<u>\$5,047</u>

**WEISER SCHOOL DISTRICT NO. 431**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	<b>Special Revenue Funds</b>			
	<b>Title VI-B ESEA REAP</b>	<b>Perkins III Professional Technical Act</b>	<b>Title III ESEA LILEP&amp;I</b>	<b>Title II-A Improving Teacher Quality</b>
<b>Assets</b>				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$4,202	\$19,963	\$15,107	\$97,516
Due From Other Funds				
Inventory				
<b>Total Assets</b>	<u>\$4,202</u>	<u>\$19,963</u>	<u>\$15,107</u>	<u>\$97,516</u>
<b>Liabilities</b>				
Accounts Payable				
Due To Other Funds	\$2,010	\$18,150	\$4,070	\$26,349
Salaries & Benefits Payable		1,813	4,122	15,224
<b>Total Liabilities</b>	<u>2,010</u>	<u>19,963</u>	<u>8,192</u>	<u>41,573</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
Unspent Grant Allocation	2,192		6,915	55,943
<b>Total Deferred Inflows of Resources</b>	<u>2,192</u>	<u>0</u>	<u>6,915</u>	<u>55,943</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs	0	0	0	0
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$4,202</u>	<u>\$19,963</u>	<u>\$15,107</u>	<u>\$97,516</u>

**WEISER SCHOOL DISTRICT NO. 431**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2013

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total</u>
	<u>21st Century CLC</u>	<u>Gear-Up</u>	<u>School Building Maintenance</u>	
<b>Assets</b>				
Cash & Investments			\$9,998	\$214,457
Receivables:				
Local Sources				9,926
State Sources				18,291
Federal Sources	\$44,126	\$11,486		495,266
Due From Other Funds				0
Inventory				0
<b>Total Assets</b>	<u>\$44,126</u>	<u>\$11,486</u>	<u>\$9,998</u>	<u>\$737,940</u>
<b>Liabilities</b>				
Accounts Payable				\$0
Due To Other Funds	\$5,480	\$1,077		167,690
Salaries & Benefits Payable	10,208			165,817
<b>Total Liabilities</b>	<u>15,688</u>	<u>1,077</u>	<u>\$0</u>	<u>333,507</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				0
Unspent Grant Allocation	28,438	10,409		216,466
<b>Total Deferred Inflows of Resources</b>	<u>28,438</u>	<u>10,409</u>	<u>0</u>	<u>216,466</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs	0	0	0	58,930
Debt Service				0
Capital Projects			9,998	129,977
Nonspendable				0
Unassigned				(940)
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>9,998</u>	<u>187,967</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$44,126</u>	<u>\$11,486</u>	<u>\$9,998</u>	<u>\$737,940</u>

**WEISER SCHOOL DISTRICT NO. 431**

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2013

	<u>Special Revenue Funds</u>		
	<u>Forest Reserve</u>	<u>ISEE Grant</u>	<u>School Nurse Program</u>
<b>Revenues</b>			
Local Taxes			
Other Local Revenue		\$9,926	
State Revenue			
Federal Revenue	\$58,076		\$16,000
<b>Total Revenues</b>	<u>58,076</u>	<u>9,926</u>	<u>16,000</u>
<b>Expenditures</b>			
Instructional Programs			
Elementary School		9,926	
Secondary School	23,690		
Alternative School			
Special Education			
Gifted & Talented			
Interscholastic			
School Activity			
Summer School			
Support Service Programs			
Attendance - Guidance - Health			
Special Education Support Services	32,195		
Instructional Improvement			
Educational Media			
District Administration			
School Administration	1,009		
Buildings - Care			
Maintenance - Student Occupied	4,985		
Maintenance - Grounds			
Pupil-To-School Transportation			
Non-Instructional Programs			
Child Nutrition			
Community Services			19,293
Capital Assets - Student Occupied			
Capital Assets - Non-Student Occupied			
Debt Service - Principal			
Debt Service - Interest			
<b>Total Expenditures</b>	<u>61,879</u>	<u>9,926</u>	<u>19,293</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	(3,803)	0	(3,293)
<b>Other Financing Sources (Uses)</b>			
Transfers In			3,293
Transfers Out		(20,755)	
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(20,755)</u>	<u>3,293</u>
<b>Net Change in Fund Balances</b>	<u>(3,803)</u>	<u>(20,755)</u>	<u>0</u>
<b>Fund Balances - Beginning</b>	<u>123,782</u>	<u>20,755</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$119,979</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, 2013

	<u>Special Revenue Funds</u>		
	<u>Indianhead Academy</u>	<u>Local Special Projects</u>	<u>Driver Education</u>
<b>Revenues</b>			
Local Taxes			
Other Local Revenue	\$13,864	\$36,849	\$10,440
State Revenue			14,188
Federal Revenue		3,633	
<b>Total Revenues</b>	<u>13,864</u>	<u>40,482</u>	<u>24,628</u>
<b>Expenditures</b>			
Instructional Programs			
Elementary School			
Secondary School			
Alternative School			
Special Education		89,892	
Gifted & Talented			
Interscholastic			
School Activity			
Summer School			19,350
Support Service Programs			
Attendance - Guidance - Health			
Special Education Support Services			
Instructional Improvement			
Educational Media			
District Administration			
School Administration			
Buildings - Care			
Maintenance - Student Occupied			
Maintenance - Grounds			
Pupil-To-School Transportation			
Non-Instructional Programs			
Child Nutrition			
Community Services	74,038		
Capital Assets - Student Occupied			
Capital Assets - Non-Student Occupied			
Debt Service - Principal			
Debt Service - Interest			
<b>Total Expenditures</b>	<u>74,038</u>	<u>89,892</u>	<u>19,350</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	(60,174)	(49,410)	5,278
<b>Other Financing Sources (Uses)</b>			
Transfers In	73,913	16,189	
Transfers Out			
<b>Total Other Financing Sources (Uses)</b>	<u>73,913</u>	<u>16,189</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>13,739</u>	<u>(33,221)</u>	<u>5,278</u>
<b>Fund Balances - Beginning</b>	<u>0</u>	<u>32,281</u>	<u>11,867</u>
<b>Fund Balances - Ending</b>	<u>\$13,739</u>	<u>(\$940)</u>	<u>\$17,145</u>

**WEISER SCHOOL DISTRICT NO. 431**

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2013

	<u>Special Revenue Funds</u>			
	<u>Professional Technical</u>	<u>Limited English Proficiency</u>	<u>Technology</u>	<u>Substance Abuse</u>
<b>Revenues</b>				
Local Taxes				
Other Local Revenue				
State Revenue	\$41,385	\$51,221	\$45,321	
Federal Revenue				
<b>Total Revenues</b>	<u>41,385</u>	<u>51,221</u>	<u>45,321</u>	<u>\$0</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				
Secondary School	39,334	42,154		
Alternative School				
Special Education				
Gifted & Talented				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				11
Special Education Support Services				
Instructional Improvement			64,114	
Educational Media				
District Administration				
School Administration	2,051			
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				
<b>Total Expenditures</b>	<u>41,385</u>	<u>42,154</u>	<u>64,114</u>	<u>11</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	9,067	(18,793)	(11)
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	9,067	(18,793)	(11)
<b>Fund Balances - Beginning</b>	0	7,147	22,941	7,695
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$16,214</u>	<u>\$4,148</u>	<u>\$7,684</u>



**WEISER SCHOOL DISTRICT NO. 431**

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2013

	<b>Special Revenue Funds</b>			
	<b>Title I-A ESEA IBP</b>	<b>Title I-C ESEA EMC</b>	<b>Special Educ. IDEA Part B</b>	<b>Special Educ. IDEA Preschool</b>
<b>Revenues</b>				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$321,284	\$72,227	\$297,752	\$12,981
<b>Total Revenues</b>	<u>321,284</u>	<u>72,227</u>	<u>297,752</u>	<u>12,981</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	260,517	10,524		
Secondary School		24,117		
Alternative School	8,471			
Special Education			270,808	12,981
Gifted & Talented				
Interscholastic				
School Activity				
Summer School	4,240	4,782		
Support Service Programs				
Attendance - Guidance - Health		32,380		
Special Education Support Services			26,122	
Instructional Improvement			822	
Educational Media				
District Administration				
School Administration	29,592	424		
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services	18,464			
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
<b>Total Expenditures</b>	<u>321,284</u>	<u>72,227</u>	<u>297,752</u>	<u>12,981</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances - Beginning</b>	0	0	0	0
<b>Fund Balances - Ending</b>	<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, 2013

	<b>Special Revenue Funds</b>			
	<b>Title VI-B ESEA REAP</b>	<b>Perkins III Professional Technical Act</b>	<b>Title III ESEA LILEP&amp;I</b>	<b>Title II-A Improving Teacher Quality</b>
<b>Revenues</b>				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$25,265	\$19,963	\$26,932	\$74,755
<b>Total Revenues</b>	<u>25,265</u>	<u>19,963</u>	<u>26,932</u>	<u>74,755</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				27,688
Secondary School		19,963	26,932	
Alternative School				
Special Education				
Gifted & Talented				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instructional Improvement	25,265			47,067
Educational Media				
District Administration				
School Administration				
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				
<b>Total Expenditures</b>	<u>25,265</u>	<u>19,963</u>	<u>26,932</u>	<u>74,755</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances - Beginning</b>	0	0	0	0
<b>Fund Balances - Ending</b>	<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, 2013

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total</u>
	<u>21st Century CLC</u>	<u>Gear-Up</u>	<u>School Building Maintenance</u>	
<b>Revenues</b>				
Local Taxes				\$0
Other Local Revenue				71,079
State Revenue				152,115
Federal Revenue	\$201,658	\$40,270		1,170,796
<b>Total Revenues</b>	<u>201,658</u>	<u>40,270</u>	<u>\$0</u>	<u>1,393,990</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				308,655
Secondary School				176,190
Alternative School				8,471
Special Education				373,681
Gifted & Talented				0
Interscholastic				0
School Activity				0
Summer School				28,372
Support Service Programs				
Attendance - Guidance - Health	199,453			231,844
Special Education Support Services		39,767		98,084
Instructional Improvement				137,268
Educational Media				0
District Administration				0
School Administration				33,076
Buildings - Care				0
Maintenance - Student Occupied				4,985
Maintenance - Grounds				0
Pupil-To-School Transportation				0
Non-Instructional Programs				
Child Nutrition				0
Community Services				111,795
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Debt Service - Principal				0
Debt Service - Interest				0
<b>Total Expenditures</b>	<u>199,453</u>	<u>39,767</u>	<u>0</u>	<u>1,512,421</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,205	503	0	(118,431)
<b>Other Financing Sources (Uses)</b>				
Transfers In				93,395
Transfers Out	(2,205)	(503)		(23,463)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,205)</u>	<u>(503)</u>	<u>0</u>	<u>69,932</u>
<b>Net Change in Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(48,499)</u>
<b>Fund Balances - Beginning</b>	<u>0</u>	<u>0</u>	<u>9,998</u>	<u>236,466</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$9,998</u>	<u>\$187,967</u>

**WEISER SCHOOL DISTRICT NO. 431**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2013**

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>US Dept of Agriculture</b>			
<i>Passed Through Washington County:</i>			
Schools and Roads Cluster:			
Schools and Roads - Grants to Counties	10.666	None	\$61,879
Total Schools and Roads Cluster			<u>61,879</u>
<i>Passed Through Idaho Dept of Education:</i>			
Fresh Fruit & Vegetable Program	10.582	10.582	35,316
Child Nutrition Cluster:			
School Breakfast Program	10.553	10.553	157,889
National School Lunch Program	10.555	10.555	490,916
Summer Food Program	10.559	10.559	18,124
Total Child Nutrition Cluster			<u>666,929</u>
<b>Total US Dept of Agriculture</b>			<u><u>764,124</u></u>
<b>US Dept of Education</b>			
<i>Passed Through Idaho Dept of Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	84.010	317,908
Total Title I, Part A Cluster			<u>317,908</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	84.027	297,752
Special Education - Preschool Grants	84.173	84.173	12,981
Total Special Education Cluster			<u>310,733</u>
School Improvement Grants Cluster:			
School Improvement Grants	84.377	84.377	3,376
Total School Improvement Grants Cluster			<u>3,376</u>
Migrant Education - State Grant Program	84.011	84.011	72,227
Career & Technical Education - Basic Grants to States	84.048	84.048	19,963
Twenty-First Century Community Learning Centers	84.287	84.287	201,658
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334	84.334	40,270
Rural Education	84.358	84.358	25,265
English Language Acquisition State Grants	84.365	84.365	26,932
Improving Teacher Quality State Grants	84.367	84.367	74,755
Education Jobs Fund	84.410	84.410	145,332
<b>Total US Dept of Education</b>			<u><u>1,238,419</u></u>
<b>US Dept of Health &amp; Human Services</b>			
<i>Passed Through Idaho Dept of Health &amp; Welfare:</i>			
Social Services Block Grant	93.667	None	3,633
Children's Health Insurance Program	93.767	RC066300	16,000
<b>Total US Dept of Health &amp; Human Services</b>			<u><u>19,633</u></u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$2,022,176</u></u>

**NOTES:**

**A. Basis of Presentation** - The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the School under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

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

**C. Nonmonetary Assistance** - Included in the National School Lunch Program award is USDA food commodities stated at a fair market value of \$63,736.

**OTHER REPORTS AND SCHEDULES**

Audits  
Taxes  
Special Services



P.O. Box 100  
Payette, Idaho 83661  
www.qcpas.com  
info@qcpas.com  
P: 208-642-1417  
F: 208-642-1582

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

Board of Trustees  
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 Weiser School District No. 431 (the School) as of and for the year ended June 30, 2013, 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 24, 2013.

**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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain

deficiency in internal control, described in the accompanying schedule of findings and questioned costs as B-1 that we consider to be a significant deficiency.

### **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*.

### **School's Response to Finding**

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Quest CPAs, P.C.***

Payette, Idaho  
July 24, 2013

Audits  
Taxes  
Special Services



P.O. Box 100  
Payette, Idaho 83661  
www.qcpas.com  
info@qcpas.com  
P: 208-642-1417  
F: 208-642-1582

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

Board of Trustees  
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 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, 2013. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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



## **Opinion on Each Major Federal Program**

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

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

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

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

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

***Quest CPAs, P.C.***

Payette, Idaho  
July 24, 2013

**WEISER SCHOOL DISTRICT NO. 431**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013

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**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 disclosed during the audit of the financial statements is reported in the Independent Auditor's 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 *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the School, which would be required to be reported in accordance *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by 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. Title 1, Part A Cluster – CFDA #84.010
  - b. Special Education Cluster – CFDA #84.027, 84.173
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. The School did qualify as a low-risk auditee.

**WEISER SCHOOL DISTRICT NO. 431**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**Significant Deficiency**

1. *Segregation of Duties*

**Condition** – Although the School has various checks and balances in its internal control, 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 and review the costs/benefits of implementing additional segregation of duties' controls. Management has taken steps to improve in this area insofar as is possible with an entity this size.

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

None.