

SHOSHONE JOINT SCHOOL DISTRICT NO. 312  
SHOSHONE, IDAHO  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2014

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2014**

**TABLE OF CONTENTS**

Independent Auditor's Report	1 - 3
Statement of Net Position	5
Statement of Activities	6 - 7
Balance Sheet	8 - 9
Statement of Revenues, Expenditures and Changes in Fund Balance	10 - 11
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	12
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Statement of Net Assets - Fiduciary Funds	14
Notes to Basic Financial Statements	15 - 31
Required Supplementary Information	32
Budgetary Comparison Schedule - General Fund	33 - 37
Food Service	38
Notes to Required Supplementary Information	39 - 40
Supplemental Information	41
Combining Balance Sheet - Nonmajor Special Revenue Funds	42 - 45
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	46 - 49
Schedule of Change in Net Assets - Agency Funds	50
Schedule of Expenditures of Federal Awards	51 - 52
Report on Compliance and Internal Control	53 - 54
Report on Compliance with Major Programs	55 - 56
Schedule of Findings and Questioned Costs	57 - 58
Summary Schedule of Prior Audit Findings	59
Corrective Action Plan	60

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## INDEPENDENT AUDITOR'S REPORT

Chairman and Board of Trustees  
Shoshone Joint School District No. 312  
Shoshone, ID 83352

September 5, 2014

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shoshone Joint School District No. 312 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District'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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Basis for Qualified Opinion**

Management has not adopted a methodology for reporting other postemployment benefits under the guidelines of GASB 45 in the government-wide statements and, accordingly, has not considered the need to record a liability for such benefits. Accounting principles generally accepted in the United States of America require that an adequate liability be provided for postemployment benefits, which would increase the liabilities and decrease fund balance and change the revenues in the government-wide statements. The amount by which this departure would affect the assets, net position, and expenses of the government-wide statements is not reasonably determinable.

**Qualified Opinion**

In my opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government-wide activities of Shoshone Joint School District No. 312, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Shoshone Joint School District No. 312, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 14 to the financial statements, in 2013, the District early implemented GASB Statement No. 65 Items Previously Reported as Assets and Liabilities (GASB 65) for the fiscal year ending June 30, 2013. Because of the early implementation, there are no required adjustments as would be expected had the early implementation not occurred. My opinion is not modified with respect to these matters.

**Other Matters**

*Required Supplementary Information*

Management has omitted the management's discussion and analysis 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, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 32 through 40 be presented to supplement the basic financial statements. Such 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, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shoshone Joint School District No. 312's basic financial statements. The 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.



The combining and individual nonmajor fund financial statements and the 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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, I have also issued my report dated September 5, 2014, on our consideration of the Shoshone Joint School District No. 312's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 Shoshone Joint School District No. 312's internal control over financial reporting and compliance

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant

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**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
<b><u>CURRENT ASSETS</u></b>	
Cash and Cash Equivalents	\$ 29,288
Investments	338,878
Net Receivables	450,447
Inventory	<u>7,695</u>
<b><u>TOTAL CURRENT ASSETS</u></b>	<b>\$ 826,308</b>
<b><u>NONCURRENT ASSETS</u></b>	
Long-Term Receivables	\$ 43,378
Capital Assets (net)	<u>3,615,740</u>
<b><u>TOTAL NONCURRENT ASSETS</u></b>	<b><u>3,659,118</u></b>
<b><u>TOTAL ASSETS</u></b>	<b><u>4,485,426</u></b>
<b><u>LIABILITIES</u></b>	
<b><u>CURRENT LIABILITIES</u></b>	
Accounts Payable	\$ 4,908
Salaries and Benefits Payable	361,331
Interest Payable	5,386
Current Portion of Long-Term Debt	<u>287,782</u>
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b>659,407</b>
<b><u>NONCURRENT LIABILITIES</u></b>	
Capital Lease Payable (net of current portion)	\$ 103,892
Bond Payable (net of current portion)	<u>270,000</u>
<b><u>TOTAL NONCURRENT LIABILITIES</u></b>	<b><u>373,892</u></b>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>1,033,299</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred Amount on Net Bond Premium	<u>\$ 34,511</u>
<b><u>TOTAL DEFERRED INFLOWS OF RESOURCES</u></b>	<b><u>34,511</u></b>
<b><u>NET POSITION</u></b>	
Invested in Capital Assets, net of related debt	\$ 2,914,169
Reserved for Inventories	
Restricted for:	
Federal and State Programs	96,971
Debt Service	117,125
Unrestricted	<u>289,351</u>
<b><u>TOTAL NET POSITION</u></b>	<b><u>\$ 3,417,616</u></b>

See accompanying notes to the basic financial statements

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Primary Government Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 2,560,407	\$ 4,750	\$ 782,757	
Support	226,562		63,170	
General Administrative	597,148			
Custodial/Maintenance	329,565			
Student Transportation	220,254		120,089	
Non-Instructional - Food Service	332,872	26,039	261,128	
Debt Service - Interest on Debt	33,278			
<u>Total Governmental Activities</u>	<u>4,300,086</u>	<u>30,789</u>	<u>1,227,144</u>	<u>\$ 0</u>
Business-Type Activities				
None				
<u>Total Business-Type Activities</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Primary Government</u>	<u>\$ 4,300,086</u>	<u>\$ 30,789</u>	<u>\$ 1,227,144</u>	<u>\$ 0</u>

General Revenue

Property Taxes  
State Formula Support  
Other State Support  
Local Revenue  
Investment Earnings

Total General Revenue

Changes in Net Position

Net Position - Beginning

Net Position - Ending

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,772,900)		\$ (1,772,900)
(163,392)		(163,392)
(597,148)		(597,148)
(329,565)		(329,565)
(100,165)		(100,165)
(45,705)		(45,705)
(33,278)		(33,278)
0		0
(3,042,153)		(3,042,153)
0	\$ 0	0
(3,042,153)	0	(3,042,153)
583,260		583,260
2,347,202		2,347,202
137,413		137,413
35,175		35,175
12,574		12,574
3,115,624	0	3,115,624
73,471	0	73,471
3,344,145	0	3,344,145
<u>\$ 3,417,616</u>	<u>\$ 0</u>	<u>\$ 3,417,616</u>

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	General Fund	Food Service Fund	Debt Service Fund
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents			\$ 9,867
Investments	\$ 338,878		
Property Taxes Receivable	118,752		106,892
Due From Other Governments	162,275	\$ 54,336	
Interfund Receivables	156,243		
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 776,148</u></b>	<b><u>\$ 54,336</u></b>	<b><u>\$ 116,759</u></b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 2,119	\$ 13	
Contracts and Benefits Payable	329,629	7,599	
Interfund Payables		90,581	
<b><u>TOTAL LIABILITIES</u></b>	<b><u>331,748</u></b>	<b><u>98,193</u></b>	<b><u>\$ 0</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows from Property Taxes	22,829		20,549
<b><u>TOTAL DEFERRED INFLOWS OF RESOURCES</u></b>	<b><u>22,829</u></b>	<b><u>0</u></b>	<b><u>20,549</u></b>
<b><u>FUND BALANCES</u></b>			
Restricted - Special Revenue Funds		(43,857)	
Restricted - Debt Service Fund			96,210
Restricted - Capital Projects Fund			
Restricted - State Grants			
Committed - State Grants	6,135		
Unassigned	415,436		
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>421,571</u></b>	<b><u>(43,857)</u></b>	<b><u>96,210</u></b>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>	<b><u>\$ 776,148</u></b>	<b><u>\$ 54,336</u></b>	<b><u>\$ 116,759</u></b>

See accompanying notes to the basic financial statements

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	\$ 19,421	\$ 29,288
		338,878
		225,644
	51,570	268,181
	29,640	185,883
<u>\$ 0</u>	<u>\$ 100,631</u>	<u>\$ 1,047,874</u>
	\$ 2,776	\$ 4,908
	24,103	361,331
\$ 31,794	63,508	185,883
<u>31,794</u>	<u>90,387</u>	<u>552,122</u>
		43,378
<u>0</u>	<u>0</u>	<u>43,378</u>
	10,244	(33,613)
(31,794)		96,210
		(31,794)
		0
		6,135
		415,436
<u>(31,794)</u>	<u>10,244</u>	<u>452,374</u>
<u>\$ 0</u>	<u>\$ 100,631</u>	<u>\$ 1,047,874</u>

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Food Service Fund	Debt Service Fund
<b><u>REVENUES</u></b>			
Property Taxes	\$ 304,056		\$ 271,516
Property Tax Penalty and Interest	8,299		
State Foundation Support	2,789,781		
Other State Support/Grants	133,644		3,769
Federal Revenue/Grants		\$ 261,128	
Other Local Revenue	5,670	30,486	
<b><u>TOTAL REVENUES</u></b>	<b><u>3,241,450</u></b>	<b><u>291,614</u></b>	<b><u>275,285</u></b>
<b><u>EXPENDITURES</u></b>			
Instructional	1,988,515		
Support	109,704		
General Administrative	587,028		1,000
Custodial/Maintenance	328,565		
Student Transportation	152,907		
Non-Instructional - Food Service	4,466	324,964	
Capital Expenditures	85,173		
Debt Service - Principal	23,899		245,000
Debt Service - Interest	3,186		31,070
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>3,283,443</u></b>	<b><u>324,964</u></b>	<b><u>277,070</u></b>
<b><u>EXCESS REVENUES OVER</u></b> <b><u>(UNDER) EXPENDITURES</u></b>	<b><u>(41,993)</u></b>	<b><u>(33,350)</u></b>	<b><u>(1,785)</u></b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Investment Earnings	1,071		
Proceeds From Capital Leases	73,051		
Operating Transfers In (Out)	(18,087)		
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b><u>56,035</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b><u>EXCESS REVENUES AND</u></b> <b><u>OTHER FINANCING SOURCES OVER</u></b> <b><u>(UNDER) EXPENDITURES</u></b>	<b><u>14,042</u></b>	<b><u>(33,350)</u></b>	<b><u>(1,785)</u></b>
<b><u>FUND BALANCE - BEGINNING</u></b>	<b><u>407,529</u></b>	<b><u>(10,507)</u></b>	<b><u>97,995</u></b>
<b><u>FUND BALANCE - ENDING</u></b>	<b><u>\$ 421,571</u></b>	<b><u>\$ (43,857)</u></b>	<b><u>\$ 96,210</u></b>

See accompanying notes to the basic financial statements



<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 575,572
		8,299
		2,789,781
	\$ 124,434	261,847
	399,003	660,131
	29,808	65,964
<u>                    </u>	<u>                    </u>	<u>                    </u>
\$ 0	553,245	4,361,594
	459,414	2,447,929
	107,045	216,749
		588,028
		328,565
		152,907
		329,430
		85,173
		268,899
		34,256
<u>                    </u>	<u>                    </u>	<u>                    </u>
0	566,459	4,451,936
0	(13,214)	(90,342)
		1,071
		73,051
	18,087	0
<u>                    </u>	<u>                    </u>	<u>                    </u>
0	18,087	74,122
0	4,873	(16,220)
(31,794)	5,371	468,594
<u>                    </u>	<u>                    </u>	<u>                    </u>
\$ (31,794)	\$ 10,244	\$ 452,374

SHOSHONE JOINT SCHOOL DISTRICT NO. 312  
SHOSHONE, IDAHO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

Total Governmental Fund Balances \$ 452,374

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 fund balances, \$7,431,668 net of accumulated depreciation of \$3,875,928. \$ 3,615,740

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 43,378

Supplies purchased are reported as expenditures for fund reporting but are expensed as used for government-wide statements. 7,695

Interest is recorded when paid for funds but is reported when payable in the current period for government wide statements. (5,386)

Bond premiums are financial resources to fund statements but are reported as earned for government-wide reporting. Bond premiums \$149,541 net of amortization of \$115,030. (34,511)

Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Capital Lease (136,674)  
Outstanding Bonds (525,000)

Net Changes 2,965,242

Net Position of Governmental Activities \$ 3,417,616

See accompanying notes to the basic financial statements

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balances - Governmental Fund Balances \$ (16,220)

Amounts Reported for Governmental Activities in the Statement of  
Activities are Different Because:

Governmental 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 amount by which capital outlay exceeded depreciation in the current period.

- Depreciation	\$ (218,048)
- Capital Expenditures	100,021

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(611)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Assets.

268,899

Proceeds from capital leases are listed as other financing sources in the funds but are reported as an increase of debt in the government-wide statements.

(73,051)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

978

Proceeds from bond premiums are listed as other financing sources in the funds but are reported as earned in the Statement of Activities

11,503

Net Changes

89,691

Change in Net Position of Governmental Activities

\$ 73,471

See accompanying notes to the basic financial statements

SHOSHONE JOINT SCHOOL DISTRICT NO. 312  
SHOSHONE, IDAHO  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 21,028
Investments	<u>40,379</u>
<u>Total Assets</u>	<u>\$ 61,407</u>
 <u>Liabilities</u>	
Due to Student Groups	<u>\$ 61,407</u>
<u>Total Liabilities</u>	<u>\$ 61,407</u>

See accompanying notes to the basic financial statements

**NOTES TO BASIC**  
**FINANCIAL STATEMENTS**

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of Shoshone Joint School District No. 312 are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the year ended June 30, 2014.

The District is governed by an elected Board of Trustees which possesses final decision making authority and is held primarily accountable for those decisions. The Board is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds and/or issuing bonds to finance school system operations and construction. All operations controlled by the Board are included within these financial statements.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). 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 District are discussed below.

**B - REPORTING ENTITY**

These financial statements present the District (the primary government) and any component units of the District. As defined by GASB No. 14, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relationships with the District. Based on this definition, the District has no component units.

The District was established approximately 1900 under the laws and regulations of the State of Idaho. Idaho Code 33-301 *School Districts Bodies Corporate* states that each school district, now or hereafter established, when validly organized and existing, is declared to be a body corporate and politic, and in its corporate capacity may sue and be sued and may acquire, hold and convey real and personal property necessary to its establishment, extension and existence. It shall have authority to issue negotiable coupon bonds and incur such other debt, in the amounts and manner, as provided by law. Title 33 of Idaho statutes dictates the laws that the District must operate under. The District is governed by a Board of Trustees.

**C - BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's federal grants, state grants, debt service, capital projects, plant facilities, and general administrative services are classified as governmental activities. The District has no services classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type 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.

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues (local revenue, education foundation support, grants, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (instruction, support, administrative, etc.) or a business-type activity. 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 or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs. All interfund activity has been eliminated.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**D - BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

The financial transactions of the District 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 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 in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. *GASBS No. 34* sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District can electively add funds, as major funds, which had a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**GOVERNMENTAL FUNDS**

General Fund - The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Special Revenue Funds - Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects

Capital Project Funds - The Capital Project Fund is used to account for resources restricted, committed or assigned for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

Debt Service Fund - The Debt Service Fund accounts for all financial resources restricted, committed or assigned for the payment of interest and principle on the general long-term debt of the District. Ad valorem taxes are used for the payment of principal and interest on the District's judgment.

**PROPRIETARY FUNDS**

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The District has no enterprise funds.

**FIDUCIARY FUNDS (Not included in government-wide statements)**

Agency Funds - Agency funds account for assets held by the District in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency fund maintained by the District is the student body account.

**E - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item 2. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.



**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**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.

1. Accrual - Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.
1. Modified Accrual - 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; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

**F - ASSETS, LIABILITIES, AND EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the District.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods/services type transactions are classified as "due to/from other funds." Short-term interfund loans are reported as "interfund receivable/payable ." Long-term interfund loans (noncurrent portion) are reported as "advances to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 7 for details of interfund transactions, including receivables and payables at year-end. All interfund activity has been eliminated in the government-wide statement of activity.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, grants, and State foundation funding. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

In the government-wide statements, materials, supplies and food commodities are carried in an inventory account at the lower of cost or market and are subsequently charged to expenditures when consumed. Inventories also include plant maintenance, operating, and instructional supplies. In the fund financial statements, inventory items are recorded as expenditures when purchased.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to bond proceeds to be used for a capital construction project of the District and to state and federal grants. For expenditures that apply to both restricted and unrestricted resources, the District uses restricted funds first.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts and can represent a reservation of fund balances in the governmental fund financial statements. The District does not use encumbrance accounting. Therefore, there is no reservation of fund balance.

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred Outflows of Resources

Deferred outflows of resources are decreases in net assets that relate to future periods and are reported in a separate section of its government-wide and governmental funds financial statements. No deferred outflows of resources affect the government-wide or governmental funds financial statements in the current year.

Deferred Inflows of Resources

Deferred inflows of resources reflects an increase in net assets that applies to a future period(s) and is because the District will not recognize the related revenues until a future event occurs. The District's governmental funds report a separate section for deferred inflows of resources and has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet. The only deferred outflow of resources reported in its government-wide financial statements is a deferred amount arising from the bond premium arising from when the bond was issued. This deferred premium amount is being amortized over the remaining life of the bond as part of investment income.

Capital Assets

The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. For fund financial statements, the District has maintained a \$500 limit before an item is recorded as a capital expenditure. The limits for the government-wide statements vary and are shown below.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets are not required to be valued and reported on the District's financial statements and the District has not elected to report them. Therefore, the value of any infrastructure assets purchased prior to July 1, 2003, are not included in these statements.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation based on its capitalization amount. The range of estimated useful lives and capitalization limits by type of asset are as follows:

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

<u>Description</u>	<u>Life</u>	<u>Capitalization Amount</u>
Aggregate Cost of Library Books	3	\$5,000
Automobiles	5	\$5,000
Office and Light-weight Equipment	5	\$5,000
Heavy Equipment	7	\$10,000
Buildings and Improvements	40	\$15,000
Infrastructure	50	\$50,000

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Liability for Compensated Absences**

Employees are allowed to accrue 5 days personal leave each year. At the end of the year, the employees are paid for all unused personal days. The days are paid at the rate paid to substitutes and is included in their June pay check. Therefore, no liability for compensated absences has been incurred or recorded at year end.

Vacation and sick days are not allowed to be carried over at the District level. Therefore, there is no liability associated with vacation or sick leave days.

**Long-Term Debt**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method. Bond premiums are reported in the deferred inflows of resources section in the statement of net position. Bonds payable are reported net of the applicable bond premium of discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Budget**

The Board of Trustees adopts a budget on a basis consistent with the GAAP with minor changes for most funds. The District is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The following procedures are followed in establishing the budget for the District:

1. At least 28 days prior to its annual meeting, the board of trustees shall have prepared a budget in a form prescribed by the state superintendent of public education, and shall have notified the public of the budget hearing.
2. At the public hearing or a special meeting held no later than 14 days after the public hearing, the board of trustees shall adopt a budget for the ensuing year.
3. The board of trustees shall publish a summary statement of the budget and a complete copy of the budget shall be submitted to the Idaho State Board of Education.
4. The District may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.

**Equity Classifications (Net Position and Fund Balance)**

**Government-wide Financial Statements**

When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position on the Statement of Net Position include the following:

Investment in Capital Assets, Net of Related Debt - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position—All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Committed Fund Balance - Includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision making authority, the Board of Trustees.

Assigned Fund Balance - Includes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned Fund Balance - Includes the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**2 - CASH AND INVESTMENTS**

The District's funds are required to be deposited and invested under the terms of Idaho Code Sections 33-701 and 67-1210. Under Idaho Code, the District, at its own discretion, may invest funds in time deposits and certificates of deposits provided by the depository bank at interest rates approximating United States treasury bill rates.

The classifications of risk associated with cash and investments are concentration of credit risk, interest rate risk, credit risk, and custodial credit risk. These are defined as:

Concentration of Credit Risk - The risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest Rate Risk - The exposure to an unfavorable change in interest rates.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.



**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**2 - CASH AND INVESTMENTS (Continued)**

The District does not have formal investment policies to limit the concentration of credit risk or the interest rate risk.

At June 30, 2014, the District had a carrying value of cash deposits of \$50,191 and a bank balance of \$130,037. Based on the above definitions, the District is subject to \$0 of concentration of credit risk.

Idaho Code authorizes the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The carrying value of investments owned at year end was \$338,878 (Idaho State Local Government Investment Pool) which approximates market value. The Idaho State Local Government Investment has no credit rating.

Investments by the City in the State Treasury Pool are specifically excluded from reporting for custodial credit risk and concentration of credit risk by GASB 40.

**NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES**

The District's property tax is levied each October on the value listed as of the prior January 1 for all property located in the District. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2013, upon which the 2013 levy was based was \$462,102,118.

The tax rates assessed, per \$100 of valuation, for the year ended June 30, 2014, and maximum levy rates limited by Idaho Code Section 33-802 are as follows:

Type	Rate	Maximum Rate
General	0.0000	Not Allowed
Tort	0.0030	No Limit
Supplemental	0.1851	Voter Approved
Bond	0.1693	No Limit

At June 30, 2014, the components of taxes receivable are as follows:

Property Tax year	General Fund	Debt Service Fund	Total
2013	\$ 106,786	\$ 96,338	\$ 203,124
2012	6,617	5,999	12,616
2011	4,101	3,804	7,905
2010	1,248	751	1,999
<u>Total</u>	<u>\$ 118,752</u>	<u>\$ 106,892</u>	<u>\$ 225,644</u>

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES (Continued)**

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the June 30, 2014, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by August 31, 2014, are deferred inflows of resources (deferred revenue). The components of deferred inflows of resources are as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 22,829
Debt Service Fund	20,549
 <u>Total</u>	 <u>\$ 43,378</u>

For government-wide statements, an allowance for uncollectable taxes is calculated. However, historical information shows that the uncollectable amount is immaterial to these statements and no allowance will be recorded until it becomes a material amount. Also, the above deferred amounts are not included in the government-wide statements.

Due to State legislation passed in 2006, schools are no longer allowed to levy for general M & O property tax revenue.

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives support from the State of Idaho through the School Foundation Program. All federal grants received by the District are passed through the State Department of Education. Amounts due from federal and state governments at June 30, 2014, are as follows:

<u>Source - Description</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
State - Foundation	\$ 162,275		\$ 162,275
State - Other State Support		\$ 5,778	5,778
Federal Grants		100,128	100,128
 <u>Total</u>	 <u>\$ 162,275</u>	 <u>\$ 105,906</u>	 <u>\$ 268,181</u>



**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The District controls risk of loss by having adequate insurance coverage. The District believes that the type and coverage amount is proper and adequate to provide protection from any losses as listed below:

Workers Compensation Insurance	Limited by State Law
General Liability	\$ 2,000,000
Building	11,591,500
Auto	1,000,000
Criminal Acts	300,000
Educators Legal Liability	2,000,000
Umbrella	2,000,000

**NOTE 6 - INTERFUND TRANSACTIONS**

Interfund transfers and due to/from for the District for the year ended June 30, 2014, are summarized below:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
Transfers:			
To aid overspent funds	Special Rev.	General Fund	\$ 18,087
Due to/from:			
To cover current expenditures	Capital Projects	General Fund	\$ 31,794
To cover current expenditures	Special Rev.	General Fund	33,868
To cover current expenditures	Food Service	General Fund	90,581

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 7 - CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended June 30, 2014, was as follows:

	Primary Government - Governmental Activities			
	Beginning Balance	Additions	Retirements	Ending Balance
Not being depreciated:				
Nothing	\$ 0			\$ 0
Subtotal	0	\$ 0	\$ 0	0
Other capital assets:				
Buildings and Improvements	\$ 5,814,667			5,814,667
Library	619,684	14,970		634,654
Heavy Equipment and Busses	775,300	85,051		860,351
Equipment	181,996			181,996
Subtotal	7,391,647	100,021	0	7,491,668
Less accumulated depreciation for:				
Buildings and Improvements	(2,283,917)	(139,404)		(2,423,321)
Library	(607,225)	(9,813)		(617,038)
Heavy Equipment and Busses	(594,250)	(65,996)		(660,246)
Equipment	(172,488)	(2,835)		(175,323)
Subtotal	(3,657,880)	(218,048)	0	(3,875,928)
Net Capital Assets	<u>\$ 3,733,767</u>	<u>\$ (118,027)</u>	<u>\$ 0</u>	<u>\$ 3,615,740</u>
Depreciation expense was charged to governmental functions as follows:				
Instruction		\$ 127,326		
Support		9,813		
General Administration		9,120		
Custodial/Maintenance		1,000		
Student Transportation		67,347		
Non-instructional		3,442		
Total		<u>\$ 218,048</u>		

**NOTE 8 - CONTINGENCIES**

The District is not aware of any pending or threatened litigation which would adversely affect the District. The District has received several federal/state grants for specific purposes that were subject to review and audit of compliance conditions of the programs. Some of these programs require unobligated amounts at September 30, 2014, to be returned. Since this amount is not capable of being measured at year end, no accrual has been recorded. The reports on internal accounting controls and compliance elements are contained on pages 53 to 54. This audit found no elements of non-compliance with the terms and conditions of the individual programs audited.

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 9 - 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 stand alone 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 District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2014, the required contribution rate as a percentage of covered payrolls for members was 6.79% for general members and 8.36% for police/firefighters. The employer rate as a percentage of covered payroll was 11.32% for general members and 11.66% for police/firefighter members. The District's employer contributions required and paid were \$251,944, \$243,846, and \$274,123 for the three years ended June 30, 2014, 2013, and 2012, respectively.

**NOTE 10 - DEBT**

The following is a summary of the District's long-term debt obligations and transactions for the year ended June 30, 2014:

		Amount Outstanding Beginning	Issued	Retired	Amount Outstanding Ending
School Bus Lease	3.640%	\$ 87,522		\$ 20,721	\$ 66,801
School Bus Lease	3.017%		\$ 73,051	3,178	69,873
2004 Bond Issue	2.500%	770,000		245,000	525,000
<u>Total</u>		<u>\$ 1,005,000</u>	<u>\$ 0</u>	<u>\$ 268,899</u>	<u>\$ 661,674</u>

The annual requirements to amortize the bond issue as of June 30, 2014, is as follows:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 255,000	\$ 21,270	\$ 276,270
2016	270,000	11,070	281,070
<u>Total</u>	<u>\$ 525,000</u>	<u>\$ 32,340</u>	<u>\$ 557,340</u>

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 10 - DEBT (Continued)**

The annual requirements to amortize the capital lease obligations as of June 30, 2014, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 32,782	\$ 4,400	\$ 37,182
2016	33,906	3,276	37,182
2017	35,070	2,112	37,182
2018	12,366	909	13,275
2019	12,741	534	13,275
2020	9,809	147	9,956
	<u>\$ 136,674</u>	<u>\$ 11,378</u>	<u>\$ 148,052</u>

Bond premium is being amortized over the life of the bond. Original amount of premium was \$149,541 with \$115,030 amortized to date. Current amount of amortization was \$11,503.

**NOTE 11 - DEFICIT FUND BALANCES**

The following are the nonmajor funds that had deficit fund balances at year end:

Title I-C Migrant	\$ (2,526)
Title VI-B School Age	(23,009)
Federal Drug Free	(431)
Title I-A Local Program	(13,912)
Plant Facilities	(31,794)
Food Service Fund	(43,857)

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS**

The Shoshone Joint School District #312 has not implemented *Governmental Accounting Standards Board (GASB) Statement 45*. *Statement 45* is an accounting and financial reporting provision requiring government employers to measure and report the liabilities associated with other postemployment benefits (OPEB) other than pensions. Reported OPEBs may include postretirement medical, dental, pharmacy, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. Typically an actuary (or actuaries) with both pension and health experience must perform the calculations following generally accepted actuarial methods. GASB 45 was instigated by the Governmental Accounting Standards Board (GASB) in July, 2004, because of the growing concern over the potential magnitude of government employer obligations for postemployment benefits.

**Plan Description**

The District participates in a postretirement health insurance program administered by Public Employee Retirement System of Idaho (PERSI). PERSI administers the Sick Leave Insurance Reserve Fund which collects salary-based contributions for state and school employees while employed and pays insurance premiums at retirement based on a portion of the accumulated balance of their unused sick leave.

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

*Funding Policy*

Payment to the Fund is done monthly and is based on a percentage of salary. The percentage is determined by PERSI and reported and paid by the District on a monthly basis.

*Annual OPEB Cost and Net OPEB Obligation*

Any OPEB costs is due to the increase in annual premiums of current employees due to the retired employees being placed in the same pool for the determination of current year premiums. Due to the high cost of obtaining actuarial prepared information and the small benefit it would provide, the District has determined that the implementation of GASB 45 is not cost effective for the District. Therefore, the District has not reported the OPEB cost or the net OPEB obligation in the general fund. The amount by which this departure would affect the assets, fund balances, and revenues of the general fund is not reasonably determinable.

**NOTE 13 - FUNDS COMBINED WITH GENERAL FUND**

During the 2010-2011 fiscal year, the definition of Special Revenue Fund changed. This change resulted in one fund previously listed as a special revenue fund to no longer qualify as a special revenue fund. This fund is the State Gifted and Talented Fund. For this reason, \$6,135 was added to the General Fund's cash and fund balance amounts.

**NOTE 14 – RESTATEMENT OF PRIOR YEAR NET POSITION**

The District early implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65) in the fiscal year ending June 30, 2013. As a result of early implementing GASB 65, any restatement of beginning balances was made and reported for the fiscal year ended June 30, 2013. Therefore, no restatements were required for the fiscal year ending June 30, 2014

**REQUIRED SUPPLEMENTAL**  
**INFORMATION SECTION**

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 116,524	\$ 116,524	\$ 407,529	\$ 291,005
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Property Taxes	310,000	310,000	304,056	(5,944)
Property Tax Penalty and Interest	11,000	11,000	8,299	(2,701)
Earnings on Investments	1,600	1,600	1,071	(529)
Other Local Revenue	6,000	6,000	5,670	(330)
<u>Total Local Revenue</u>	<u>328,600</u>	<u>328,600</u>	<u>319,096</u>	<u>(9,504)</u>
<u>State Revenue</u>				
Base Support Program	2,370,437	2,370,437	2,347,202	(23,235)
Transportation Support	127,000	127,000	120,089	(6,911)
Benefit Apportionment	326,974	326,974	322,490	(4,484)
Other State Support	82,958	82,958	73,960	(8,998)
Lottery / State Maintenance Revenue	10,528	10,528	23,238	12,710
Revenue in Lieu of Taxes	30,114	30,114	36,446	6,332
<u>Total State Revenue</u>	<u>2,948,011</u>	<u>2,948,011</u>	<u>2,923,425</u>	<u>(24,586)</u>
<u>Federal Revenue</u>				
Indirect Federal Support				0
<u>Total Federal Support</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Other Financing Sources</u>				
Proceeds from Capital Leases			73,051	73,051
Transfers In	23,456	23,456	23,456	0
<u>Total Other Financing Sources</u>	<u>23,456</u>	<u>23,456</u>	<u>96,507</u>	<u>73,051</u>
<u>Amounts Available for Appropriations</u>	<u>3,416,591</u>	<u>3,416,591</u>	<u>3,746,557</u>	<u>329,966</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Instructional</u>				
<u>Elementary School Program</u>				
Salaries	528,872	528,872	511,560	17,312
Benefits	176,691	176,691	179,280	(2,589)
Purchased Services	200	200		200
Supplies	19,250	19,250	19,118	132
<u>Total Elementary School Program</u>	<u>725,013</u>	<u>725,013</u>	<u>709,958</u>	<u>15,055</u>

Continued

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Secondary School Program</u>				
Salaries	\$ 724,078	\$ 724,078	\$ 726,858	\$ (2,780)
Benefits	272,537	272,537	272,893	(356)
Purchased Services	7,200	7,200	5,245	1,955
Supplies	9,200	9,200	9,176	24
Capital Expenditure	500	500		500
<u>Total Secondary School Program</u>	<u>1,013,515</u>	<u>1,013,515</u>	<u>1,014,172</u>	<u>(657)</u>
<u>Alternative School Program</u>				
Salaries	45,829	45,829	44,699	1,130
Benefits	24,690	24,690	16,733	7,957
Purchased Services	2,000	2,000	5,633	(3,633)
Supplies			3,931	(3,931)
<u>Total Alternative School Program</u>	<u>72,519</u>	<u>72,519</u>	<u>70,996</u>	<u>1,523</u>
<u>Exceptional Child Program</u>				
Salaries	126,690	126,690	92,047	34,643
Benefits	48,158	48,158	26,945	21,213
Purchased Services	4,700	4,700	3,672	1,028
Supplies	500	500	274	226
<u>Total Exceptional Child Program</u>	<u>180,048</u>	<u>180,048</u>	<u>122,938</u>	<u>57,110</u>
<u>Interscholastic</u>				
Salaries	52,274	52,274	51,990	284
Benefits	9,846	9,846	9,618	228
Purchased Services	2,450	2,450	4,774	(2,324)
Supplies	5,200	5,200	4,069	1,131
<u>Total Interscholastic</u>	<u>69,770</u>	<u>69,770</u>	<u>70,451</u>	<u>(681)</u>
<u>Total Instructional</u>	<u>2,060,865</u>	<u>2,060,865</u>	<u>1,988,515</u>	<u>72,350</u>

Continued



**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Support</u>				
<u>Guidance</u>				
Salaries	\$ 35,000	\$ 35,000	\$ 34,460	\$ 540
Benefits	14,941	14,941	14,242	699
Purchased Services	200	200		200
Supplies				0
<u>Total Guidance</u>	<u>50,141</u>	<u>50,141</u>	<u>48,702</u>	<u>1,439</u>
<u>Educational Media Program</u>				
Salaries	44,886	44,886	48,816	(3,930)
Benefits	9,642	9,642	10,370	(728)
Purchased Services	1,000	1,000	1,550	(550)
Supplies	1,000	1,000	266	734
<u>Total Educational Media Program</u>	<u>56,528</u>	<u>56,528</u>	<u>61,002</u>	<u>(4,474)</u>
<u>Total Support</u>	<u>106,669</u>	<u>106,669</u>	<u>109,704</u>	<u>(3,035)</u>
<u>General Administrative</u>				
<u>District Administration</u>				
Salaries	90,000	90,000	96,272	(6,272)
Benefits	26,118	26,118	25,966	152
Purchased Services	20,550	20,550	17,505	3,045
Supplies	700	700	1,643	(943)
<u>Total District Administration</u>	<u>137,368</u>	<u>137,368</u>	<u>141,386</u>	<u>(4,018)</u>
<u>School Administration</u>				
Salaries	189,013	189,013	195,234	(6,221)
Benefits	68,307	68,307	64,773	3,534
Purchased Services	9,000	9,000	6,850	2,150
Supplies	5,950	5,950	4,644	1,306
Capital Expenditures	750	750	122	628
<u>Total School Administration</u>	<u>273,020</u>	<u>273,020</u>	<u>271,623</u>	<u>1,397</u>

Continued

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Business Operations</u>				
Salaries	\$ 70,754	\$ 70,754	\$ 80,181	\$ (9,427)
Benefits	28,720	28,720	28,023	697
Purchased Services	51,500	51,500	53,032	(1,532)
Supplies	10,000	10,000	12,905	(2,905)
<u>Total Business Operations</u>	<u>160,974</u>	<u>160,974</u>	<u>174,141</u>	<u>(13,167)</u>
<u>Total General Administrative</u>	<u>571,362</u>	<u>571,362</u>	<u>587,150</u>	<u>(15,788)</u>
<u>Custodial / Maintenance</u>				
<u>Custodians</u>				
Salaries	69,761	69,761	57,518	12,243
Benefits	24,959	24,959	16,200	8,759
Purchased Services	90,300	90,300	105,810	(15,510)
Supplies	18,000	18,000	21,084	(3,084)
Liability Insurance	30,000	30,000	28,723	1,277
<u>Total Custodians</u>	<u>233,020</u>	<u>233,020</u>	<u>229,335</u>	<u>3,685</u>
<u>Maintenance</u>				
Salaries	19,500	19,500	20,250	(750)
Benefits	8,527	8,527	7,540	987
Purchased Services	67,992	67,992	69,339	(1,347)
Supplies			2,101	(2,101)
<u>Total Maintenance</u>	<u>96,019</u>	<u>96,019</u>	<u>99,230</u>	<u>(3,211)</u>
<u>Total Custodial / Maintenance</u>	<u>329,039</u>	<u>329,039</u>	<u>328,565</u>	<u>474</u>

Continued

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Student Transportation</u>				
<u>School Transportation</u>				
Salaries	\$ 85,660	\$ 85,660	\$ 79,566	\$ 6,094
Benefits	24,884	24,884	21,509	3,375
Purchased Services	29,418	29,418	20,923	8,495
Supplies	50,000	50,000	25,949	24,051
Capital Outlay			85,051	(85,051)
Debt Service			27,085	(27,085)
	<u>189,962</u>	<u>189,962</u>	<u>260,083</u>	<u>(70,121)</u>
<u>Total School Transportation</u>				
	<u>189,962</u>	<u>189,962</u>	<u>260,083</u>	<u>(70,121)</u>
<u>Activity Transportation</u>				
Salaries			4,466	\$ (4,466)
Benefits			494	(494)
	<u>0</u>	<u>0</u>	<u>4,960</u>	<u>(4,960)</u>
<u>Total Activity Transportation</u>				
	<u>0</u>	<u>0</u>	<u>4,960</u>	<u>(4,960)</u>
<u>Total Transportation</u>	<u>189,962</u>	<u>189,962</u>	<u>265,043</u>	<u>(75,081)</u>
<u>Non-Instructional</u>				
Benefits			4,466	(4,466)
	<u>0</u>	<u>0</u>	<u>4,466</u>	<u>(4,466)</u>
<u>Total Non-Instructional</u>				
	<u>0</u>	<u>0</u>	<u>4,466</u>	<u>(4,466)</u>
<u>Interfund Transfers</u>	<u>23,860</u>	<u>23,860</u>	<u>41,543</u>	<u>(17,683)</u>
<u>Total Charges to Appropriations</u>	<u>3,281,757</u>	<u>3,281,757</u>	<u>3,324,986</u>	<u>(43,229)</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 134,834</u>	<u>\$ 134,834</u>	<u>\$ 421,571</u>	<u>\$ 286,737</u>

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOOD SERVICE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>Budgetary Fund Balance - Beginning</u>	\$ 0	\$ 0	\$ (10,507)	\$ (10,507)
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Children Meal Sales	30,000	30,000	25,165	(4,835)
Adult Meal Sales	1,500	1,500	874	(626)
Other Local Revenue	3,000	3,000	4,447	1,447
<u>Total Local Revenue</u>	34,500	34,500	30,486	(4,014)
<u>Federal Revenue</u>				
Federal Revenue	224,378	224,378	249,158	24,780
Commodity Revenue			11,970	11,970
<u>Total Federal Revenue</u>	224,378	224,378	261,128	36,750
<u>Other Financing Sources</u>				
Transfers In				0
<u>Amounts Available for Appropriations</u>	258,878	258,878	281,107	22,229
<u>Charges to Appropriations (Outflows)</u>				
<u>Non-Instructional</u>				
Salaries	50,380	50,380	56,504	(6,124)
Benefits	20,159	20,159	14,040	6,119
Purchased Services	26,000	26,000	22,112	3,888
Supplies	160,839	160,839	232,308	(71,469)
Capital Outlay	1,500	1,500		1,500
<u>Total Non-Instructional</u>	258,878	258,878	324,964	(66,086)
<u>Total Charges to Appropriations</u>	258,878	258,878	324,964	(66,086)
<u>Ending Budgetary Fund Balance</u>	\$ 0	\$ 0	\$ (43,857)	\$ (43,857)

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

**NOTE 1 - RECONCILIATION OF BUDGET TO GAAP**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with accounting principles generally accepted in the United States of America follows:

	<u>General Fund</u>	<u>Food Service</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,746,557	\$ 281,107
<u>Differences - Budget to GAAP</u>		
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(407,529)	10,507
Proceeds from capital leases are shown as other financing sources for financial reporting purposes	(73,051)	
Transfers from other funds are inflows of budgetary resources but are not revenue for financial reporting purposes	(23,456)	
Earnings from investments are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(1,071)</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 3,241,450</u>	<u>\$ 291,614</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,324,986	\$ 324,964
<u>Differences - Budget to GAAP</u>		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting	<u>(41,543)</u>	<u>0</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 3,283,443</u>	<u>\$ 324,964</u>

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

**NOTE 2 - REQUIRED FUND DISCLOSURE**

The following funds had excess actual expenditures over budgeted expenditures:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Fund	\$ 3,281,757	\$ 3,324,986	\$ 43,229
Food Service	258,878	324,964	66,086

**NOTE 3 - BUDGETING PROCEDURE**

The Board of Trustees adopts a budget on a basis consistent with the GAAP with minor changes for most funds. The District is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the District:

- A) At least 28 days prior to its annual meeting, the board of trustees shall have prepared a budget in a form prescribed by the state superintendent of public education, and shall have notified the public of the budget hearing.
- B) At the public hearing or a special meeting held no later than 14 days after the public hearing, the board of trustees shall adopt a budget for the ensuing year.
- C) The board of trustees shall publish a summary statement of the budget and a complete copy of the budget shall be submitted to the Idaho State Board of Education.
- D) The District may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.

**SUPPLEMENTAL INFORMATION SECTION**

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	<u>Drivers Education</u>	<u>State LEP Grant</u>	<u>Vocational Education</u>	<u>Basic Technology Grant</u>
<b><u>ASSETS</u></b>				
Cash				\$ 19,421
Interfund Receivable	\$ 8,745	\$ 7,854	\$ 7,508	5,533
Due From Other Governments			5,778	
<b><u>TOTAL ASSETS</u></b>	<u>\$ 8,745</u>	<u>\$ 7,854</u>	<u>\$ 13,286</u>	<u>\$ 24,954</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable			\$ 200	\$ 1,310
Interfund Payable				
Contracts and Benefits Payable	\$ 2,399	\$ 9,880		
<b><u>TOTAL LIABILITIES</u></b>	<u>2,399</u>	<u>9,880</u>	<u>200</u>	<u>1,310</u>
<b><u>FUND BALANCES</u></b>				
Restricted	6,346	(2,026)	13,086	23,644
<b><u>TOTAL FUND BALANCES</u></b>	<u>6,346</u>	<u>(2,026)</u>	<u>13,086</u>	<u>23,644</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<u>\$ 8,745</u>	<u>\$ 7,854</u>	<u>\$ 13,286</u>	<u>\$ 24,954</u>

Continued



**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	Title I-A Local Program	Title I-C Migrant	Title VI-B School Age	Title VI-B Preschool
<b><u>ASSETS</u></b>				
Cash				
Interfund Receivable				
Due From Other Governments	\$ 24,482	_____	\$ 528	\$ 3,622
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 24,482</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 528</u></b>	<b><u>\$ 3,622</u></b>
<b><u>LIABILITIES</u></b>				
Accounts Payable			\$ 1,212	
Interfund Payable	\$ 26,691	\$ 2,526	22,204	\$ 407
Contracts and Benefits Payable	11,703	_____	121	_____
<b><u>TOTAL LIABILITIES</u></b>	<b><u>38,394</u></b>	<b><u>2,526</u></b>	<b><u>23,537</u></b>	<b><u>407</u></b>
<b><u>FUND BALANCES</u></b>				
Restricted	(13,912)	(2,526)	(23,009)	3,215
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>(13,912)</u></b>	<b><u>(2,526)</u></b>	<b><u>(23,009)</u></b>	<b><u>3,215</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 24,482</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 528</u></b>	<b><u>\$ 3,622</u></b>

Continued

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	<u>School Improvement Grant</u>	<u>Federal REAP Program</u>	<u>Title III NCLB English Language Acquisition</u>	<u>Improving Teacher Quality</u>
<b><u>ASSETS</u></b>				
Cash				
Interfund Receivable				
Due From Other Governments	<u>          </u>	<u>          </u>	\$ 4,814	\$ 12,346
<b><u>TOTAL ASSETS</u></b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,814</u>	<u>\$ 12,346</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable				\$ 54
Interfund Payable				11,249
Contracts and Benefits Payable	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>TOTAL LIABILITIES</u></b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>11,303</u>
<b><u>FUND BALANCES</u></b>				
Restricted	<u>0</u>	<u>0</u>	<u>4,814</u>	<u>1,043</u>
<b><u>TOTAL FUND BALANCES</u></b>	<u>0</u>	<u>0</u>	<u>4,814</u>	<u>1,043</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,814</u>	<u>\$ 12,346</u>

Continued

SHOSHONE JOINT SCHOOL DISTRICT NO. 312  
SHOSHONE, IDAHO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014

	<u>Federal Drug Free</u>	<u>Total</u>
<u>ASSETS</u>		
Cash		\$ 19,421
Interfund Receivables		29,640
Due From Other Governments		<u>51,570</u>
<u>TOTAL ASSETS</u>	<u>\$ 0</u>	<u>\$ 100,631</u>
<u>LIABILITIES</u>		
Accounts Payable		\$ 2,776
Interfund Payables	\$ 431	63,508
Contracts and Benefits Payable		<u>24,103</u>
<u>TOTAL LIABILITIES</u>	<u>431</u>	<u>90,387</u>
<u>FUND BALANCES</u>		
Restricted	<u>(431)</u>	<u>10,244</u>
<u>TOTAL FUND BALANCES</u>	<u>(431)</u>	<u>10,244</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 0</u>	<u>\$ 100,631</u>

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Drivers Education	State LEP Grant	Vocational Education	Basic Technology Grant
<b><u>REVENUES</u></b>				
Local	\$ 4,750		\$ 8,566	\$ 16,492
State	4,500	\$ 46,905	19,261	24,866
Federal				
<b><u>TOTAL REVENUES</u></b>	<u>9,250</u>	<u>46,905</u>	<u>27,827</u>	<u>41,358</u>
<b><u>EXPENDITURES</u></b>				
Instructional	11,887		41,313	103,274
Support		91,399		
Administrative				
Non-Instructional - Food Service				
Capital Expenditures				
<b><u>TOTAL EXPENDITURES</u></b>	<u>11,887</u>	<u>91,399</u>	<u>41,313</u>	<u>103,274</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<u>(2,637)</u>	<u>(44,494)</u>	<u>(13,486)</u>	<u>(61,916)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers				68,569
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>68,569</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>(2,637)</u>	<u>(44,494)</u>	<u>(13,486)</u>	<u>6,653</u>
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>8,983</u>	<u>42,468</u>	<u>26,572</u>	<u>16,991</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ 6,346</u>	<u>\$ (2,026)</u>	<u>\$ 13,086</u>	<u>\$ 23,644</u>

Continued

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Title I-A Local Program	Title I-C Migrant	Title VI-B School Age	Title VI-B Preschool
<b><u>REVENUES</u></b>				
Local				
State			\$ 28,902	
Federal	\$ 112,652	\$ 5,697	94,299	\$ 3,862
<b><u>TOTAL REVENUES</u></b>	<u>112,652</u>	<u>5,697</u>	<u>123,201</u>	<u>3,862</u>
<b><u>EXPENDITURES</u></b>				
Instructional	97,311	3,297	115,545	647
Support				
Administrative				
Non-Instructional - Food Service				
Capital Expenditures				
<b><u>TOTAL EXPENDITURES</u></b>	<u>97,311</u>	<u>3,297</u>	<u>115,545</u>	<u>647</u>
<b><u>EXCESS (DEFICIENCY) OF</u></b>				
<b><u>REVENUE OVER EXPENDITURES</u></b>	<u>15,341</u>	<u>2,400</u>	<u>7,656</u>	<u>3,215</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers	(23,456)			
<b><u>TOTAL OTHER FINANCING</u></b>				
<b><u>SOURCES (USES)</u></b>	<u>(23,456)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>(8,115)</u>	<u>2,400</u>	<u>7,656</u>	<u>3,215</u>
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>(5,797)</u>	<u>\$ (4,926)</u>	<u>(30,665)</u>	<u>0</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ (13,912)</u>	<u>\$ (2,526)</u>	<u>\$ (23,009)</u>	<u>\$ 3,215</u>

Continued

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>School Improvement Grant</u>	<u>Federal REAP Program</u>	<u>Title III NCLB English Language Acquisition</u>	<u>Improving Teacher Quality</u>
<b><u>REVENUES</u></b>				
Local				
State				
Federal	\$ 105,959	\$ 44,709	\$ 15,560	\$ 16,265
<b><u>TOTAL REVENUES</u></b>	<u>105,959</u>	<u>44,709</u>	<u>15,560</u>	<u>16,265</u>
<b><u>EXPENDITURES</u></b>				
Instructional	83,562		2,578	
Support				15,215
Administrative				
Non-Instructional - Food Service				
Capital Expenditures				
<b><u>TOTAL EXPENDITURES</u></b>	<u>83,562</u>	<u>0</u>	<u>2,578</u>	<u>15,215</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<u>22,397</u>	<u>44,709</u>	<u>12,982</u>	<u>1,050</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers	17,683	(44,709)		
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>17,683</u>	<u>(44,709)</u>	<u>0</u>	<u>0</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	40,080	0	12,982	1,050
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>(40,080)</u>	<u>0</u>	<u>\$ (8,168)</u>	<u>\$ (7)</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,814</u>	<u>\$ 1,043</u>

Continued

SHOSHONE JOINT SCHOOL DISTRICT NO. 312  
SHOSHONE, IDAHO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Federal Drug Free</u>	<u>Total</u>
<u>REVENUES</u>		
Local		\$ 29,808
State		124,434
Federal		399,003
	<u>                    </u>	<u>                    </u>
<u>TOTAL REVENUES</u>	<u>\$ 0</u>	<u>553,245</u>
 <u>EXPENDITURES</u>		
Instructional		459,414
Support	431	107,045
Administrative		0
Non-Instructional - Food Service		0
Capital Expenditures		0
	<u>                    </u>	<u>                    </u>
<u>TOTAL EXPENDITURES</u>	<u>431</u>	<u>566,459</u>
 <u>EXCESS (DEFICIENCY) OF</u> <u>REVENUE OVER EXPENDITURES</u>	 <u>(431)</u>	 <u>(13,214)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>		
Interfund Transfers		18,087
	<u>                    </u>	<u>                    </u>
<u>TOTAL OTHER FINANCING</u> <u>SOURCES (USES)</u>	<u>0</u>	<u>18,087</u>
 <u>NET CHANGE IN FUND BALANCE</u>	 <u>(431)</u>	 <u>4,873</u>
 <u>FUND BALANCE - BEGINNING</u>	 <u>0</u>	 <u>5,371</u>
 <u>FUND BALANCE - ENDING</u>	 <u>\$ (431)</u>	 <u>\$ 10,244</u>

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**SCHEDULE OF CHANGE IN NET ASSETS - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Student Group</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers In (Out)</u>	<u>Ending Balance</u>
Elementary	\$ 9,326.32	\$ 5,990.29	\$ 8,754.70		\$ 6,561.91
ACA-DECA	(532.93)	964.05	687.00		(255.88)
Annual	6,153.56	2,451.91	5,363.14		3,242.33
Art	2,059.54	1,259.00	749.47		2,569.07
B.P.A.	1,357.88	6,144.47	4,483.20		3,019.15
Book Fair Account	3,768.62	1,922.40	4,175.16		1,515.86
Cheerleaders	6,327.56	14,371.81	16,512.48	\$ (553.99)	3,632.90
Basketball Camps	(1,631.10)	8,465.62	11,025.67	1,315.15	(2,876.00)
Youth Athletic Progreams	(134.47)	1,037.50	754.53	(545.00)	(396.50)
Girls Idaho Prep Baasketball	0.00			290.00	290.00
MS Idaho Prep Boys BB	0.00			47.30	47.30
Class of 2015	368.95	1,770.15	1,364.06	221.61	996.65
Class of 2016	517.20	172.50	263.39	(165.61)	260.70
Class of 2017	351.59	217.50	50.72	(51.59)	466.78
Class of 2014	3.69	1,506.50	1,679.36	339.11	169.94
College Program	(1,747.00)	1,560.00	1,643.49		(1,830.49)
Drama	961.35	1,466.35	621.07		1,806.63
Drug Free Graduation	242.49	1,920.00	1,536.88		625.61
Enrichment Fund	(202.60)	5,355.00	5,425.34		(272.94)
FCCLA	729.76				729.76
Future Farmers of America	3,997.14	12,808.07	15,645.46		1,159.75
General Athletics	4,982.05	39,922.10	40,948.17	(558.31)	3,397.67
Greenhouse	11,566.04	7,186.00	5,502.99		13,249.05
IPAD Use Fee	0.00	9,850.00	1,067.98		8,782.02
Jr. High Cheerleaders	1,334.79	1,886.30	3,531.91	553.99	243.17
Jr. Honor Society	121.77	270.00	102.24		289.53
Jr/Sr Prom	43.52			(43.52)	0.00
Junior High	2,504.68	1,751.00	1,227.20	(300.00)	2,728.48
Library	2,022.76	3,963.06	4,587.08		1,398.74
Milk Machine Fund	431.72	1,079.50	675.40		835.82
Music	1,246.46	692.00	1,830.78		107.68
National Honor Society	1.12	100.00			101.12
Organizational Fund	6,567.61	2,738.00	1,484.55	(549.14)	7,271.92
Scholarship Fund	1,144.03	100.00	1,000.00		244.03
School Play	884.99			(884.99)	0.00
Sewing / Careers Project	12.01				12.01
Shop	(156.33)	505.80	111.08		238.39
Show Choir	188.78				188.78
Ski Club	215.60				215.60
Hunting Club	0.00	428.00	459.48		(31.48)
Spanish Club	369.24		36.79		332.45
Steps	306.96			(306.96)	0.00
Student Council	(755.24)	411.00	508.08	1,191.95	339.63
<b>Total</b>	<b>\$ 64,950.11</b>	<b>\$ 140,265.88</b>	<b>\$ 143,808.85</b>	<b>\$ 0.00</b>	<b>\$ 61,407.14</b>



**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Agency's Number</u>	<u>Cluster</u>	<u>Direct or Federal Disbursement/ Expenditure</u>
<u>U.S. Department of Agriculture</u>				
National School Lunch Program - Cash	10.555	Note 3	\$ 140,036	
National School Lunch Program - Commodities	10.555	Note 3	11,970	
National School Breakfast Program	10.553	Note 3	74,852	
Summer Food Service Program	10.559	Note 3	19,036	
<u>Total Child Nutrition Cluster</u>				\$ 245,894
Fresh Fruit and Vegetable Program	10.582	Note 3		15,234
<u>Total U.S. Department of Agriculture</u>				<u>261,128</u>
<u>U.S. Department of Education</u>				
Direct-				
Rural Education Achievement Program	84.358			44,709
Pass-through-				
Title VI-B Special Education School Age	84.027	Note 3	\$ 94,299	
Title VI-B Special Education Preschool	84.173	Note 3	647	
<u>Total Special Education Cluster (IDEA)</u>				94,946
Title I-A Basic Grant	84.010	Note 3		97,311
School Improvement Grant	84.388	Note 3		83,562
Title I-C Migrant Education	84.011	Note 3		3,297
Title IV Drug Free Schools	84.186	Note 3		431
Title III NCLB English Language Acquisition	84.365	Note 3		2,578
Title II-A NCLB Improving Teacher Quality	84.367	Note 3		15,215
<u>Total U.S. Department of Education</u>				<u>342,049</u>
<u>Total</u>				<u>\$ 603,177</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Shoshone Joint School District No. 312 under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Shoshone Joint School District No. 312 it is not intended to and does not present the financial position, changes in net position, or cash flows of the Shoshone Joint School District No. 312.

**NOTE 2 - 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-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - PASS-THROUGH NUMBER**

Grant revenue is passed through the Idaho State Department of Education. The department has assigned no pass-through number.

**NOTE 4 - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and used.

# R. MICHAEL BURR

Certified Public Accountant

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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

Chairman and Board of Trustees  
Shoshone Joint School District No. 312  
Shoshone, ID 83352

September 5, 2014

I 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 Shoshone Joint School District No. 312, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Shoshone Joint School District No. 312's basic financial statements and have issued my report thereon dated September 5, 2014.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Shoshone Joint School District No. 312's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shoshone Joint School District No. 312's internal control. Accordingly, I do not express an opinion on the effectiveness of Shoshone Joint School District No. 312's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

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 a 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. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be material a weakness, 2014-1.

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*  
Page Two

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. I consider none of the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shoshone Joint School District No. 312's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Shoshone Joint School District No. 312's Response to Findings

Shoshone Joint School District No. 312's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Shoshone Joint School District No. 312's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I 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.

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant

# R. MICHAEL BURR

Certified Public Accountant

P.O. Box 2229

Twin Falls, ID 83303-2229

(208) 736-8747

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Chairman and Board of Trustees  
Shoshone Joint School District No. 312  
Shoshone, ID 83352

September 5, 2014

### **Report on Compliance for Each Major Federal Program**

I have audited Shoshone Joint School District No. 312'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 Shoshone Joint School District No. 312's major federal programs for the year ended June 30, 2014. Shoshone Joint School District No. 312'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**

My responsibility is to express an opinion on compliance for each of Shoshone Joint School District No. 312's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Shoshone Joint School District No. 312's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Shoshone Joint School District No. 312's compliance.

Opinion on Each Major Federal Program

In my opinion, Shoshone Joint School District No. 312, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Shoshone Joint School District No. 312, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Shoshone Joint School District No. 312's internal control over compliance with the types of requirements that could have a direct and material effect on each 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, I do not express an opinion on the effectiveness of Shoshone Joint School District No. 312'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 with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant

**SHOSHONE JOINT SCHOOL DISTRICT NO. 312**  
**SHOSHONE, IDAHO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of Shoshone Joint School District No. 312.
2. One significant deficiency disclosed during the audit of the general purpose financial statements is reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Item 2014-1 of the conditions is reported as a material weakness.
3. No instances of noncompliance material to the general purpose financial statements of Shoshone Joint School District No. 312 were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Shoshone Joint School District No. 312 expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

National School Lunch Program Cluster	10.555, 10.553, 10.559, 10.556
Title I, Part A	84.010
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Shoshone Joint School District No. 312 was determined to be a high-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**Material Weaknesses**

**2014-1 Segregation of Duties**

Condition: Only one person is employed by the District in the accounting department which does not allow for a strict segregation of duties.

Criteria: Segregation of duties is an internal control that should be in place to provide reasonable assurance that one person does not have complete control over the entire

Cause: There are not enough personnel hired to segregate the accounting functions.

Effect: May allow for misstatement of general purpose financial statements and misuse of assets.

SHOSHONE JOINT SCHOOL DISTRICT NO. 312  
SHOSHONE, IDAHO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

Recommendation: Hire additional staff to provide a proper segregation of duties.

Views of Responsible Officials and Planned Corrective Actions: We concur with the recommendation. However, due to a lack of financial resources to pay for the additional staff and other controls currently in place, no action will be taken at this point.

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

None



*Shoshone Joint School District 312*

61 EAST HWY 24  
SHOSHONE, IDAHO 83352  
(208) 886-2338

Summary Schedule of Prior Audit Findings

Finding 2013-1 Lack of Segregation of Duties

We believe that this finding applies only to the financial reporting and does not effect the federal award programs. No corrective action was taken.

*Shoshone Joint School District 312*

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Corrective Action Plan

Idaho Department of Education  
Boise, Idaho

September 5, 2014

Shoshone Joint School District No. 312 respectfully submits the following corrective action plan for the year ended June 30, 2014. The name and address of the independent public accounting firm is R. Michael Burr CPA, P.O. Box 2229, Twin Falls, ID, 83301.

Audit Period: Year ended June 30, 2014

The findings from the September 5, 2014, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

A. Findings - Financial Statement Audit

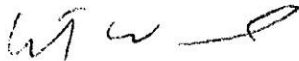
Reportable Condition - 2014-1 Segregation of Duties

Recommendation: Hire additional staff to provide for a proper segregation of duties.

Action Taken: We agree with the findings; however, the lack of segregation of duties does not effect the federal award programs. Until sufficient funds are provided to employ additional District personnel, we will continue to have a lack of segregation of duties.

If the Idaho Department of Education has any questions regarding the plan, please call Shannon Harris at (208)886-2381.

Sincerely



\_\_\_\_\_  
Superintendent