

**JEFFERSON JOINT SCHOOL DISTRICT #251  
RIGBY, IDAHO  
ANNUAL FINANCIAL REPORT  
and  
COMPLIANCE REPORTS  
with  
INDEPENDENT AUDITORS' REPORT  
For the Year Ended June 30, 2012**

**JEFFERSON JOINT SCHOOL DISTRICT #251  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
For the Year Ended June 30, 2012**

**TABLE OF CONTENTS**

| <b>ITEM</b>   | <b>PAGE NO.</b> |
|---|-----------------|
| Independent Auditors' Report  | 1 - 2           |
| <i>FINANCIAL SECTION</i>  |                 |
| Government-wide Financial Statements  |                 |
| Statement of Net Assets   | 3               |
| Statement of Activities   | 4               |
| Fund Financial Statements   |                 |
| Balance Sheet-Governmental Funds  | 5 - 6           |
| Reconciliation of Governmental Funds Balance Sheet to<br>Statement of Net Assets  | 7               |
| Statement of Revenues, Expenditures, and Changes In<br>Fund Balance-Governmental Funds  | 8 - 9           |
| Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes in Fund Balances of Governmental Funds to the<br>Statement of Activities  | 10              |
| Statement of Fiduciary Net Assets   | 11              |
| Statement of Changes in Fiduciary Net Assets - Fiduciary Funds  | 12              |
| Index to the Notes to the Financial Statements  | 13              |
| Notes to Financial Statements   | 14 - 26         |
| <i>REQUIRED SUPPLEMENTARY INFORMATION</i>   |                 |
| Budget and Actual (with Variances) - General Fund   | 27              |
| Budget and Actual (with Variances) - Child Nutrition  | 28              |
| Budget and Actual (with Variances) - School Plant Facilities  | 29              |
| Budget and Actual (with Variances) - Debt Service   | 30              |
| Budget and Actual (with Variances) - Capital Projects   | 31              |
| Notes to the Required Supplementary Information   | 32              |
| <i>SUPPLEMENTARY INFORMATION</i>  |                 |
| Combing Balance Sheet - Nonmajor Special Revenue Funds  | 33 - 37         |
| Combining Statement of Revenues, Expenditures and Changes<br>In Fund Balances - Nonmajor Special Revenue Funds  | 38 - 42         |
| Statement of Changes in Assets and Liabilities - Agency Funds   | 43              |
| <i>OTHER SUPPLEMENTARY INFORMATION</i>  |                 |
| Independent Auditors' Report on Internal Control over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with <i>Government Auditing Standards</i> | 44 - 45         |
| Independent Auditors' Report on Compliance with Requirements That Could Have<br>a Direct and Material Effect on Each Major Program and on Internal Control<br>Over Compliance in Accordance with OMB Circular A-133             | 46 - 47         |
| Schedule of Expenditures of Federal Awards  | 48              |
| Notes to Schedule of Expenditures of Federal Awards   | 49              |
| Schedule of Findings and Questioned Costs   | 50 - 52         |
| Status of Prior Years Findings  | 53              |

*INDEPENDENT AUDITORS' REPORT*

The Board of Trustees  
Jefferson Joint School District #251  
Rigby, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Joint School District #251, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jefferson Joint School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Joint School District #251 as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2012, on our consideration of Jefferson Joint School District's internal control over financial reporting and our 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 27 through 31 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of

measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Jefferson Joint School District #251 has not presented management discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson Joint School District #251's financial statements. The accompanying individual and combining statements and other schedules listed in the table of contents and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying individual and combining statements and other schedules listed in the table of contents 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying individual and combining statements and other schedules listed in the table of contents and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

*Searle Hart & Associates PLLC*  
September 12, 2012

## **FINANCIAL SECTION**

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**STATEMENT OF NET ASSETS**  
**June 30, 2012**

|   | <b>GOVERNMENTAL<br/>ACTIVITIES</b> |
|---|------------------------------------|
|   | <hr/>                              |
| <b>ASSETS</b>                                   |                                    |
| Cash and equivalents                            | \$ 33,418,470                      |
| Accounts receivable                             | 31,587                             |
| Taxes receivable                                | 1,958,242                          |
| Internal balances                               | 122,896                            |
| Due from other governmental agencies            | 1,082,126                          |
| Inventory                                       | 98,155                             |
| Other assets-Bond Issue Costs                   | 249,680                            |
| <b>Capital assets</b>                           |                                    |
| Land and improvements not being depreciated     | 1,923,791                          |
| Construction in progress                        | 21,842,631                         |
| Buildings                                       | 40,993,551                         |
| Equipment and vehicles                          | 7,246,493                          |
| Less: Accumulated depreciation                  | <u>(15,840,236)</u>                |
| <br>Total Capital Assets                        | <br><u>56,166,230</u>              |
| <br>TOTAL ASSETS                                | <br><u>93,127,386</u>              |
| <br><b>LIABILITIES</b>                          |                                    |
| Accounts payable                                | 332,165                            |
| Other accrued expenses                          | 2,698,145                          |
| Deferred Revenues                               | -                                  |
| <b>Long-term liabilities</b>                    |                                    |
| <b>Due within one year</b>                      |                                    |
| Bonds, capital leases and contracts             | 2,735,000                          |
| Accrued interest                                | 458,770                            |
| Compensated absences                            | 98,697                             |
| Postemployment benefit payable                  | 972,923                            |
| <b>Due in more than one year</b>                |                                    |
| Bonds, capital leases and contracts             | <u>56,280,000</u>                  |
| <br>TOTAL LIABILITIES                           | <br><u>63,575,700</u>              |
| <br><b>NET ASSETS</b>                           |                                    |
| Invested in capital assets, net of related debt | 20,242,260                         |
| Restricted for:                                 |                                    |
| Capital Projects                                | 3,083,443                          |
| Debt Service                                    | 4,942,590                          |
| Child Nutrition                                 | 567,598                            |
| Other Projects                                  | 91,690                             |
| Unrestricted                                    | <u>624,105</u>                     |
| <br>TOTAL NET ASSETS                            | <br><u><u>\$ 29,551,686</u></u>    |

The notes to the financial statements are an integral part of this statement.

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2012**

| <u>Functions/Programs</u>                                    | <u>Expenses</u>      | <u>Program Revenue</u> |                      | <u>Net (Expense)</u>  |
|--|----------------------|------------------------|----------------------|-----------------------|
|  |                      | <u>Charges for</u>     | <u>Operating</u>     | <u>Revenue and</u>    |
|  |                      | <u>Services</u>        | <u>Grants and</u>    | <u>Changes in Net</u> |
|  |                      |                        | <u>Contributions</u> | <u>Assets</u>         |
| <u>Primary government</u>                                    |                      |                        |                      | <u>Governmental</u>   |
|  |                      |                        |                      | <u>Activities</u>     |
| Governmental Activities:                                     |                      |                        |                      |                       |
| Instruction  | \$ 16,949,095        | \$ 32,430              | \$ 2,095,110         | \$ (14,821,555)       |
| Support services   | 2,314,097            | 240,279                | 33,082               | (2,040,736)           |
| Plant maintenance & operations                               | 2,565,728            | -                      | -                    | (2,565,728)           |
| General administration                                       | 2,267,356            | -                      | 70,716               | (2,196,640)           |
| Transportation   | 1,803,956            | 51,806                 | 1,316,334            | (435,816)             |
| Food services  | 1,478,995            | 463,264                | 1,156,456            | 140,725               |
| Interest on long-term debt                                   | 1,421,905            | -                      | -                    | (1,421,905)           |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>                         | <b>\$ 28,801,132</b> | <b>\$ 787,779</b>      | <b>\$ 4,671,698</b>  | <b>(23,341,655)</b>   |
|  |                      |                        |                      |                       |
| General revenues:  |                      |                        |                      |                       |
| Taxes:   |                      |                        |                      |                       |
|  |                      |                        |                      | 606,804               |
| Property taxes, levied for general purposes                  |                      |                        |                      | 3,689,309             |
| Property taxes, levied for debt service                      |                      |                        |                      | 10,361                |
| Property taxes, levied for capital improvements              |                      |                        |                      | 1,707,243             |
| Grants and contributions not restricted to specific programs |                      |                        |                      | 18,087,832            |
| State aid - formula grants                                   |                      |                        |                      | 184,758               |
| Unrestricted investment earnings                             |                      |                        |                      | 77,444                |
| Miscellaneous  |                      |                        |                      | 46,034                |
| <i>Special item</i> - gain on sale of assets                 |                      |                        |                      | 6,865                 |
| Transfers  |                      |                        |                      |                       |
| <b>TOTAL GENERAL REVENUES</b>                                |                      |                        |                      | <b>24,416,650</b>     |
|  |                      |                        |                      | 1,074,995             |
| Change in net assets   |                      |                        |                      | 28,476,691            |
| Net assets - Beginning                                       |                      |                        |                      |                       |
| <b>NET ASSETS - Ending</b>                                   |                      |                        |                      | <b>\$ 29,551,686</b>  |



**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2012**

|                                      | <u>GENERAL FUND</u> | <u>CHILD<br/>NUTRITION</u> | <u>SCHOOL PLANT<br/>FACILITIES</u> |
|--------------------------------------|---------------------|----------------------------|------------------------------------|
| <b>ASSETS</b>                        |                     |                            |                                    |
| Cash and cash equivalents            | \$ 2,406,223        | \$ 546,073                 | \$ 3,087,898                       |
| Taxes receivable, net                | 263,604             | -                          | 6,328                              |
| Interfund receivable                 | 1,969,895           | -                          | -                                  |
| Receivable from other governments    | 398,060             | 29,716                     | -                                  |
| Other receivables                    | 31,587              | -                          | -                                  |
| Inventory                            | 25,827              | 72,328                     | -                                  |
|                                      | <hr/>               | <hr/>                      | <hr/>                              |
| TOTAL ASSETS                         | <u>\$ 5,095,196</u> | <u>\$ 648,117</u>          | <u>\$ 3,094,226</u>                |
| <b>LIABILITIES AND FUND BALANCES</b> |                     |                            |                                    |
| <b>LIABILITIES</b>                   |                     |                            |                                    |
| Accounts payable                     | \$ 137,307          | \$ 1,010                   | \$ 1,742                           |
| Interfund payable                    | -                   | -                          | 3,671                              |
| Deferred revenue                     | 46,977              | -                          | 5,370                              |
| Other accrued expenses               | 2,390,872           | 79,509                     | -                                  |
|                                      | <hr/>               | <hr/>                      | <hr/>                              |
| TOTAL LIABILITIES                    | <u>2,575,156</u>    | <u>80,519</u>              | <u>10,783</u>                      |
| <b>FUND BALANCES</b>                 |                     |                            |                                    |
| <b>Nonspendable:</b>                 |                     |                            |                                    |
| Inventories                          | 25,827              | 72,328                     | -                                  |
| <b>Committed to:</b>                 |                     |                            |                                    |
| Board Policy 7100                    | 1,434,531           | -                          | -                                  |
| <b>Assigned:</b>                     |                     |                            |                                    |
| Debt service                         | -                   | -                          | -                                  |
| Encumbered Purchase Orders           | 15,680              | -                          | -                                  |
| Budget FY 2013                       | 951,731             | -                          | -                                  |
| Other purposes                       | 32,468              | 495,270                    | 3,083,443                          |
| <b>Unassigned</b>                    | <u>59,803</u>       | <u>-</u>                   | <u>-</u>                           |
|                                      | <hr/>               | <hr/>                      | <hr/>                              |
| TOTAL FUND BALANCES                  | <u>2,520,040</u>    | <u>567,598</u>             | <u>3,083,443</u>                   |
| TOTAL LIABILITIES AND FUND BALANCES  | <u>\$ 5,095,196</u> | <u>\$ 648,117</u>          | <u>\$ 3,094,226</u>                |



| <b>DEBT SERVICE</b> | <b>CAPITAL PROJECTS</b> | <b>OTHER GOVERNMENTAL FUNDS</b> | <b>TOTAL GOVERNMENTAL FUNDS</b> |
|---------------------|-------------------------|---------------------------------|---------------------------------|
| \$ 3,631,808        | \$ 23,549,800           | \$ 196,668                      | \$ 33,418,470                   |
| 1,688,310           | -                       | -                               | 1,958,242                       |
| -                   | -                       | -                               | 1,969,895                       |
| -                   | -                       | 654,350                         | 1,082,126                       |
| -                   | -                       | -                               | 31,587                          |
| -                   | -                       | -                               | 98,155                          |
| <u>\$ 5,320,118</u> | <u>\$ 23,549,800</u>    | <u>\$ 851,018</u>               | <u>\$ 38,558,475</u>            |
| <br>                |                         |                                 |                                 |
| \$ -                | \$ 98,800               | \$ 93,306                       | \$ 332,165                      |
| -                   | 1,405,459               | 437,869                         | 1,846,999                       |
| 377,528             | -                       | -                               | 429,875                         |
| -                   | -                       | 227,764                         | 2,698,145                       |
| <u>377,528</u>      | <u>1,504,259</u>        | <u>758,939</u>                  | <u>5,307,184</u>                |
| <br>                |                         |                                 |                                 |
| -                   | -                       | -                               | 98,155                          |
| -                   | -                       | -                               | 1,434,531                       |
| 4,942,590           | -                       | -                               | 4,942,590                       |
| -                   | -                       | -                               | 15,680                          |
| -                   | -                       | -                               | 951,731                         |
| -                   | 22,045,541              | 92,079                          | 25,748,801                      |
| -                   | -                       | -                               | 59,803                          |
| <u>4,942,590</u>    | <u>22,045,541</u>       | <u>92,079</u>                   | <u>33,251,291</u>               |
| <u>\$ 5,320,118</u> | <u>\$ 23,549,800</u>    | <u>\$ 851,018</u>               | <u>\$ 38,558,475</u>            |

**JEFFERSON JOINT SCHOOL DISTRICT #251  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
June 30, 2012**

Total fund balance, governmental funds \$ 33,251,291

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.

|                          |              |
|--------------------------|--------------|
| Historical Cost          | 72,006,466   |
| Accumulated Depreciation | (15,840,236) |

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 249,680

Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 429,875

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consisted of:

|                                |              |
|--------------------------------|--------------|
| General obligation bonds       | (58,960,000) |
| Accrued compensated absences   | (98,697)     |
| Accrued interest payable       | (458,770)    |
| Postemployment benefit payable | (972,923)    |
| Lease payable                  | (55,000)     |
|                                | (69,445,390) |

Net assets of governmental activities in the Statement of Net Assets \$ 29,551,686

**THIS PAGE INTENTIONALLY LEFT BLANK**

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2012**

|  | <u>GENERAL FUND</u> | <u>CHILD<br/>NUTRITION</u> | <u>SCHOOL PLANT<br/>FACILITIES</u> |
|--|---------------------|----------------------------|------------------------------------|
| <b>REVENUES</b>                                      |                     |                            |                                    |
| Property taxes                                       | \$ 584,613          | \$ -                       | \$ 10,361                          |
| Food service   | -                   | 463,264                    | -                                  |
| Other local  | 117,098             | -                          | 16,794                             |
| State apportionment base                             | 15,992,767          | -                          | -                                  |
| State apportionment transportation                   | 1,316,334           | -                          | -                                  |
| State apportionment benefits                         | 2,070,065           | -                          | -                                  |
| Investment earnings                                  | 21,066              | 944                        | 13,202                             |
| Other State revenue                                  | 292,879             | -                          | -                                  |
| Federal grants and assistance                        | 12,256              | 1,156,456                  | -                                  |
| <b>TOTAL REVENUES</b>                                | <u>20,407,078</u>   | <u>1,620,664</u>           | <u>40,357</u>                      |
| <b>EXPENDITURES</b>                                  |                     |                            |                                    |
| Instruction  | 13,963,818          | -                          | -                                  |
| Support services                                     | 1,353,758           | -                          | -                                  |
| Plant maintenance & operations                       | 2,248,981           | -                          | 208,167                            |
| General administration                               | 2,199,886           | -                          | -                                  |
| Transportation                                       | 1,443,206           | -                          | -                                  |
| Food service   | -                   | 1,478,995                  | -                                  |
| Debt service:  |                     |                            |                                    |
| Principal  | 41,000              | -                          | -                                  |
| Interest and other charges                           | -                   | -                          | -                                  |
| Capital outlay                                       | -                   | -                          | 55,892                             |
| <b>TOTAL EXPENDITURES</b>                            | <u>21,250,649</u>   | <u>1,478,995</u>           | <u>264,059</u>                     |
| Excess (deficiency) of revenues<br>over expenditures | <u>(843,571)</u>    | <u>141,669</u>             | <u>(223,702)</u>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                            |                                    |
| Proceeds from capital leases                         | -                   | -                          | -                                  |
| Proceeds from sale of bonds                          | -                   | -                          | -                                  |
| Transfers in   | 86,230              | 30,706                     | -                                  |
| Transfers out  | (191,812)           | (36,073)                   | -                                  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>      | <u>(105,582)</u>    | <u>(5,367)</u>             | <u>-</u>                           |
| <b>SPECIAL ITEM</b>                                  |                     |                            |                                    |
| Proceeds from sale of assets                         | -                   | -                          | 46,034                             |
| <b>Net change in fund balances</b>                   | <u>(949,153)</u>    | <u>136,302</u>             | <u>(177,668)</u>                   |
| Fund balances - Beginning                            | <u>3,469,193</u>    | <u>431,296</u>             | <u>3,261,111</u>                   |
| <b>FUND BALANCES - Ending</b>                        | <u>\$ 2,520,040</u> | <u>\$ 567,598</u>          | <u>\$ 3,083,443</u>                |

The notes to the financial statements are an integral part of this statement.

| <u>DEBT SERVICE</u> | <u>CAPITAL<br/>PROJECTS</u> | <u>OTHER<br/>GOVERNMENTAL<br/>FUNDS</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|---------------------|-----------------------------|---|---|
| \$ 3,689,309        | \$ -                        | \$ -                                    | \$ 4,284,283                            |
| -                   | -                           | -                                       | 463,264                                 |
| -                   | -                           | 338,783                                 | 472,675                                 |
| -                   | -                           | -                                       | 15,992,767                              |
| -                   | -                           | -                                       | 1,316,334                               |
| -                   | -                           | -                                       | 2,070,065                               |
| 3,191               | 146,355                     | -                                       | 184,758                                 |
| 1,404,678           | -                           | 287,079                                 | 1,984,636                               |
| -                   | -                           | 1,863,543                               | 3,032,255                               |
| <u>5,097,178</u>    | <u>146,355</u>              | <u>2,489,405</u>                        | <u>29,801,037</u>                       |
| -                   | -                           | 1,620,261                               | 15,584,079                              |
| -                   | -                           | 953,474                                 | 2,307,232                               |
| -                   | -                           | -                                       | 2,457,148                               |
| -                   | -                           | 6,751                                   | 2,206,637                               |
| -                   | -                           | -                                       | 1,443,206                               |
| -                   | -                           | -                                       | 1,478,995                               |
| 2,260,000           | -                           | -                                       | 2,301,000                               |
| 1,463,873           | -                           | -                                       | 1,463,873                               |
| -                   | 19,944,010                  | 6,568                                   | 20,006,470                              |
| <u>3,723,873</u>    | <u>19,944,010</u>           | <u>2,587,054</u>                        | <u>49,248,640</u>                       |
| <u>1,373,305</u>    | <u>(19,797,655)</u>         | <u>(97,649)</u>                         | <u>(19,447,603)</u>                     |
| -                   | -                           | -                                       | -                                       |
| -                   | -                           | -                                       | -                                       |
| -                   | -                           | 161,104                                 | 278,040                                 |
| -                   | -                           | (50,155)                                | (278,040)                               |
| -                   | -                           | 110,949                                 | -                                       |
| -                   | -                           | -                                       | 46,034                                  |
| 1,373,305           | (19,797,655)                | 13,300                                  | (19,401,569)                            |
| <u>3,569,285</u>    | <u>41,843,196</u>           | <u>78,779</u>                           | <u>52,652,860</u>                       |
| <u>\$ 4,942,590</u> | <u>\$ 22,045,541</u>        | <u>\$ 92,079</u>                        | <u>\$ 33,251,291</u>                    |

**JEFFERSON JOINT SCHOOL DISTRICT #251  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012**

Net change in fund balances - total governmental funds: \$ (19,401,569)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays \$19,909,124 exceeded depreciation \$1,323,515 in the current period. 18,585,609

Property tax revenues (including penalties and interest) in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund. 22,191

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 2,301,000

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

|  |           |
|--|-----------|
| Accrued interest not reflected on Governmental funds       | 41,853    |
| Postemployment benefit not reflected on Governmental funds | (451,497) |
| Amortization of bond issue costs                           | (14,395)  |
| Compensated absences not reflected on Governmental funds   | (8,197)   |
|  | <hr/>     |

Change in net assets of governmental activities \$ 1,074,995

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2012**

|                                     | <b>PREMIUM<br/>STABILIZATION<br/>EXPENDABLE<br/>TRUST FUND</b> | <b>AGENCY FUNDS</b> |
|-------------------------------------|--|---------------------|
| <b>ASSETS</b>                       |  |                     |
| Cash and cash equivalents           | \$ 616,139   | \$ 528,842          |
| Receivables                         | -  | -                   |
| <b>TOTAL ASSETS</b>                 | <b>616,139</b>   | <b>528,842</b>      |
| <b>LIABILITIES</b>                  |  |                     |
| Interfund payable                   | 122,897  | -                   |
| Due to student groups               | -  | 528,842             |
| <b>TOTAL LIABILITIES</b>            | <b>122,897</b>   | <b>528,842</b>      |
| <b>NET ASSETS</b>                   |  |                     |
| Held in trust for employee benefits | \$ 493,242   | \$ -                |



**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2012**

|                        | <b>PREMIUM<br/>STABILIZATION<br/>EXPENDABLE<br/>TRUST FUND</b> |
|------------------------|--|
| <b>ADDITIONS</b>       |  |
| Contributions:         |  |
| District contributions | \$ -   |
| Plan members           | 206,763  |
| Total contributions    | <u>206,763</u>   |
| Investment earnings:   |  |
| Interest               | <u>1,375</u>   |
| Total additions        | <u>208,138</u>   |
| <b>DEDUCTIONS</b>      |  |
| Benefits               | 270,546  |
| Administrative         | <u>10,025</u>  |
| Total deductions       | <u>280,571</u>   |
| Change in net assets   | (72,433)   |
| Net assets - beginning | <u>565,675</u>   |
| Net assets - ending    | <u><u>\$ 493,242</u></u>                                       |

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**INDEX TO NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**NOTES INDEX**

1. Summary of Significant Accounting Policies
  - A. Reporting Entity
  - B. Government-wide and Fund Financial Statements
  - C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
  - D. Compensated Absences
  - E. Long-term Obligations
  - F. Use of Estimates
  - G. Fund Accounting
  - H. Budgets
  - I. Property Tax
  - J. Nonspendable and Spendable Fund Balances
  - K. Net Assets
2. Cash and Cash Equivalents
3. Capital Assets
4. Changes in Long-term Debt and Debt Service Requirements
5. Pension Benefit Obligations
6. Payroll Expenditures and Related Liabilities
7. Deferred Revenues
8. Risk Management
9. Nonmonetary Transactions
10. Interfund Transfers and Balances
11. Post Retirement Benefits

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Jefferson Joint School District #251 (District) is the basic level of government exercising oversight responsibility for all activities related to public school education in Jefferson Joint School District, Jefferson County, Idaho. The Board of Trustees, a seven member group, is elected by the public and as such has governance responsibility over all activities related to public elementary and secondary school education within the jurisdiction of the school district. The Board of Trustees have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity."

The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants.

In 2003, the District implemented GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes. The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow user's of financial reports to assess a government's operational accountability. The new GASB model integrates fund based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

**A. Reporting Entity**

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity.

**JEFFERSON JOINT SCHOOL DISTRICT #251  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are; that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The governmental activities are supported by tax revenues and intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. The District does not allocate general (indirect) expenses to other functions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

**JEFFERSON JOINT SCHOOL DISTRICT #251  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by block grants, and then by general revenues.

All governmental and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Buildings, furniture, fixtures, equipment and vehicles of the District are depreciated using the straight line method over the following estimated useful lives:

| <u>Category of Asset</u>   | <u>Estimated Useful Lives</u> |
|----------------------------|-------------------------------|
| Buildings and improvements | 20-50                         |
| Equipment                  | 5-20                          |
| Vehicles                   | 8                             |

**D. Compensated Absences**

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using vesting method, in which leave amounts for employees who currently are eligible to receive termination payments are included. The entire compensated absences owed are reported in the government-wide financial statements.

**E. Long-term Obligations**

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 assets. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. For bonds issued after June 30, 2004, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as 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.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**G. Fund Accounting**

According to generally accepted accounting principles for governmental units, the District's financial operations are accounted for in the following funds:

GOVERNMENTAL FUND TYPES

General Fund

This fund accounts for the general operating (sometimes called the Maintenance & Operations, or M&O) fund of the District. It is used to account for all financial resources except those required to be accounted for in any other fund.

Special Revenue Funds

These funds account for federal and state funded grants as well as locally funded educational programs whose expenditures are limited to specific purposes. Such grants have been awarded to the district with the purpose of accomplishing specified educational tasks defined in the grant agreements.

Debt Service Fund

This fund accounts for the use of taxes levied and other revenues collected for the retirement of debt principal, interest and related costs.

Capital Projects Fund

This fund is used to account for the school plant facility tax levied and other resources to be used for the construction, purchase and maintenance of school buildings, buses, and equipment.

Fiduciary Fund Types

Trust and Agency Funds

Trust and agency funds are used to account for assets held by the district in a trustee capacity or as an agent for student groups and employees.

**H. Budgets**

Annual budgets are prepared and adopted by the board of Trustees before the beginning of the fiscal year which is July 1st. Budgets are prepared on the GAAP basis of accounting. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. All annual appropriations lapse at fiscal year end. The District amended its budgets during the year to adjust for updated information. The amended budgets were approved by the Board of Trustees.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reserved fund balance to indicate an obligation of the District.



**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

The District budgets transfers from the general fund to other funds to cover the costs incurred by these funds in excess of the revenues generated. Certain indirect costs are charged to several special revenue funds through budgeted transfers from the special revenue funds to the general fund.

**I. Property Tax**

Property taxes are collected by the County Treasurer and remitted to the District monthly. Taxes are payable in semi-annual installments due December 20 and June 20 of each year after which time they become delinquent. Taxes levied but not received by the district by June 30 have been accrued and taxes still unpaid after sixty days beyond the fiscal year are shown as deferred revenue.

**J. Nonspendable and Spendable Fund Balances**

Fund balance is separated into nonspendable and spendable fund balance. Nonspendable fund balance includes amounts that cannot be spent because they are either: (1) not in spendable form; or (2) legally or contractually required to be maintained intact. Spendable amounts are classified into restricted, committed, assigned and unassigned. The following is a list of nonspendable and spendable fund balance designations for Jefferson School District #251.

*Nonspendable for inventories.* This fund balance cannot be spent. It is designated to be used for inventories.

*Committed to Board Policy 7100.* This fund balance is committed for 7% of gross revenue as mandated by Board Policy 7100.

*Assigned for debt service.* This designation was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The designation was established to satisfy restrictions imposed by various bond agreements.

*Assigned for Encumbered PO's and FY 2013.* The fund balance is assigned to Encumbered PO's of \$15,680 and an amount to balance the 2013 expenditures to revenues budget of \$951,731.

*Assigned for other purposes.* This reserve indicates fund balances that can only be spent for purposes authorized by the funding source.

*Unassigned.* This fund balance is not assigned to any specific purpose. The District will use the unassigned fund balance for expenditures in the subsequent fiscal year.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets invested in capital assets, net of related debt excluded unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

The District first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are defined as those financial instruments which have a maturity date of three months or less from the date of acquisition.

Deposits

The carrying amount of the Districts deposits with financial institutions was \$6,652,384 and the bank balance was \$8,586,003. The amount not covered by FDIC insurance was \$7,839,086.

Investments

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies and repurchase agreements. The District's investments at year end consisted of \$26,636,539 invested in the Idaho State Investment Pool and Zion's Bank with some collateralized by Federal Home Loan Seattle Bank's Standby Letters of Credit. The Idaho State Investment Pool is not covered by Federal Deposit Insurance, but is primarily invested in government-backed securities. The Idaho State Treasurer provides oversight for investments by or through any department or institution of the State of Idaho. Amounts held by the State Investment Pool were held in the following investments: government agency notes, commercial paper, corporate bonds, U.S. treasury notes, money market accounts, repurchase agreements, and purchased accrued interest. All investments for the State Investment Pool are not collateralized. The investments held by the State Investment Pool are carried at cost plus accrued interest which is the fair market value also. Information necessary to determine the level of collateralization for the State Investment Pool was unavailable. Of Zion's Bank investments, \$24,000,000 was collateralized through Federal Home Loan Seattle Bank Standby LOC.

The District had the following accounts. All deposits are carried at cost plus accrued interest.

| <u>Depository Account:</u>     | Bank<br>Balance     |
|--------------------------------|---------------------|
| Insured                        | \$ 746,917          |
| Uninsured and uncollateralized | 7,839,086           |
| Total deposits                 | \$ <u>8,586,003</u> |

Investments:

|  |               |
|--|---------------|
| Collateral held by Zions Bank<br>through Federal Home Loan Seattle<br>Bank's Standby Letters of Credit<br>for safekeeping in the Districts<br>name AAA rated | \$ 24,000,000 |
| Uncollateralized and held by Idaho State<br>Investment Pool in the pool's<br>safekeeping agent in the pool's<br>name unrated fund                            | \$ 1,274,147  |
| Uninsured and uncollateralized   | \$ 2,440,477  |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012 was as follows:

|  | BALANCE<br>7/1/2011  | ADDITIONS            | DELETIONS   | BALANCE<br>6/30/2012 |
|--|----------------------|----------------------|-------------|----------------------|
| Capital assets not being depreciated       |                      |                      |             |                      |
| Construction in progress                   | \$ 2,109,650         | \$ 19,732,981        | \$ -        | \$ 21,842,631        |
| Land                                       |                      |                      |             |                      |
| Elementary                                 | 830,675              | -                    | -           | 830,675              |
| Secondary                                  | 203,448              | -                    | -           | 203,448              |
| Other                                      | 889,668              | -                    | -           | 889,668              |
| Total capital assets not being depreciated | <u>4,033,441</u>     | <u>19,732,981</u>    | <u>-</u>    | <u>23,766,422</u>    |
| Capital assets being depreciated           |                      |                      |             |                      |
| Buildings                                  |                      |                      |             |                      |
| Elementary                                 | 19,402,344           | -                    | -           | 19,402,344           |
| Secondary                                  | 19,320,304           | -                    | -           | 19,320,304           |
| Admin.                                     | 2,242,261            | 28,642               | -           | 2,270,903            |
|  | <u>40,964,909</u>    | <u>28,642</u>        | <u>-</u>    | <u>40,993,551</u>    |
| Accumulated depreciation                   | (10,176,527)         | (845,453)            | -           | (11,021,980)         |
| Net buildings                              | <u>30,788,382</u>    | <u>(816,811)</u>     | <u>-</u>    | <u>29,971,571</u>    |
| Equipment                                  |                      |                      |             |                      |
| Elementary                                 | 527,664              | 53,750               | -           | 581,414              |
| Secondary                                  | 907,009              | 74,144               | -           | 981,153              |
| Admin.                                     | 303,771              | 19,607               | -           | 323,378              |
|  | <u>1,738,444</u>     | <u>147,501</u>       | <u>-</u>    | <u>1,885,945</u>     |
| Accumulated depreciation                   | (461,325)            | (117,311)            | -           | (578,636)            |
| Net equipment                              | <u>1,277,119</u>     | <u>30,190</u>        | <u>-</u>    | <u>1,307,309</u>     |
| Vehicles                                   | 5,360,548            | -                    | -           | 5,360,548            |
| Accumulated depreciation                   | (3,878,870)          | (360,750)            | -           | (4,239,620)          |
| Net vehicles                               | <u>1,481,678</u>     | <u>(360,750)</u>     | <u>-</u>    | <u>1,120,928</u>     |
| Total capital assets being depreciated     | <u>33,547,179</u>    | <u>(1,147,371)</u>   | <u>-</u>    | <u>32,399,808</u>    |
| Capital assets, net                        | <u>\$ 37,580,620</u> | <u>\$ 18,585,610</u> | <u>\$ -</u> | <u>\$ 56,166,230</u> |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**3. CAPITAL ASSETS (cont.)**

In the government-wide Statement of Activities the column labeled "Expenses" includes charges for depreciation expense to the following functions or programs:

| <u>EXPENSE</u>                   |                                |
|----------------------------------|--------------------------------|
| Instruction                      | \$ 898,753                     |
| Transportation                   | 360,750                        |
| General administration           | 46,209                         |
| Plant maintenance and operations | <u>17,802</u>                  |
| <br>Total                        | <br><u><u>\$ 1,323,514</u></u> |

The School District's capitalization policy is to capitalize equipment and buildings over \$10,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**4. CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS**

The District has three general obligation bond issues (2000 and 2001 Series and 2007 Series) outstanding with interest rates ranging from 3.75 to 5.70 percent. The 2000 Series and 2001 Series bonds are scheduled to mature September 2012. The 2007 Series are scheduled to mature September 2027.

During the 2007 fiscal year the District entered into a capital lease to acquire the bus garage facility it had been renting from Idaho Fresh-Pak. Terms of the lease required a \$225,000 down payment with annual principal payments of \$96,000 for five years. Interest is charged at the applicable Federal Rate which is estimated to be 8%. However, the terms of the lease allow for the interest cost to be donated back to the District if principal payments are made on time.

In December 2007, the District issued \$18,150,000 of general obligation bonds for the construction of a new elementary school, an addition to the middle school and safety and security upgrades district-wide.

In December 2009 and early 2010, the District issued \$5,000,000 of Qualified School Construction Bonds, \$21,805,000 general obligation Build America Bonds, and \$3,195,000 general obligation bonds.

In December 2010, the District issued \$15,000,000 general obligation QSCB bonds.

A summary of general long-term debt transactions of the District, for the year ended June 30, 2012, follows:

|                         | <u>BALANCE</u><br>7/1/2011      | <u>ADDITIONS</u>             | <u>RETIREMENT</u>              | <u>BALANCE</u><br>6/30/2012     | <u>DUE WITHIN</u><br><u>ONE YEAR</u> |
|-------------------------|---------------------------------|------------------------------|--------------------------------|---------------------------------|--------------------------------------|
| General obligation bond | \$ 61,220,000                   | \$ -                         | \$ 2,260,000                   | \$ 58,960,000                   | \$ 2,680,000                         |
| Lease payable           | 96,000                          | -                            | 41,000                         | 55,000                          | 55,000                               |
| Postemployment benefit  | 521,425                         | 451,498                      | -                              | 972,923                         | 972,923                              |
| Compensated absences    | <u>90,500</u>                   | <u>8,197</u>                 | <u>-</u>                       | <u>98,697</u>                   | <u>98,697</u>                        |
| <br>Total               | <br><u><u>\$ 61,927,925</u></u> | <br><u><u>\$ 459,695</u></u> | <br><u><u>\$ 2,301,000</u></u> | <br><u><u>\$ 60,086,620</u></u> | <br><u><u>\$ 3,806,620</u></u>       |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**4. CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS (cont.)**

Debt service requirements to amortize bond and lease debt to maturity as of June 30, 2012, are as follows:

|           | <u>PRINCIPAL</u>     | <u>INTEREST</u>      | <u>TOTAL</u>         |
|-----------|----------------------|----------------------|----------------------|
| 2013      | \$ 2,735,000         | \$ 1,361,220         | \$ 4,096,220         |
| 2014      | 2,497,353            | 1,284,883            | 3,782,236            |
| 2015      | 2,542,353            | 1,240,483            | 3,782,836            |
| 2016      | 2,582,353            | 1,192,070            | 3,774,423            |
| 2017      | 2,632,353            | 1,140,782            | 3,773,135            |
| 2018-2022 | 14,056,765           | 4,799,747            | 18,856,512           |
| 2023-2027 | 21,166,765           | 2,875,853            | 24,042,618           |
| 2028-2032 | <u>10,802,058</u>    | <u>437,545</u>       | <u>11,239,603</u>    |
| Total     | <u>\$ 59,015,000</u> | <u>\$ 14,332,583</u> | <u>\$ 73,347,583</u> |

Changes to bond principal and lease payable and future interest payable are summarized as follows:

| <u>PRINCIPAL</u>                   | <u>Balance July 1,<br/>2011</u> | <u>New<br/>Debt</u> | <u>Debt<br/>Retired</u> | <u>Balance June 30,<br/>2012</u> |
|------------------------------------|---------------------------------|---------------------|-------------------------|----------------------------------|
| 2000 & 2001 Series                 | \$ 1,390,000                    | \$ -                | \$ (680,000)            | \$ 710,000                       |
| 2007 Series                        | 14,830,000                      | -                   | (1,425,000)             | 13,405,000                       |
| 2009 QSCB                          | 5,000,000                       | -                   | -                       | 5,000,000                        |
| 2010 Series A, B & C               | 40,000,000                      | -                   | (155,000)               | 39,845,000                       |
| Lease Payable                      | <u>96,000</u>                   | <u>-</u>            | <u>(41,000)</u>         | <u>55,000</u>                    |
| Totals                             | <u>\$ 61,316,000</u>            | <u>\$ -</u>         | <u>\$ (2,301,000)</u>   | <u>\$ 59,015,000</u>             |
| <br><u>INTEREST TO BE PROVIDED</u> |                                 |                     |                         |                                  |
| 2000 & 2001 Series                 | \$ 59,288                       | \$ -                | \$ (44,200)             | \$ 15,088                        |
| 2007 Series                        | 5,030,200                       | -                   | (578,450)               | 4,451,750                        |
| 2009 QSCB                          | 1,123,750                       | -                   | (77,500)                | 1,046,250                        |
| 2010 Series A, B & C               | 9,578,133                       | -                   | (758,638)               | 8,819,495                        |
| Lease Payable                      | <u>-</u>                        | <u>-</u>            | <u>-</u>                | <u>-</u>                         |
| Totals                             | <u>\$ 15,791,371</u>            | <u>\$ -</u>         | <u>\$ (1,458,788)</u>   | <u>\$ 14,332,583</u>             |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**5. PENSION BENEFIT OBLIGATIONS**

Public Employee Retirement System of Idaho

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, public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that 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, 2012, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The District’s contributions required and paid were \$1,683,103, \$1,659,501, and \$1,625,420 for the three years ended June 30, 2012, 2011, and 2010, respectively.

**6. PAYROLL EXPENDITURES AND RELATED LIABILITIES**

Many employee contracts were signed for the nine-month period September 1, 2011 through May 31, 2012, to be paid over the twelve months of September 1, 2011 through August 31, 2012. The financial statements reflect the salary expense for this period. The accrued payroll reflects the final two months of these contracts.

**7. DEFERRED REVENUES**

Deferred revenues at June 30, 2012, represent assets that are not available for use by the District to liquidate current year liabilities. A summary of deferred revenues by fund follows:

|                | <u>GENERAL</u>   | <u>DEBT SERVICE</u> | <u>SCHOOL PLANT FACILITIES</u> | <u>OTHER GOVERNMENTAL</u> | <u>TOTAL</u>      |
|----------------|------------------|---------------------|--------------------------------|---------------------------|-------------------|
| Property tax   | \$ 46,977        | \$ 377,528          | \$ 5,370                       | \$ -                      | \$ 429,875        |
| Other deferred | -                | -                   | -                              | -                         | -                 |
| <b>TOTAL</b>   | <u>\$ 46,977</u> | <u>\$ 377,528</u>   | <u>\$ 5,370</u>                | <u>\$ -</u>               | <u>\$ 429,875</u> |

**8. RISK MANAGEMENT**

The District is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District’s risk management program encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through commercial

**JEFFERSON JOINT SCHOOL DISTRICT #251  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**8. RISK MANAGEMENT (cont.)**

insurance carriers. Settled claims have not exceeded insurance coverage in any of the previous three years except that the claim in 2006 submitted by the District to its insurance carrier for criminal coverage in the amount of \$605,353 exceeded the District's coverage of \$500,000.

**9. NONMONETARY TRANSACTIONS**

The District received \$110,151 in USDA Commodities during the 2011-2012 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as revenue and expense of the fund receiving the commodities.

**10. INTERFUND TRANSFERS AND BALANCES**

During the course of its operations, the District had numerous transactions between funds to finance operations and provide services. To the extent that certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded. The interfund balances as of June 30, 2012, were as follows:

|                                       | <u>Receivable</u>          | <u>Payable</u>             |
|---------------------------------------|----------------------------|----------------------------|
| General Fund                          | \$ 1,969,895               | \$ -                       |
| Capital Projects                      | -                          | 1,405,459                  |
| Title I Basic                         | -                          | 151,795                    |
| Various Other Special Revenue Funds   | -                          | 289,744                    |
| Premium Stabilization Exp. Trust Fund | -                          | 122,897                    |
| <b>TOTAL</b>                          | <b><u>\$ 1,969,895</u></b> | <b><u>\$ 1,969,895</u></b> |

Interfund transfers for the year ended June 30, 2012, consisted of the following:

|                             | <u>TRANSFER IN</u>       | <u>TRANSFER OUT</u>      |
|-----------------------------|--------------------------|--------------------------|
| General Fund                | \$ 86,230                | \$ 191,812               |
| Child Nutrition             | 30,706                   | 36,073                   |
| Driver's Ed                 | 11,104                   | -                        |
| State Technology            | 150,000                  | -                        |
| Other Special Revenue Funds | -                        | 50,155                   |
| <b>TOTAL</b>                | <b><u>\$ 278,040</u></b> | <b><u>\$ 278,040</u></b> |

A transfer was made from the General Fund to various funds to provide for budgeted expenditures of \$278,040. The funds went to School Plant Facilities and various Other Governmental Funds.



**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**11. POST RETIREMENT BENEFITS**

The District funds post retirement benefits on a current basis through PERSI. The District paid 1.16% of the wages covered by PERSI to the State for the 2011-2012 school year. At the time of retirement, a sum equal to one-half of the monetary value of unused sick leave, calculated at the rate of pay at that time, is transferred from the sick leave account to the employee's retirement account. This money shall then be used to pay premiums for health, accident, dental, and life insurance. From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2012, the District recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. The District adopted the requirements of GASB Statement No. 45 in 2009, recognition of the liability is included in the financial statement as a liability in 2012.

*Plan Descriptions.* The School District provide continuation of medical insurance coverage to employees who retire at end of their service to the District before the age of 65.

The School District Plan is administered by District personnel. No separate financial statements are issued. The following is a summary of the Plan:

|   | Accrued<br><u>Liability</u> | Annual<br>Required<br><u>Contribution</u> | Participant<br><u>Counts</u> |
|---|-----------------------------|---|------------------------------|
| Active Participants                         | \$ 702,693                  | \$ 98,890                                 | 351                          |
| Retirees, Spouses, and<br>Surviving Spouses | <u>270,230</u>              | <u>11,269</u>                             | <u>25</u>                    |
|   | <u>\$ 972,923</u>           | <u>\$ 110,159</u>                         | <u>376</u>                   |

**Annual Required Contributions (ARC)**

|   |            |
|---|------------|
| Normal Cost as of July 1, 2009                              | \$ 66,751  |
| Actuarial Accrued Liability (AAL)                           | \$ 972,923 |
| Actuarial Value of Assets                                   | \$ -       |
| Unfunded Actuarial Accrued Liability (UAAL)                 | \$ 972,923 |
| Amortization Factor   | 25.0       |
| Amortization of the Unfunded Actuarial Accrued Liability    | \$ 83,119  |
| Annual Required Contribution for Fiscal Year Ending 6-30-11 | \$ 110,159 |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**11. POST RETIREMENT BENEFITS (cont.)**

|  | <u>Annual OPEB Cost</u> |
|--|-------------------------|
| Annual Required Contribution as of 6-30-11 | \$ 110,265              |
| Net OPEB Obligation at 7-01-08             | \$ -                    |
| Interest on Net OPEB Obligation            | \$ -                    |
| Amortization Factor                        | 25.0                    |
| ARC Adjustment                             | \$ -                    |
| Annual OPEB Cost                           | \$ 110,265              |

|   | <u>Schedule of Funding Progress</u> |
|---|-------------------------------------|
| Actuarial Valuation Date                    | 7-01-08                             |
| Actuarial Value of Assets                   | \$ -                                |
| Actuarial Accrued Liability (AAL)           | \$ 972,923                          |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 972,923                          |
| Funded Ratio                                | 0.00%                               |

In future years, three-year trend information will be presented. Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the District elected to implement prospectively, therefore, prior year comparative data is not available.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are “community-rated” and annual premiums for community-rated coverages were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 25 years on a level dollar open basis.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012, actuarial valuation, the liabilities were computed using the projected unit credit method and level dollar amortization. The actuarial assumptions utilized a 4.25% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4.25% rate. The valuation assumes a 8.50% healthcare cost trend increase for fiscal year 2010-11, reduced by decrements to a rate of 6% after six years.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND**  
For the year ended June 30, 2012

|  | <b>BUDGETED AMOUNTS</b> |                   | <b>ACTUAL AMOUNTS</b> | <b>VARIANCE</b>                |
|--|-------------------------|-------------------|-----------------------|--------------------------------|
|  | <b>ORIGINAL</b>         | <b>FINAL</b>      |                       | <b>FAVORABLE (UNFAVORABLE)</b> |
| <b>REVENUES</b>                                    |                         |                   |                       |                                |
| Property taxes                                     | \$ 128,874              | \$ 606,257        | \$ 584,613            | \$ (21,644)                    |
| Food service                                       | -                       | -                 | -                     | -                              |
| Other local  | 139,114                 | 80,700            | 117,098               | 36,398                         |
| State apportionment base                           | 15,759,585              | 15,879,698        | 15,992,767            | 113,069                        |
| State apportionment transportation                 | 1,348,198               | 1,318,735         | 1,316,334             | (2,401)                        |
| State apportionment benefits                       | 2,044,994               | 2,054,270         | 2,070,065             | 15,795                         |
| Investment earnings                                | 30,000                  | 30,000            | 21,066                | (8,934)                        |
| Other State revenue                                | 272,600                 | 326,682           | 292,879               | (33,803)                       |
| Federal grants and assistance                      | -                       | 12,256            | 12,256                | -                              |
| <b>TOTAL REVENUES</b>                              | <b>19,723,365</b>       | <b>20,308,598</b> | <b>20,407,078</b>     | <b>98,480</b>                  |
| <b>EXPENDITURES</b>                                |                         |                   |                       |                                |
| Instruction  | 13,503,317              | 14,319,125        | 13,963,818            | 355,307                        |
| Support services                                   | 1,319,840               | 1,372,616         | 1,353,758             | 18,858                         |
| Plant maintenance and operation                    | 2,082,153               | 2,122,102         | 2,248,981             | (126,879)                      |
| General administration                             | 1,996,672               | 2,210,281         | 2,199,886             | 10,395                         |
| Central services                                   | -                       | -                 | -                     | -                              |
| Transportation                                     | 1,207,268               | 1,291,603         | 1,443,206             | (151,603)                      |
| Food service                                       | -                       | -                 | -                     | -                              |
| Debt Service:                                      |                         |                   |                       |                                |
| Principal  | 96,000                  | 96,000            | 41,000                | 55,000                         |
| Interest and other charges                         | -                       | -                 | -                     | -                              |
| Capital Outlay                                     | -                       | -                 | -                     | -                              |
| <b>TOTAL EXPENDITURES</b>                          | <b>20,205,250</b>       | <b>21,411,727</b> | <b>21,250,649</b>     | <b>161,078</b>                 |
| Excess (deficiency) of revenues over expenditures: | (481,885)               | (1,103,129)       | (843,571)             | 259,558                        |
| <b>OTHER FINANCING SOURCES (USES)</b>              |                         |                   |                       |                                |
| Proceeds from capital leases                       | -                       | -                 | -                     | -                              |
| Proceeds from sale of bonds                        | -                       | -                 | -                     | -                              |
| Transfers in                                       | 85,000                  | 62,248            | 86,230                | (23,982)                       |
| Transfers out                                      | (253,400)               | (179,000)         | (191,812)             | (12,812)                       |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>        | <b>(168,400)</b>        | <b>(116,752)</b>  | <b>(105,582)</b>      | <b>(36,794)</b>                |
| <b>SPECIAL ITEM</b>                                |                         |                   |                       |                                |
| Proceeds from sale capital assets                  | -                       | -                 | -                     | -                              |
| Net change in fund balances                        | \$ (650,285)            | \$ (1,219,881)    | (949,153)             | \$ 270,728                     |
| Fund balances - Beginning                          |                         |                   | 3,469,193             |                                |
| <b>FUND BALANCES - Ending</b>                      |                         |                   | <b>\$ 2,520,040</b>   |                                |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**BUDGET AND ACTUAL (WITH VARIANCES) - CHILD NUTRITION**  
**For the year ended June 30, 2012**

|   | <u>BUDGETED AMOUNTS</u> |                  | <u>ACTUAL AMOUNTS</u> | <u>VARIANCE</u>                |
|---|-------------------------|------------------|-----------------------|--------------------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>     |                       | <u>FAVORABLE (UNFAVORABLE)</u> |
| <b>REVENUES</b>                                   |                         |                  |                       |                                |
| Property taxes                                    | \$ -                    | \$ -             | \$ -                  | \$ -                           |
| Food service                                      | 528,700                 | 528,700          | 463,264               | (65,436)                       |
| Transportation fees                               | -                       | -                | -                     | -                              |
| Other local                                       | -                       | -                | -                     | -                              |
| State apportionment base                          | -                       | -                | -                     | -                              |
| State apportionment transportation                | -                       | -                | -                     | -                              |
| State apportionment benefits                      | -                       | -                | -                     | -                              |
| Investment earnings                               | 1,000                   | 1,000            | 944                   | (56)                           |
| Other State revenue                               | -                       | -                | -                     | -                              |
| Federal grants and assistance                     | 950,000                 | 950,000          | 1,156,456             | 206,456                        |
| <b>TOTAL REVENUES</b>                             | <u>1,479,700</u>        | <u>1,479,700</u> | <u>1,620,664</u>      | <u>140,964</u>                 |
| <b>EXPENDITURES</b>                               |                         |                  |                       |                                |
| Instruction                                       | -                       | -                | -                     | -                              |
| Support services                                  | -                       | -                | -                     | -                              |
| Plant maintenance and operation                   | -                       | -                | -                     | -                              |
| General administration                            | -                       | -                | -                     | -                              |
| Central services                                  | -                       | -                | -                     | -                              |
| Transportation                                    | -                       | -                | -                     | -                              |
| Food service                                      | 1,378,705               | 1,410,782        | 1,478,995             | (68,213)                       |
| Debt Service:                                     |                         |                  |                       |                                |
| Principal   | -                       | -                | -                     | -                              |
| Interest and other charges                        | -                       | -                | -                     | -                              |
| Capital Outlay                                    | -                       | -                | -                     | -                              |
| <b>TOTAL EXPENDITURES</b>                         | <u>1,378,705</u>        | <u>1,410,782</u> | <u>1,478,995</u>      | <u>(68,213)</u>                |
| Excess (deficiency) of revenues over expenditures | <u>100,995</u>          | <u>68,918</u>    | <u>141,669</u>        | <u>72,751</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                  |                       |                                |
| Transfers in                                      | -                       | 29,000           | 30,706                | (1,706)                        |
| Transfers out                                     | (21,450)                | (21,450)         | (36,073)              | (14,623)                       |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <u>(21,450)</u>         | <u>7,550</u>     | <u>(5,367)</u>        | <u>(16,329)</u>                |
| <b>SPECIAL ITEM</b>                               |                         |                  |                       |                                |
| Proceeds from sale capital assets                 | -                       | -                | -                     | -                              |
| Net change in fund balances                       | <u>\$ 79,545</u>        | <u>\$ 76,468</u> | 136,302               | <u>\$ 59,834</u>               |
| Fund balances - Beginning                         |                         |                  | <u>431,296</u>        |                                |
| <b>FUND BALANCES - Ending</b>                     |                         |                  | <u>\$ 567,598</u>     |                                |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**BUDGET AND ACTUAL (WITH VARIANCES) - SCHOOL PLANT FACILITIES**  
**For the year ended June 30, 2012**

|   | <u>BUDGETED AMOUNTS</u> |                       | <u>ACTUAL AMOUNTS</u> | <u>VARIANCE</u>                |
|---|-------------------------|-----------------------|-----------------------|--------------------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>          |                       | <u>FAVORABLE (UNFAVORABLE)</u> |
| <b>REVENUES</b>                                   |                         |                       |                       |                                |
| Property taxes                                    | \$ -                    | \$ -                  | \$ 10,361             | \$ 10,361                      |
| Food service                                      | -                       | -                     | -                     | -                              |
| Transportation fees                               | -                       | -                     | -                     | -                              |
| Other local                                       | 15,000                  | 15,000                | 16,794                | 1,794                          |
| State apportionment base                          | -                       | -                     | -                     | -                              |
| State apportionment transportation                | -                       | -                     | -                     | -                              |
| State apportionment benefits                      | -                       | -                     | -                     | -                              |
| Investment earnings                               | 15,000                  | 15,000                | 13,202                | (1,798)                        |
| Other State revenue                               | -                       | -                     | -                     | -                              |
| Federal grants and assistance                     | -                       | -                     | -                     | -                              |
| <b>TOTAL REVENUES</b>                             | <u>30,000</u>           | <u>30,000</u>         | <u>40,357</u>         | <u>10,357</u>                  |
| <b>EXPENDITURES</b>                               |                         |                       |                       |                                |
| Instruction                                       | -                       | -                     | -                     | -                              |
| Support services                                  | -                       | -                     | -                     | -                              |
| Plant maintenance and operation                   | 1,065,000               | 1,065,000             | 208,167               | 856,833                        |
| General administration                            | -                       | -                     | -                     | -                              |
| Central services                                  | -                       | -                     | -                     | -                              |
| Transportation                                    | -                       | -                     | -                     | -                              |
| Food service                                      | -                       | -                     | -                     | -                              |
| Debt Service:                                     |                         |                       |                       |                                |
| Principal   | -                       | -                     | -                     | -                              |
| Interest and other charges                        | -                       | -                     | -                     | -                              |
| Capital Outlay                                    | 60,000                  | 60,000                | 55,892                | 4,108                          |
| <b>TOTAL EXPENDITURES</b>                         | <u>1,125,000</u>        | <u>1,125,000</u>      | <u>264,059</u>        | <u>860,941</u>                 |
| Excess (deficiency) of revenues over expenditures | <u>(1,095,000)</u>      | <u>(1,095,000)</u>    | <u>(223,702)</u>      | <u>871,298</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                       |                       |                                |
| Transfers in                                      | 150,000                 | -                     | -                     | -                              |
| Transfers out                                     | -                       | -                     | -                     | -                              |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <u>150,000</u>          | <u>-</u>              | <u>-</u>              | <u>-</u>                       |
| <b>SPECIAL ITEM</b>                               |                         |                       |                       |                                |
| Proceeds from sale capital assets                 | <u>6,000</u>            | <u>6,000</u>          | <u>46,034</u>         | <u>(40,034)</u>                |
| Net change in fund balances                       | <u>\$ (939,000)</u>     | <u>\$ (1,089,000)</u> | <u>(177,668)</u>      | <u>\$ 911,332</u>              |
| Fund balances - Beginning                         |                         |                       | <u>3,261,111</u>      |                                |
| <b>FUND BALANCES - Ending</b>                     |                         |                       | <u>\$ 3,083,443</u>   |                                |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**BUDGET AND ACTUAL (WITH VARIANCES) - DEBT SERVICE**  
**For the year ended June 30, 2012**

|  | <b>BUDGETED AMOUNTS</b> |                       | <b>ACTUAL AMOUNTS</b>      | <b>VARIANCE</b>                |
|--|-------------------------|-----------------------|----------------------------|--------------------------------|
|  | <b>ORIGINAL</b>         | <b>FINAL</b>          |                            | <b>FAVORABLE (UNFAVORABLE)</b> |
| <b>REVENUES</b>                                      |                         |                       |                            |                                |
| Property taxes                                       | \$ 3,580,000            | \$ 3,607,297          | \$ 3,689,309               | \$ 82,012                      |
| Food service   | -                       | -                     | -                          | -                              |
| Transportation fees                                  | -                       | -                     | -                          | -                              |
| Other local  | -                       | -                     | -                          | -                              |
| State apportionment base                             | -                       | -                     | -                          | -                              |
| State apportionment transportation                   | -                       | -                     | -                          | -                              |
| State apportionment benefits                         | -                       | -                     | -                          | -                              |
| Investment earnings                                  | 2,200                   | 2,200                 | 3,191                      | 991                            |
| Other State revenue                                  | -                       | -                     | 1,404,678                  | 1,404,678                      |
| Federal grants and assistance                        | -                       | -                     | -                          | -                              |
| <b>TOTAL REVENUES</b>                                | <b>3,582,200</b>        | <b>3,609,497</b>      | <b>5,097,178</b>           | <b>1,487,681</b>               |
| <b>EXPENDITURES</b>                                  |                         |                       |                            |                                |
| Instruction  | -                       | -                     | -                          | -                              |
| Support services                                     | -                       | -                     | -                          | -                              |
| Plant maintenance and operation                      | -                       | -                     | -                          | -                              |
| General administration                               | -                       | -                     | -                          | -                              |
| Central services                                     | -                       | -                     | -                          | -                              |
| Transportation                                       | -                       | -                     | -                          | -                              |
| Food service   | -                       | -                     | -                          | -                              |
| Debt Service:  |                         |                       |                            |                                |
| Principal  | 3,735,000               | 3,735,000             | 2,260,000                  | 1,475,000                      |
| Interest and other charges                           | 1,416,632               | 1,417,480             | 1,463,873                  | (46,393)                       |
| Capital Outlay                                       | -                       | -                     | -                          | -                              |
| <b>TOTAL EXPENDITURES</b>                            | <b>5,151,632</b>        | <b>5,152,480</b>      | <b>3,723,873</b>           | <b>1,428,607</b>               |
| Excess (deficiency) of revenues<br>over expenditures | <u>(1,569,432)</u>      | <u>(1,542,983)</u>    | <u>1,373,305</u>           | <u>2,916,288</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |                       |                            |                                |
| Transfers in   | -                       | -                     | -                          | -                              |
| Transfers out  | -                       | -                     | -                          | -                              |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>          | <b>-</b>                | <b>-</b>              | <b>-</b>                   | <b>-</b>                       |
| <b>SPECIAL ITEM</b>                                  |                         |                       |                            |                                |
| Proceeds from sale capital assets                    | -                       | -                     | -                          | -                              |
| <b>Net change in fund balances</b>                   | <b>\$ (1,569,432)</b>   | <b>\$ (1,542,983)</b> | <b>1,373,305</b>           | <b>\$ 2,916,288</b>            |
| Fund balances - Beginning                            |                         |                       | <u>3,569,285</u>           |                                |
| <b>FUND BALANCES - Ending</b>                        |                         |                       | <u><b>\$ 4,942,590</b></u> |                                |



**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**BUDGET AND ACTUAL (WITH VARIANCES) - CAPITAL PROJECTS**  
**For the year ended June 30, 2012**

|  | <b>BUDGETED AMOUNTS</b> |                        | <b>ACTUAL<br/>AMOUNTS</b>   | <b>VARIANCE</b>                    |
|--|-------------------------|------------------------|-----------------------------|------------------------------------|
|  | <b>ORIGINAL</b>         | <b>FINAL</b>           |                             | <b>FAVORABLE<br/>(UNFAVORABLE)</b> |
| <b>REVENUES</b>                                      |                         |                        |                             |                                    |
| Property taxes                                       | \$ -                    | \$ -                   | \$ -                        | \$ -                               |
| Food service   | -                       | -                      | -                           | -                                  |
| Transportation fees                                  | -                       | -                      | -                           | -                                  |
| Other local  | -                       | -                      | -                           | -                                  |
| State apportionment base                             | -                       | -                      | -                           | -                                  |
| State apportionment transportation                   | -                       | -                      | -                           | -                                  |
| State apportionment benefits                         | -                       | -                      | -                           | -                                  |
| Investment earnings                                  | 200,000                 | 200,000                | 146,355                     | (53,645)                           |
| Other State revenue                                  | -                       | -                      | -                           | -                                  |
| Federal grants and assistance                        | -                       | -                      | -                           | -                                  |
| <b>TOTAL REVENUES</b>                                | <b>200,000</b>          | <b>200,000</b>         | <b>146,355</b>              | <b>(53,645)</b>                    |
| <b>EXPENDITURES</b>                                  |                         |                        |                             |                                    |
| Instruction  | -                       | -                      | -                           | -                                  |
| Support services                                     | -                       | -                      | -                           | -                                  |
| Plant maintenance and operation                      | -                       | -                      | -                           | -                                  |
| General administration                               | -                       | -                      | -                           | -                                  |
| Central services                                     | -                       | -                      | -                           | -                                  |
| Transportation                                       | -                       | -                      | -                           | -                                  |
| Food service   | -                       | -                      | -                           | -                                  |
| Debt Service:  |                         |                        |                             |                                    |
| Principal  | -                       | -                      | -                           | -                                  |
| Interest and other charges                           | -                       | -                      | -                           | -                                  |
| Capital Outlay                                       | 25,000,000              | 25,800,000             | 19,944,010                  | 5,855,990                          |
| <b>TOTAL EXPENDITURES</b>                            | <b>25,000,000</b>       | <b>25,800,000</b>      | <b>19,944,010</b>           | <b>5,855,990</b>                   |
| Excess (deficiency) of revenues<br>over expenditures | (24,800,000)            | (25,600,000)           | (19,797,655)                | 5,802,345                          |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |                        |                             |                                    |
| Proceeds from sale of bonds                          | -                       | -                      | -                           | -                                  |
| Transfers in   | -                       | -                      | -                           | -                                  |
| Transfers out  | -                       | -                      | -                           | -                                  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>      | <b>-</b>                | <b>-</b>               | <b>-</b>                    | <b>-</b>                           |
| <b>SPECIAL ITEM</b>                                  |                         |                        |                             |                                    |
| Proceeds from sale capital assets                    | -                       | -                      | -                           | -                                  |
| Net change in fund balances                          | <u>\$ (24,800,000)</u>  | <u>\$ (25,600,000)</u> | (19,797,655)                | <u>\$ 5,802,345</u>                |
| Fund balances - Beginning                            |                         |                        | <u>41,843,196</u>           |                                    |
| <b>FUND BALANCES - Ending</b>                        |                         |                        | <u><u>\$ 22,045,541</u></u> |                                    |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2012**

1. The legally adopted budget for Jefferson Joint School District #251 is based on the accrual basis of accounting.
2. Actual expenditures exceeded the budget in the major fund of Child Nutrition.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**SUPPLEMENTARY INFORMATION**

**JEFFERSON JOINT SCHOOL DISTRICT #251  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2012**

|  | <b>SPECIAL<br/>LOCAL</b> | <b>DRIVER'S ED</b> | <b>PRO<br/>TECHNICAL</b> |
|--|--------------------------|--------------------|--------------------------|
| <b>ASSETS</b>                                  |                          |                    |                          |
| Cash and cash equivalents                      | \$ -                     | \$ -               | \$ -                     |
| Receivable from other governments              | -                        | 31,750             | 26,931                   |
| Taxes receivable, net                          | -                        | -                  | -                        |
| Due from other funds                           | -                        | -                  | -                        |
| Inventory                                      | -                        | -                  | -                        |
| <b>TOTAL ASSETS</b>                            | <b>\$ -</b>              | <b>\$ 31,750</b>   | <b>\$ 26,931</b>         |
| <b>LIABILITIES AND FUND BALANCES</b>           |                          |                    |                          |
| <b>LIABILITIES</b>                             |                          |                    |                          |
| Accounts payable                               | \$ -                     | \$ 880             | \$ 5,959                 |
| Other accrued expenses                         | -                        | 15,296             | 2,112                    |
| Interfund payable                              | -                        | 27,026             | 18,860                   |
| Deferred revenue                               | -                        | -                  | -                        |
| <b>TOTAL LIABILITIES</b>                       | <b>-</b>                 | <b>43,202</b>      | <b>26,931</b>            |
| <b>FUND BALANCES</b>                           |                          |                    |                          |
| Assigned - other purposes                      | -                        | (11,452)           | -                        |
| Unassigned                                     | -                        | -                  | -                        |
| <b>TOTAL FUND BALANCES</b>                     | <b>-</b>                 | <b>(11,452)</b>    | <b>-</b>                 |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ -</b>              | <b>\$ 31,750</b>   | <b>\$ 26,931</b>         |

| <u>STATE TECHNOLOGY</u> | <u>IDAHO SUBSTANCE ABUSE</u> | <u>TITLE I BASIC</u> | <u>READING FIRST</u> | <u>MIGRANT ED</u> |
|-------------------------|------------------------------|----------------------|----------------------|-------------------|
| \$ 170,661              | \$ -                         | \$ -                 | \$ -                 | \$ -              |
| 166                     | -                            | 205,812              | -                    | 7,240             |
| -                       | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| <u>\$ 170,827</u>       | <u>\$ -</u>                  | <u>\$ 205,812</u>    | <u>\$ -</u>          | <u>\$ 7,240</u>   |
| <br>                    |                              |                      |                      |                   |
| \$ 59,314               | \$ -                         | \$ 8,748             | \$ -                 | \$ -              |
| -                       | -                            | 45,269               | -                    | 2,134             |
| -                       | -                            | 151,795              | -                    | 5,106             |
| -                       | -                            | -                    | -                    | -                 |
| <u>59,314</u>           | <u>-</u>                     | <u>205,812</u>       | <u>-</u>             | <u>7,240</u>      |
| <br>                    |                              |                      |                      |                   |
| 111,513                 | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| <u>111,513</u>          | <u>-</u>                     | <u>-</u>             | <u>-</u>             | <u>-</u>          |
| <br>                    |                              |                      |                      |                   |
| <u>\$ 170,827</u>       | <u>\$ -</u>                  | <u>\$ 205,812</u>    | <u>\$ -</u>          | <u>\$ 7,240</u>   |

**JEFFERSON JOINT SCHOOL DISTRICT #251  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2012**

|  | <u>TITLE VI-B<br/>SCHOOL-AGE</u> | <u>TITLE VI-B<br/>PRESCHOOL</u> | <u>INNOVATIVE<br/>PROGRAMS</u> |
|--|----------------------------------|---------------------------------|--------------------------------|
| <b>ASSETS</b>                          |                                  |                                 |                                |
| Cash and cash equivalents              | \$ -                             | \$ -                            | \$ -                           |
| Receivable from other governments      | 242,515                          | 4,848                           | -                              |
| Taxes receivable, net                  | -                                | -                               | -                              |
| Due from other funds                   | -                                | -                               | -                              |
| Inventory                              | -                                | -                               | -                              |
|  | <hr/>                            | <hr/>                           | <hr/>                          |
| TOTAL ASSETS                           | <u>\$ 242,515</u>                | <u>\$ 4,848</u>                 | <u>\$ -</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>   |                                  |                                 |                                |
| <b>LIABILITIES</b>                     |                                  |                                 |                                |
| Accounts payable                       | \$ 7,949                         | \$ -                            | \$ -                           |
| Other accrued expenses                 | 122,464                          | 2,005                           | -                              |
| Interfund payable                      | 112,102                          | 2,843                           | -                              |
| Deferred revenue                       | -                                | -                               | -                              |
|  | <hr/>                            | <hr/>                           | <hr/>                          |
| TOTAL LIABILITIES                      | <u>242,515</u>                   | <u>4,848</u>                    | <u>-</u>                       |
| <b>FUND BALANCES</b>                   |                                  |                                 |                                |
| Assigned - other purposes              | -                                | -                               | -                              |
| Unassigned                             | -                                | -                               | -                              |
|  | <hr/>                            | <hr/>                           | <hr/>                          |
| TOTAL FUND BALANCES                    | <u>-</u>                         | <u>-</u>                        | <u>-</u>                       |
|  | <hr/>                            | <hr/>                           | <hr/>                          |
| TOTAL LIABILITIES AND<br>FUND BALANCES | <u>\$ 242,515</u>                | <u>\$ 4,848</u>                 | <u>\$ -</u>                    |

| <b>PERKINS PRO<br/>TECHNICAL</b> | <b>LANGUAGE<br/>INSTRUCTION</b> | <b>IMPROVING<br/>TEACHER<br/>QUALITY</b> | <b>SAFE AND<br/>DRUG-FREE<br/>SCHOOLS</b> | <b>TITLE II-D<br/>TECHNOLOGY</b> |
|----------------------------------|---------------------------------|--|---|----------------------------------|
| \$ -                             | \$ -                            | \$ -                                     | \$ -                                      | \$ -                             |
| 45,291                           | 5,725                           | 76,974                                   | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| <u>\$ 45,291</u>                 | <u>\$ 5,725</u>                 | <u>\$ 76,974</u>                         | <u>\$ -</u>                               | <u>\$ -</u>                      |
| <br>                             |                                 |  |   |                                  |
| \$ 5,854                         | \$ -                            | \$ 856                                   | \$ -                                      | \$ -                             |
| 420                              | 723                             | -  | -   | -                                |
| 39,017                           | 5,002                           | 76,118                                   | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| <u>45,291</u>                    | <u>5,725</u>                    | <u>76,974</u>                            | <u>-</u>                                  | <u>-</u>                         |
| <br>                             |                                 |  |   |                                  |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| <u>\$ 45,291</u>                 | <u>\$ 5,725</u>                 | <u>\$ 76,974</u>                         | <u>\$ -</u>                               | <u>\$ -</u>                      |



**JEFFERSON JOINT SCHOOL DISTRICT #251  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2012**

|  | <u>MEDICAID</u>   | <u>E-RATE</u>     | <u>TOTAL<br/>NONMAJOR<br/>SPECIAL<br/>REVENUE</u> |
|--|-------------------|-------------------|---|
| <b>ASSETS</b>                            |                   |                   |   |
| Cash and cash equivalents                | \$ 26,007         | \$ -              | \$ 196,668  |
| Receivable from other governments        | 7,098             | -                 | 654,350   |
| Taxes receivable, net                    | -                 | -                 | -   |
| Due from other funds                     | -                 | -                 | -   |
| Inventory                                | -                 | -                 | -   |
|  | <u>          </u> | <u>          </u> | <u>          </u>                                 |
| TOTAL ASSETS                             | <u>\$ 33,105</u>  | <u>\$ -</u>       | <u>\$ 851,018</u>                                 |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                   |                   |   |
| <b>LIABILITIES</b>                       |                   |                   |   |
| Accounts payable                         | \$ 3,746          | \$ -              | \$ 93,306   |
| Other accrued expenses                   | 37,341            | -                 | 227,764   |
| Interfund payable                        | -                 | -                 | 437,869   |
| Deferred revenue                         | -                 | -                 | -   |
|  | <u>          </u> | <u>          </u> | <u>          </u>                                 |
| TOTAL LIABILITIES                        | <u>41,087</u>     | <u>-</u>          | <u>758,939</u>                                    |
| <br><b>FUND BALANCES</b>                 |                   |                   |   |
| Assigned - other purposes                | (7,982)           | -                 | 92,079  |
| Unassigned                               | -                 | -                 | -   |
|  | <u>          </u> | <u>          </u> | <u>          </u>                                 |
| TOTAL FUND BALANCES                      | <u>(7,982)</u>    | <u>-</u>          | <u>92,079</u>                                     |
|  | <u>          </u> | <u>          </u> | <u>          </u>                                 |
| TOTAL LIABILITIES AND<br>FUND BALANCES   | <u>\$ 33,105</u>  | <u>\$ -</u>       | <u>\$ 851,018</u>                                 |

**THIS PAGE INTENTIONALLY LEFT BLANK**

**JEFFERSON JOINT SCHOOL DISTRICT #251  
COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2012**

|   | <u>SPECIAL<br/>LOCAL</u> | <u>DRIVER'S ED</u> | <u>PRO<br/>TECHNICAL</u> |
|---|--------------------------|--------------------|--------------------------|
| <b>REVENUES</b>                                   |                          |                    |                          |
| Property taxes                                    | \$ -                     | \$ -               | \$ -                     |
| Intergovernmental-State                           | -                        | 31,751             | 86,614                   |
| Intergovernmental-Federal                         | -                        | -                  | -                        |
| Transportation fees                               | -                        | -                  | -                        |
| Investment earnings                               | -                        | -                  | -                        |
| Miscellaneous                                     | -                        | -                  | -                        |
| Other local                                       | -                        | 27,788             | -                        |
|   | <hr/>                    | <hr/>              | <hr/>                    |
| TOTAL REVENUES                                    | -                        | 59,539             | 86,614                   |
| <b>EXPENDITURES</b>                               |                          |                    |                          |
| Instruction                                       | -                        | 59,950             | 86,614                   |
| Support services                                  | -                        | -                  | -                        |
| General administration                            | -                        | -                  | -                        |
| Transportation                                    | -                        | -                  | -                        |
| Food service                                      | -                        | -                  | -                        |
| Capital outlay                                    | -                        | -                  | -                        |
| Debt service-principal                            | -                        | -                  | -                        |
| Debt service-interest                             | -                        | -                  | -                        |
|   | <hr/>                    | <hr/>              | <hr/>                    |
| TOTAL EXPENDITURES                                | -                        | 59,950             | 86,614                   |
| Excess (deficiency) of revenues over expenditures | -                        | (411)              | -                        |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                          |                    |                          |
| Transfers in                                      | -                        | 11,104             | -                        |
| Transfers out                                     | -                        | -                  | -                        |
|   | <hr/>                    | <hr/>              | <hr/>                    |
| TOTAL OTHER FINANCING SOURCES (USES)              | -                        | 11,104             | -                        |
| <b>SPECIAL ITEM</b>                               |                          |                    |                          |
| Proceeds from sale of equipment                   | -                        | -                  | -                        |
|   | <hr/>                    | <hr/>              | <hr/>                    |
| Net change in fund balances                       | -                        | 10,693             | -                        |
| Fund balance - Beginning                          | -                        | (22,145)           | -                        |
|   | <hr/>                    | <hr/>              | <hr/>                    |
| <b>FUND BALANCES - Ending</b>                     | <u>\$ -</u>              | <u>\$ (11,452)</u> | <u>\$ -</u>              |

| <u>STATE TECHNOLOGY</u> | <u>IDAHO SUBSTANCE ABUSE</u> | <u>TITLE I BASIC</u> | <u>READING FIRST</u> | <u>MIGRANT ED</u> |
|-------------------------|------------------------------|----------------------|----------------------|-------------------|
| \$ -                    | \$ -                         | \$ -                 | \$ -                 | \$ -              |
| 168,714                 | -                            | -                    | -                    | -                 |
| -                       | -                            | 545,950              | -                    | 37,773            |
| -                       | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| 70,716                  | -                            | -                    | -                    | -                 |
| <u>239,430</u>          | <u>-</u>                     | <u>545,950</u>       | <u>-</u>             | <u>37,773</u>     |
| -                       | -                            | 413,877              | -                    | 36,874            |
| 338,772                 | -                            | 119,075              | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| -                       | -                            | -                    | -                    | -                 |
| <u>338,772</u>          | <u>-</u>                     | <u>532,952</u>       | <u>-</u>             | <u>36,874</u>     |
| (99,342)                | -                            | 12,998               | -                    | 899               |
| 150,000                 | -                            | -                    | -                    | -                 |
| -                       | -                            | (12,998)             | -                    | (899)             |
| <u>150,000</u>          | <u>-</u>                     | <u>(12,998)</u>      | <u>-</u>             | <u>(899)</u>      |
| -                       | -                            | -                    | -                    | -                 |
| 50,658                  | -                            | -                    | -                    | -                 |
| 60,855                  | -                            | -                    | -                    | -                 |
| <u>\$ 111,513</u>       | <u>\$ -</u>                  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>       |

**JEFFERSON JOINT SCHOOL DISTRICT #251  
COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2012**

|   | <u>TITLE VI-B<br/>SCHOOL-AGE</u> | <u>TITLE VI-B<br/>PRESCHOOL</u> | <u>INNOVATIVE<br/>PROGRAMS</u> |
|---|----------------------------------|---------------------------------|--------------------------------|
| <b>REVENUES</b>                                   |                                  |                                 |                                |
| Property taxes                                    | \$ -                             | \$ -                            | \$ -                           |
| Intergovernmental-State                           | -                                | -                               | -                              |
| Intergovernmental-Federal                         | 991,174                          | 27,003                          | -                              |
| Transportation fees                               | -                                | -                               | -                              |
| Investment earnings                               | -                                | -                               | -                              |
| Miscellaneous                                     | -                                | -                               | -                              |
| Other local                                       | -                                | -                               | -                              |
|   | <u>991,174</u>                   | <u>27,003</u>                   | <u>-</u>                       |
| <b>EXPENDITURES</b>                               |                                  |                                 |                                |
| Instruction                                       | 740,288                          | 26,360                          | -                              |
| Support services                                  | 227,287                          | -                               | -                              |
| General administration                            | -                                | -                               | -                              |
| Transportation                                    | -                                | -                               | -                              |
| Food service                                      | -                                | -                               | -                              |
| Capital outlay                                    | -                                | -                               | -                              |
| Debt service-principal                            | -                                | -                               | -                              |
| Debt service-interest                             | -                                | -                               | -                              |
|   | <u>967,575</u>                   | <u>26,360</u>                   | <u>-</u>                       |
| Excess (deficiency) of revenues over expenditures | 23,599                           | 643                             | -                              |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                                  |                                 |                                |
| Transfers in                                      | -                                | -                               | -                              |
| Transfers out                                     | <u>(23,599)</u>                  | <u>(643)</u>                    | <u>-</u>                       |
|   | <u>(23,599)</u>                  | <u>(643)</u>                    | <u>-</u>                       |
| <b>SPECIAL ITEM</b>                               |                                  |                                 |                                |
| Proceeds from sale of equipment                   | <u>-</u>                         | <u>-</u>                        | <u>-</u>                       |
| Net change in fund balances                       | -                                | -                               | -                              |
| Fund balance - Beginning                          | <u>-</u>                         | <u>-</u>                        | <u>-</u>                       |
| <b>FUND BALANCES - Ending</b>                     | <u><u>\$ -</u></u>               | <u><u>\$ -</u></u>              | <u><u>\$ -</u></u>             |

| <b>PERKINS PRO<br/>TECHNICAL</b> | <b>LANGUAGE<br/>INSTRUCTION</b> | <b>IMPROVING<br/>TEACHER<br/>QUALITY</b> | <b>SAFE AND<br/>DRUG-FREE<br/>SCHOOLS</b> | <b>TITLE II-D<br/>TECHNOLOGY</b> |
|----------------------------------|---------------------------------|--|---|----------------------------------|
| \$ -                             | \$ -                            | \$ -                                     | \$ -                                      | \$ -                             |
| -                                | -                               | -  | -   | -                                |
| 45,291                           | 33,082                          | 183,270                                  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| <u>45,291</u>                    | <u>33,082</u>                   | <u>183,270</u>                           | <u>-</u>                                  | <u>-</u>                         |
| 38,723                           | 23,972                          | 605                                      | -   | -                                |
| -                                | 1,571                           | 178,302                                  | -   | -                                |
| -                                | 6,751                           | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| 6,568                            | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| <u>45,291</u>                    | <u>32,294</u>                   | <u>178,907</u>                           | <u>-</u>                                  | <u>-</u>                         |
| -                                | 788                             | 4,363                                    | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | (788)                           | (4,363)                                  | -   | -                                |
| <u>-</u>                         | <u>(788)</u>                    | <u>(4,363)</u>                           | <u>-</u>                                  | <u>-</u>                         |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| -                                | -                               | -  | -   | -                                |
| <u>\$ -</u>                      | <u>\$ -</u>                     | <u>\$ -</u>                              | <u>\$ -</u>                               | <u>\$ -</u>                      |

**JEFFERSON JOINT SCHOOL DISTRICT #251  
COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2012**

|   | <u>MEDICAID</u>   | <u>E-RATE</u> | <u>TOTAL<br/>NONMAJOR<br/>SPECIAL<br/>REVENUE</u> |
|---|-------------------|---------------|---|
| <b>REVENUES</b>                                   |                   |               |   |
| Property taxes                                    | \$ -              | \$ -          | \$ -  |
| Intergovernmental-State                           | -                 | -             | 287,079   |
| Intergovernmental-Federal                         | -                 | -             | 1,863,543   |
| Transportation fees                               | -                 | -             | -   |
| Investment earnings                               | -                 | -             | -   |
| Miscellaneous                                     | -                 | -             | -   |
| Other local                                       | 240,279           | -             | 338,783   |
|   | <u>240,279</u>    | <u>-</u>      | <u>2,489,405</u>                                  |
| <b>EXPENDITURES</b>                               |                   |               |   |
| Instruction                                       | 192,998           | -             | 1,620,261   |
| Support services                                  | 88,467            | -             | 953,474   |
| General administration                            | -                 | -             | 6,751   |
| Transportation                                    | -                 | -             | -   |
| Food service                                      | -                 | -             | -   |
| Capital outlay                                    | -                 | -             | 6,568   |
| Debt service-principal                            | -                 | -             | -   |
| Debt service-interest                             | -                 | -             | -   |
|   | <u>281,465</u>    | <u>-</u>      | <u>2,587,054</u>                                  |
| Excess (deficiency) of revenues over expenditures | (41,186)          | -             | (97,649)  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                   |               |   |
| Transfers in                                      | -                 | -             | 161,104   |
| Transfers out                                     | (6,865)           | -             | (50,155)  |
|   | <u>(6,865)</u>    | <u>-</u>      | <u>110,949</u>                                    |
| <b>SPECIAL ITEM</b>                               |                   |               |   |
| Proceeds from sale of equipment                   | -                 | -             | -   |
| Net change in fund balances                       | (48,051)          | -             | 13,300  |
| Fund balance - Beginning                          | 40,069            | -             | 78,779  |
| <b>FUND BALANCES - Ending</b>                     | <u>\$ (7,982)</u> | <u>\$ -</u>   | <u>\$ 92,079</u>                                  |

**JEFFERSON JOINT SCHOOL DISTRICT #251**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2012**

|                              | <u>BALANCE</u><br><u>07/01/11</u> | <u>RECEIPTS</u>            | <u>DISBURSEMENTS</u>       | <u>BALANCE</u><br><u>06/30/12</u> |
|------------------------------|-----------------------------------|----------------------------|----------------------------|-----------------------------------|
| <b>ASSETS</b>                |                                   |                            |                            |                                   |
| Cash and cash equivalents    | \$ 489,282                        | \$ 1,125,138               | \$ 1,085,578               | \$ 528,842                        |
| Receivable from general fund | -                                 | -                          | -                          | -                                 |
| Receivables                  | -                                 | -                          | -                          | -                                 |
| Inventory of house for sale  | -                                 | -                          | -                          | -                                 |
|                              | <u>-</u>                          | <u>-</u>                   | <u>-</u>                   | <u>-</u>                          |
| <b>TOTAL ASSETS</b>          | <u><u>\$ 489,282</u></u>          | <u><u>\$ 1,125,138</u></u> | <u><u>\$ 1,085,578</u></u> | <u><u>\$ 528,842</u></u>          |
| <b>LIABILITIES</b>           |                                   |                            |                            |                                   |
| Accounts payable             | \$ -                              | \$ -                       | \$ -                       | \$ -                              |
| Interfund payable            | -                                 | -                          | -                          | -                                 |
| Due to student organizations |                                   |                            |                            |                                   |
| Elementary Schools:          |                                   |                            |                            |                                   |
| Harwood                      | 4,734                             | 12,911                     | 9,799                      | 7,846                             |
| Jefferson                    | 11,514                            | 30,514                     | 33,502                     | 8,526                             |
| Midway                       | 15,246                            | 20,494                     | 23,396                     | 12,344                            |
| Roberts                      | 6,093                             | 9,296                      | 9,514                      | 5,875                             |
| South Fork                   | 8,617                             | 36,473                     | 36,920                     | 8,170                             |
| Middle Schools:              |                                   |                            |                            |                                   |
| Midway                       | 52,635                            | 61,613                     | 61,687                     | 52,561                            |
| Junior High Schools          |                                   |                            |                            |                                   |
| Rigby Junior High School     | 107,455                           | 195,191                    | 147,851                    | 154,795                           |
| High Schools                 |                                   |                            |                            |                                   |
| Rigby High School            | 276,607                           | 740,407                    | 747,461                    | 269,553                           |
| Jefferson High School        | 6,381                             | 12,889                     | 15,448                     | 3,822                             |
| Jefferson Coop Scholarships  | -                                 | 5,350                      | -                          | 5,350                             |
|                              | <u>-</u>                          | <u>5,350</u>               | <u>-</u>                   | <u>5,350</u>                      |
| <b>TOTAL LIABILITIES</b>     | <u><u>\$ 489,282</u></u>          | <u><u>\$ 1,125,138</u></u> | <u><u>\$ 1,085,578</u></u> | <u><u>\$ 528,842</u></u>          |



**THIS PAGE INTENTIONALLY LEFT BLANK**

**OTHER SUPPLEMENTARY INFORMATION**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**INDEPENDENT AUDITORS' 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***

The Board of Trustees  
Jefferson Joint School District #251  
Rigby, Idaho

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jefferson Joint School District #251, as of and for the year ended June 30, 2012, and have issued our report thereon dated September 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Jefferson Joint School District #251 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jefferson Joint School District #251's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson Joint School District #251's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jefferson Joint School District #251's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 2012-1 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Joint School District #251's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of Jefferson Joint School District #251, in a separate letter dated September 12, 2012.

Jefferson Joint School District #251's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Jefferson Joint School District #251's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Searle Hart & Associates PLLC*  
September 12, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Trustees  
Jefferson Joint School District #251  
Rigby, Idaho

Compliance

We have audited the compliance of Jefferson Joint School District #251 with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Jefferson Joint School District #251 complied, in all material respects, with the 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, 2012.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District'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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Searle Hart & Associates PLLC*

September 12, 2012

**JEFFERSON JOINT SCHOOL DISTRICT #251  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

|   | <b>FEDERAL<br/>CFDA<br/>NUMBER</b> | <b>FEDERAL<br/>EXPENDITURES</b> |
|---|------------------------------------|---------------------------------|
| <b><u>U.S DEPARTMENT OF AGRICULTURE</u></b>   |                                    |                                 |
| Passed Through State Department of Education: |                                    |                                 |
| School Breakfast Program                      | 10.553                             | \$ 171,878                      |
| National School Lunch Program                 | 10.555                             | 900,080                         |
| Special Milk Program                          | 10.556                             | 2,792                           |
| Summer Food Service Program for Children      | 10.559                             | 49,563                          |
| Fresh Fruit and Vegetable Program             | 10.582                             | <u>28,757</u>                   |
| <br>TOTAL U.S. DEPARTMENT OF AGRICULTURE      |                                    | <br><u>1,153,070</u>            |
| <b><u>U.S. DEPARTMENT OF EDUCATION</u></b>    |                                    |                                 |
| Passed Through State Department of Education: |                                    |                                 |
| Title I-A Basic                               | 84.010                             | 545,950                         |
| Title I-C Migrant                             | 84.011                             | 37,774                          |
| Title VI-B School Age                         | 84.027                             | 991,175                         |
| Title VI-B Preschool                          | 84.173                             | 27,004                          |
| English Language Acquisition                  | 84.365                             | 33,082                          |
| Title II-A Teacher Quality                    | 84.367                             | 183,270                         |
| Education Jobs-ARRA                           | 84.410A                            | 12,256                          |
| Perkins Vocational Education                  | 84.048                             | <u>45,291</u>                   |
| <br>TOTAL U.S. DEPARTMENT OF EDUCATION        |                                    | <br><u>1,875,802</u>            |
| <br><b>TOTAL</b>                              |                                    | <br><u><u>\$ 3,028,872</u></u>  |



**JEFFERSON JOINT SCHOOL DISTRICT #251  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting as described in Note 1 of the District's financial statements.

**NOTE 2- NONMONETARY TRANSACTIONS**

Nonmonetary assistance is reported for the Food Distribution Program at fair market value of commodities received which established by the State Department of Education. The District held an undetermined amount of those commodities in inventory at June 30, 2012.

**JEFFERSON JOINT SCHOOL DISTRICT #251  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2012**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

|   |                   |                             |
|---|-------------------|-----------------------------|
| Material Weaknesses Identified  | <u>      </u> YES | <u>  X  </u> NO             |
| Significant Deficiencies Identified that are not considered to be material weaknesses | <u>  X  </u> YES  | <u>      </u> None Reported |
| Noncompliance Material to financial statements noted                                  | <u>      </u> YES | <u>  X  </u> NO             |

Federal Awards

Internal Control Over Major Programs:

|   |                   |                            |
|---|-------------------|----------------------------|
| Material Weaknesses Identified  | <u>      </u> YES | <u>  X  </u> NO            |
| Significant Deficiencies Identified that are not considered to be material weaknesses | <u>      </u> YES | <u>  X  </u> None Reported |

Type of Auditor's Report Issued on Compliance For Major Programs: Unqualified

|  |                   |                 |
|--|-------------------|-----------------|
| Audit Findings Required to be reported in accordance with section 510(a) of Circular A-133 | <u>      </u> YES | <u>  X  </u> NO |
|--|-------------------|-----------------|

Identification of Major Programs:

|                |                                  |
|----------------|----------------------------------|
| 84.010         | Title I, Part A Cluster          |
| 84.027, 84.173 | Special Education Cluster (IDEA) |

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee Qualified as Low-Risk Auditee   X   YES        NO

**JEFFERSON JOINT SCHOOL DISTRICT #251  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2012-1

**Criteria:** An effective system of internal controls requires that closely related duties be segregated.

**Condition:** The size of the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal controls.

**Cause:** The District's staff is too small to allow a complete segregation of duties.

**Effect:** The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

**Recommendation:** Although the District is not large enough to permit a complete segregation of duties for an effective system of internal accounting control, we recommend that officials be aware that the condition does exist and take steps to identify opportunities to further segregate duties where possible.

**Management's Response:** Although the District recognizes the importance of segregation of duties for proper internal control, the District does not believe it would be cost effective to increase its staff size simply to provide greater segregation of duties. The District will be cognizant of opportunities that arise to further segregate duties within the limitation of the District's size.

**JEFFERSON JOINT SCHOOL DISTRICT #251  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**JEFFERSON JOINT SCHOOL DISTRICT #251  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012**

Finding 2011-1

**Condition:** The District does not have anyone on staff to oversee the preparation of financial statements in accordance with U.S. generally accepted accounting principles.

**Status:** This condition was corrected in the current year.

Finding 2011-2

**Condition:** The size of the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal controls.

**Status:** This condition existed again in the current year.