

**JEFFERSON JOINT SCHOOL DISTRICT #251
RIGBY, IDAHO
ANNUAL FINANCIAL REPORT
and
COMPLIANCE REPORTS
with
INDEPENDENT AUDITORS' REPORT
For the Year Ended June 30, 2013**

**JEFFERSON JOINT SCHOOL DISTRICT #251
ANNUAL FINANCIAL AND COMPLIANCE REPORT
For the Year Ended June 30, 2013**

TABLE OF CONTENTS

ITEM	PAGE NO.
Independent Auditor's Report	1 - 3
<i>FINANCIAL SECTION</i>	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet-Governmental Funds	6 - 7
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes In Fund Balance-Governmental Funds	9 - 10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Fiduciary Net Position	12
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	13
Index to the Notes to the Financial Statements	14
Notes to Financial Statements	15 - 27
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Budget and Actual (with Variances) - General Fund	28
Budget and Actual (with Variances) - Child Nutrition	29
Budget and Actual (with Variances) - School Plant Facilities	30
Budget and Actual (with Variances) - Debt Service	31
Budget and Actual (with Variances) - Capital Projects	32
Notes to the Required Supplementary Information	33
<i>SUPPLEMENTARY INFORMATION</i>	
Combining Balance Sheet - Nonmajor Special Revenue Funds	34 - 38
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Special Revenue Funds	39 - 43
Statement of Changes in Assets and Liabilities - Agency Funds	44
<i>OTHER SUPPLEMENTARY INFORMATION</i>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45 - 46
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	47 - 48
Schedule of Expenditures of Federal Awards	49
Notes to Schedule of Expenditures of Federal Awards	50
Schedule of Findings and Questioned Costs	51 - 53
Status of Prior Years Findings	54

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Joint School District #251, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Joint School District #251 as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 28 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson Joint School District #251's basic financial statements. The accompanying combining and individual nonmajor fund financial 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 basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards

are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013, on our consideration of Jefferson Joint School District #251'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* in considering Jefferson Joint School District #251's internal control over financial reporting and compliance.

Searle Hart & Associates PLLC

Rexburg, Idaho

October 9, 2013

FINANCIAL SECTION

JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF NET POSITION
June 30, 2013

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and equivalents	\$ 17,535,755
Accounts receivable	48,809
Taxes receivable	1,861,315
Internal balances	37,541
Due from other governmental agencies	759,174
Inventory	88,908
Other assets-Bond Issue Costs	235,285
Capital assets	
Land and improvements not being depreciated	2,176,237
Construction in progress	40,726,378
Buildings	40,993,551
Equipment and vehicles	7,428,795
Less: Accumulated depreciation	(17,108,882)
Total Capital Assets	<u>74,216,079</u>
TOTAL ASSETS	<u>94,782,866</u>
LIABILITIES	
Accounts payable	3,244,067
Other accrued expenses	2,791,219
Deferred Revenues	-
Long-term liabilities	
Due within one year	
Bonds, capital leases and contracts	2,497,353
Accrued interest	421,011
Compensated absences	100,331
Postemployment benefit payable	1,023,765
Due in more than one year	
Bonds, capital leases and contracts	<u>53,782,647</u>
TOTAL LIABILITIES	<u>63,860,393</u>
NET POSITION	
Invested in capital assets, net of related debt	17,750,353
Restricted for:	
Capital Projects	2,978,315
Debt Service	5,730,941
Child Nutrition	568,228
Other Projects	108,770
Unrestricted	<u>3,785,866</u>
TOTAL NET POSITION	<u>\$ 30,922,473</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, 2013

<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>Governmental</u>
				<u>Activities</u>
Primary government				
Governmental Activities:				
Instruction	\$ 17,099,906	\$ 35,781	\$ 1,933,255	\$ (15,130,870)
Support services	2,171,034	258,259	28,776	(1,883,999)
Plant maintenance & operations	2,806,370	-	-	(2,806,370)
General administration	2,342,287	-	84,718	(2,257,569)
Transportation	1,704,175	54,870	1,317,298	(332,007)
Food services	1,546,376	398,928	1,146,170	(1,278)
Interest on long-term debt	1,328,426	-	-	(1,328,426)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 28,998,574	\$ 747,838	\$ 4,510,217	(23,740,519)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				489,107
Property taxes, levied for debt service				3,660,253
Property taxes, levied for capital improvements				6,658
Grants and contributions not restricted to specific programs				1,379,850
State aid - formula grants				19,373,798
Unrestricted investment earnings				83,045
Miscellaneous				118,596
<i>Special item</i> - gain on sale of assets				-
Transfers				-
TOTAL GENERAL REVENUES				25,111,307
Change in net position				1,370,788
Net position - Beginning				29,551,685
NET POSITION - Ending				\$ 30,922,473

JEFFERSON JOINT SCHOOL DISTRICT #251
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	<u>GENERAL FUND</u>	<u>CHILD NUTRITION</u>	<u>SCHOOL PLANT FACILITIES</u>
ASSETS			
Cash and cash equivalents	\$ 3,540,707	\$ 535,716	\$ 3,100,424
Taxes receivable, net	254,593	-	1,605
Interfund receivable	692,308	-	-
Receivable from other governments	229,122	28,610	26,400
Other receivables	22,409	-	-
Inventory	4,018	84,890	-
TOTAL ASSETS	<u>\$ 4,743,157</u>	<u>\$ 649,216</u>	<u>\$ 3,128,429</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 218,138	\$ 5,987	\$ 199,376
Interfund payable	-	-	374,863
Deferred revenue	39,996	-	340
Other accrued expenses	2,466,624	75,000	-
TOTAL LIABILITIES	<u>2,724,758</u>	<u>80,987</u>	<u>574,579</u>
FUND BALANCES			
Nonspendable:			
Inventories	4,018	84,890	-
Committed to:			
Board Policy 7100	1,521,709	-	-
Assigned:			
Debt service	-	-	-
Encumbered Purchase Orders	102,469	-	-
Budget FY 2014	354,466	-	-
Other purposes	35,737	483,339	2,553,850
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>2,018,399</u>	<u>568,229</u>	<u>2,553,850</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,743,157</u>	<u>\$ 649,216</u>	<u>\$ 3,128,429</u>

DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 4,423,061	\$ 5,781,469	\$ 154,378	\$ 17,535,755
1,605,117	-	-	1,861,315
-	-	-	692,308
-	-	501,442	785,574
-	-	-	22,409
-	-	-	88,908
<u>\$ 6,028,178</u>	<u>\$ 5,781,469</u>	<u>\$ 655,820</u>	<u>\$ 20,986,269</u>
\$ -	\$ 2,803,154	\$ 17,412	\$ 3,244,067
-	-	279,904	654,767
297,237	-	-	337,573
-	-	249,734	2,791,358
<u>297,237</u>	<u>2,803,154</u>	<u>547,050</u>	<u>7,027,765</u>
-	-	-	88,908
-	-	-	1,521,709
5,730,941	-	-	5,730,941
-	-	-	102,469
-	-	-	354,466
-	2,978,315	108,770	6,160,011
-	-	-	-
<u>5,730,941</u>	<u>2,978,315</u>	<u>108,770</u>	<u>13,958,504</u>
<u>\$ 6,028,178</u>	<u>\$ 5,781,469</u>	<u>\$ 655,820</u>	<u>\$ 20,986,269</u>

JEFFERSON JOINT SCHOOL DISTRICT #251
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2013

Total fund balance, governmental funds \$ 13,958,504

Amounts reported for governmental activities in the Statement of Net Position 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 Position.

Historical Cost	91,324,961
Accumulated Depreciation	(17,108,882)

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 Position.	235,285
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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.	337,712
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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	(56,280,000)
Accrued compensated absences	(100,331)
Accrued interest payable	(421,011)
Postemployment benefit payable	(1,023,765)

Net position of governmental activities in the Statement of Net Position	<u>\$ 30,922,473</u>
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JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	<u>GENERAL FUND</u>	<u>CHILD NUTRITION</u>	<u>SCHOOL PLANT FACILITIES</u>
REVENUES			
Property taxes	\$ 581,408	\$ -	\$ 6,658
Food service	-	398,928	-
Other local	106,247	4,663	25,735
State apportionment base	16,554,043	-	-
State apportionment transportation	1,317,298	-	-
State apportionment benefits	2,150,258	-	-
Investment earnings	11,545	821	12,525
Other State revenue	959,575	-	-
Federal grants and assistance	-	1,141,507	-
	<u>21,680,374</u>	<u>1,545,919</u>	<u>44,918</u>
TOTAL REVENUES			
EXPENDITURES			
Instruction	14,568,606	-	-
Support services	1,348,259	-	-
Plant maintenance & operations	2,222,587	-	78,238
General administration	2,278,258	-	-
Transportation	1,463,477	-	-
Food service	-	1,546,376	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	675,499
	<u>21,881,187</u>	<u>1,546,376</u>	<u>753,737</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	<u>(200,813)</u>	<u>(457)</u>	<u>(708,819)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	-	-
Proceeds from sale of bonds	-	-	-
Transfers in	58,320	29,921	179,226
Transfers out	(359,148)	(28,833)	-
	<u>(300,828)</u>	<u>1,088</u>	<u>179,226</u>
TOTAL OTHER FINANCING SOURCES (USES)			
SPECIAL ITEM			
Proceeds from sale of assets	-	-	-
Net change in fund balances	(501,641)	631	(529,593)
Fund balances - Beginning	<u>2,520,040</u>	<u>567,598</u>	<u>3,083,443</u>
FUND BALANCES - Ending	<u><u>\$ 2,018,399</u></u>	<u><u>\$ 568,229</u></u>	<u><u>\$ 2,553,850</u></u>

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

DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 3,660,253	\$ -	\$ -	\$ 4,248,319
-	-	-	398,928
-	-	87,870	224,515
-	-	-	16,554,043
-	-	-	1,317,298
-	-	-	2,150,258
105	58,049	-	83,045
1,174,293	-	268,364	2,402,232
-	-	1,941,518	3,083,025
<u>4,834,651</u>	<u>58,049</u>	<u>2,297,752</u>	<u>30,461,663</u>
-	-	1,575,976	16,144,582
-	-	825,599	2,173,858
-	-	-	2,300,825
-	-	-	2,278,258
-	-	-	1,463,477
-	-	-	1,546,376
2,680,000	-	-	2,680,000
1,366,300	-	-	1,366,300
-	19,125,275	-	19,800,774
<u>4,046,300</u>	<u>19,125,275</u>	<u>2,401,575</u>	<u>49,754,450</u>
<u>788,351</u>	<u>(19,067,226)</u>	<u>(103,823)</u>	<u>(19,292,787)</u>
-	-	-	-
-	-	-	-
-	-	203,829	471,296
-	-	(83,315)	(471,296)
<u>-</u>	<u>-</u>	<u>120,514</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
788,351	(19,067,226)	16,691	(19,292,787)
<u>4,942,590</u>	<u>22,045,541</u>	<u>92,079</u>	<u>33,251,291</u>
<u>\$ 5,730,941</u>	<u>\$ 2,978,315</u>	<u>\$ 108,770</u>	<u>\$ 13,958,504</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, 2013

Net change in fund balances - total governmental funds: \$ (19,292,787)

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 \$19,318,495 exceeded depreciation \$1,268,646 in the current period. 18,049,849

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. (92,301)

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. 2,735,000

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	37,759
Postemployment benefit not reflected on Governmental funds	(50,842)
Amortization of bond issue costs	(14,395)
Compensated absences not reflected on Governmental funds	(1,495)
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Change in net position of governmental activities \$ 1,370,788

JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	PREMIUM STABILIZATION EXPENDABLE TRUST FUND	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ 601,645	\$ 520,149
Receivables	-	-
TOTAL ASSETS	601,645	520,149
LIABILITIES		
Accounts payable	5,351	-
Interfund payable	37,542	-
Due to student groups	-	520,149
TOTAL LIABILITIES	42,893	520,149
NET POSITION		
Held in trust for employee benefits	\$ 558,752	\$ -

JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2013

	PREMIUM STABILIZATION EXPENDABLE TRUST FUND
ADDITIONS	
Contributions:	
District contributions	\$ -
Plan members	314,374
Total contributions	<u>314,374</u>
Investment earnings:	
Interest	<u>1,080</u>
Total additions	<u>315,454</u>
DEDUCTIONS	
Benefits	239,350
Administrative	<u>10,594</u>
Total deductions	<u>249,944</u>
Change in net position	65,510
Net position - beginning	<u>493,242</u>
Net position - ending	<u><u>\$ 558,752</u></u>

NOTES TO THE FINANCIAL STATEMENTS

JEFFERSON JOINT SCHOOL DISTRICT #251
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 Position
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, 2013

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, 2013

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 Position and the Statement of Changes in Net Position) 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, 2013

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.

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, 2013

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, 2013

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 \$102,469 and an amount to balance the 2014 expenditures to revenues budget of \$354,466.

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 Position

Net position represent the difference between assets and liabilities. Net position 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 position invested in capital assets, net of related debt excluded unspent debt proceeds. Net position 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 position are available.

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 \$9,559,723 and the bank balance was 9,747,137. The amount not covered by FDIC insurance was \$8,990,671.

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 \$9,097,079 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, \$5,495,278 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 Balance
Insured	\$ 756,466
Uninsured and uncollateralized	8,990,671
Total deposits	\$ <u>9,747,137</u>

Investments:

Collateral held by Zions Bank through Federal Home Loan Seattle Bank's Standby Letters of Credit for safekeeping in the Districts name AAA rated	\$ 5,495,278
Uncollateralized and held by Idaho State Investment Pool in the pool's safekeeping agent in the pool's name unrated fund	\$ 3,601,801
Uninsured and uncollateralized	\$ -

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	BALANCE 7/1/2012	ADDITIONS	DELETIONS	BALANCE 6/30/2013
Capital assets not being depreciated				
Construction in progress	\$ 21,842,631	\$ 18,883,747	\$ -	\$ 40,726,378
Land				
Elementary	830,675	-	-	830,675
Secondary	203,448	252,446	-	455,894
Other	889,668	-	-	889,668
Total capital assets not being depreciated	<u>23,766,422</u>	<u>19,136,193</u>	<u>-</u>	<u>42,902,615</u>
Capital assets being depreciated				
Buildings				
Elementary	19,402,344	-	-	19,402,344
Secondary	19,320,304	-	-	19,320,304
Admin.	2,270,903	-	-	2,270,903
	<u>40,993,551</u>	<u>-</u>	<u>-</u>	<u>40,993,551</u>
Accumulated depreciation	(11,021,980)	(845,471)	-	(11,867,451)
Net buildings	<u>29,971,571</u>	<u>(845,471)</u>	<u>-</u>	<u>29,126,100</u>
Equipment				
Elementary	581,414	57,845	-	639,259
Secondary	981,153	25,332	-	1,006,485
Admin.	323,378	69,707	-	393,085
	<u>1,885,945</u>	<u>152,884</u>	<u>-</u>	<u>2,038,829</u>
Accumulated depreciation	(578,636)	(126,991)	-	(705,627)
Net equipment	<u>1,307,309</u>	<u>25,893</u>	<u>-</u>	<u>1,333,202</u>
Vehicles	5,360,548	29,419	-	5,389,967
Accumulated depreciation	(4,239,620)	(296,185)	-	(4,535,805)
Net vehicles	<u>1,120,928</u>	<u>(266,766)</u>	<u>-</u>	<u>854,162</u>
Total capital assets being depreciated	<u>32,399,808</u>	<u>(1,086,344)</u>	<u>-</u>	<u>31,313,464</u>
Capital assets, net	<u>\$ 56,166,230</u>	<u>\$ 18,049,849</u>	<u>\$ -</u>	<u>\$ 74,216,079</u>

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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	\$ 902,987
Transportation	296,184
General administration	46,209
Plant maintenance and operations	<u>23,266</u>
Total	<u>\$ 1,268,646</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, 2013, follows:

	<u>BALANCE</u>			<u>BALANCE</u>	<u>DUE WITHIN</u>
	<u>7/1/2012</u>	<u>ADDITIONS</u>	<u>RETIREMENT</u>	<u>6/30/2013</u>	<u>ONE YEAR</u>
General obligation bond	\$ 58,960,000	\$ -	\$ 2,680,000	\$ 56,280,000	\$ 2,497,353
Lease payable	55,000	-	55,000	-	-
Postemployment benefit	972,923	50,842	-	1,023,765	1,023,765
Compensated absences	98,697	1,634	-	100,331	100,331
Total	<u>\$ 60,086,620</u>	<u>\$ 52,476</u>	<u>\$ 2,735,000</u>	<u>\$ 57,404,096</u>	<u>\$ 3,621,449</u>

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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, 2013, are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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	2,687,353	1,086,309	3,773,662
2019-2023	14,376,765	4,469,905	18,846,670
2024-2028	21,931,765	2,364,397	24,296,162
2029-2033	<u>7,029,705</u>	<u>192,535</u>	<u>7,222,240</u>
Total	<u>\$ 56,280,000</u>	<u>\$ 12,971,364</u>	<u>\$ 69,251,364</u>

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

<u>PRINCIPAL</u>	<u>Balance July 1, 2012</u>	<u>New Debt</u>	<u>Debt Retired</u>	<u>Balance June 30, 2013</u>
2000 & 2001 Series	\$ 710,000	\$ -	\$ (710,000)	\$ -
2007 Series	13,405,000	-	(1,970,000)	11,435,000
2009 QSCB	5,000,000	-	-	5,000,000
2010 Series A, B & C	39,845,000	-	-	39,845,000
Lease Payable	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>	<u>-</u>
Totals	<u>\$ 59,015,000</u>	<u>\$ -</u>	<u>\$ (2,735,000)</u>	<u>\$ 56,280,000</u>
 <u>INTEREST TO BE PROVIDED</u>				
2000 & 2001 Series	\$ 15,088	\$ -	\$ (15,088)	\$ -
2007 Series	4,451,750	-	(510,550)	3,941,200
2009 QSCB	1,046,250	-	(77,500)	968,750
2010 Series A, B & C	8,819,495	-	(758,081)	8,061,414
Lease Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 14,332,583</u>	<u>\$ -</u>	<u>\$ (1,361,219)</u>	<u>\$ 12,971,364</u>

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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

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, 2013, 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 \$1,725,266, \$1,683,103, and \$1,659,501 for the three years ended June 30, 2013, 2012, and 2011, respectively.

6. PAYROLL EXPENDITURES AND RELATED LIABILITIES

Many employee contracts were signed for the nine-month period September 1, 2012 through May 31, 2013, to be paid over the twelve months of September 1, 2012 through August 31, 2013. 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, 2013, 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	\$ 39,996	\$ 297,237	\$ 340	\$ -	\$ 337,573
Other deferred	-	-	-	-	-
TOTAL	<u>\$ 39,996</u>	<u>\$ 297,237</u>	<u>\$ 340</u>	<u>\$ -</u>	<u>\$ 337,573</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, 2013

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 \$183,745 in USDA Commodities during the 2012-2013 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, 2013, balances of interfund amounts receivable or payable have been recorded. The interfund balances as of June 30, 2013, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 692,308	\$ -
School Plant Facilities	-	374,863
Title VI-B School -Age	-	125,470
Various Other Special Revenue Funds	-	154,433
Premium Stabilization Exp. Trust Fund	-	37,542
	<u> </u>	<u> </u>
TOTAL	<u><u>\$ 692,308</u></u>	<u><u>\$ 692,308</u></u>

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ 58,320	\$ 359,148
Child Nutrition	29,921	28,833
School Plant Facilities	179,226	-
E-Rate	203,829	-
Other Special Revenue Funds	-	83,315
	<u> </u>	<u> </u>
TOTAL	<u><u>\$ 471,296</u></u>	<u><u>\$ 471,296</u></u>

A transfer was made from the General Fund to various funds to provide for budgeted expenditures of \$359,148. 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, 2013

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 2012-2013 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, 2013, 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 2013.

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 <u>Liability</u>	Annual Required <u>Contribution</u>	Participant <u>Counts</u>
Active Participants	\$ 955,696	\$ 96,611	351
Retirees, Spouses, and Surviving Spouses	<u>68,069</u>	<u>6,881</u>	<u>25</u>
	<u>\$1,023,765</u>	<u>\$ 103,492</u>	<u>376</u>

Annual Required Contributions (ARC)

Normal Cost as of July 1, 2013	\$ 58,322
Actuarial Accrued Liability (AAL)	\$1,023,765
Actuarial Value of Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$1,023,765
Amortization Factor	25.0
Amortization of the Unfunded Actuarial Accrued Liability	\$ 93,969
Annual Required Contribution for Fiscal Year Ending 6-30-13	\$ 103,492

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

11. POST RETIREMENT BENEFITS (cont.)

	<u>Annual OPEB Cost</u>
Annual Required Contribution as of 6-30-13	\$ 103,492
Net OPEB Obligation at 7-01-13	\$ 93,969
Interest on Net OPEB Obligation	\$ -
Amortization Factor	25.0
ARC Adjustment	\$ -
Annual OPEB Cost	\$ 103,738

	<u>Schedule of Funding Progress</u>
Actuarial Valuation Date	7-01-13
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability (AAL)	\$ 1,023,765
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,023,765
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, 2013, 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 2012-13, reduced by decrements to a rate of 6% after six years.

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REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND
For the year ended June 30, 2013

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	\$ 606,000	\$ 597,681	\$ 581,408	\$ (16,273)
Food service	-	-	-	-
Other local	43,500	75,292	106,247	30,955
State apportionment base	16,197,117	16,568,244	16,554,043	(14,201)
State apportionment transportation	1,263,709	1,308,385	1,317,298	8,913
State apportionment benefits	2,094,365	2,150,260	2,150,258	(2)
Investment earnings	25,000	15,000	11,545	(3,455)
Other State revenue	878,937	951,923	959,575	7,652
Federal grants and assistance	-	-	-	-
TOTAL REVENUES	21,108,628	21,666,785	21,680,374	13,589
EXPENDITURES				
Instruction	14,907,866	14,610,321	14,568,606	41,715
Support services	1,324,779	1,421,713	1,348,259	73,454
Plant maintenance and operation	2,128,617	2,158,959	2,222,587	(63,628)
General administration	2,217,585	2,266,493	2,278,258	(11,765)
Central services	-	-	-	-
Transportation	1,290,725	1,411,366	1,463,477	(52,111)
Food service	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	21,869,572	21,868,852	21,881,187	(12,335)
Excess (deficiency) of revenues over expenditures	(760,944)	(202,067)	(200,813)	1,254
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Transfers in	61,798	61,798	58,320	3,478
Transfers out	(179,000)	(358,226)	(359,148)	(922)
TOTAL OTHER FINANCING SOURCES (USES)	(117,202)	(296,428)	(300,828)	2,556
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	\$ (878,146)	\$ (498,495)	(501,641)	\$ (3,146)
Fund balances - Beginning			2,520,040	
FUND BALANCES - Ending			\$ 2,018,399	

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - CHILD NUTRITION
For the year ended June 30, 2013

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Food service	479,163	403,700	398,928	(4,772)
Transportation fees	-	-	-	-
Other local	-	-	4,663	4,663
State apportionment base	-	-	-	-
State apportionment transportation	-	-	-	-
State apportionment benefits	-	-	-	-
Investment earnings	1,000	1,000	821	(179)
Other State revenue	-	-	-	-
Federal grants and assistance	1,028,556	1,028,556	1,141,507	112,951
TOTAL REVENUES	1,508,719	1,433,256	1,545,919	112,663
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Plant maintenance and operation	-	-	-	-
General administration	-	-	-	-
Central services	-	-	-	-
Transportation	-	-	-	-
Food service	1,516,719	1,579,735	1,546,376	33,359
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	1,516,719	1,579,735	1,546,376	33,359
Excess (deficiency) of revenues over expenditures	(8,000)	(146,479)	(457)	146,022
OTHER FINANCING SOURCES (USES)				
Transfers in	29,000	29,000	29,921	(921)
Transfers out	(21,000)	(21,000)	(28,833)	(7,833)
TOTAL OTHER FINANCING SOURCES (USES)	8,000	8,000	1,088	(8,754)
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	\$ -	\$ (138,479)	631	\$ 139,110
Fund balances - Beginning			567,598	
FUND BALANCES - Ending			\$ 568,229	

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - SCHOOL PLANT FACILITIES
For the year ended June 30, 2013

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	\$ -	\$ -	\$ 6,658	\$ 6,658
Food service	-	-	-	-
Transportation fees	-	-	-	-
Other local	10,000	24,000	25,735	1,735
State apportionment base	-	-	-	-
State apportionment transportation	-	-	-	-
State apportionment benefits	-	-	-	-
Investment earnings	10,000	10,000	12,525	2,525
Other State revenue	-	-	-	-
Federal grants and assistance	-	-	-	-
TOTAL REVENUES	20,000	34,000	44,918	10,918
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Plant maintenance and operation	400,000	69,000	78,238	(9,238)
General administration	-	-	-	-
Central services	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	2,492,111	3,227,669	675,499	2,552,170
TOTAL EXPENDITURES	2,892,111	3,296,669	753,737	2,542,932
Excess (deficiency) of revenues over expenditures	(2,872,111)	(3,262,669)	(708,819)	2,553,850
OTHER FINANCING SOURCES (USES)				
Transfers in	-	179,226	179,226	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	179,226	179,226	-
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	\$ (2,872,111)	\$ (3,083,443)	(529,593)	\$ 2,553,850
Fund balances - Beginning			3,083,443	
FUND BALANCES - Ending			\$ 2,553,850	

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - DEBT SERVICE
For the year ended June 30, 2013

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	\$ 4,041,220	\$ 3,547,064	\$ 3,660,253	\$ 113,189
Food service	-	-	-	-
Transportation fees	-	-	-	-
Other local	-	-	-	-
State apportionment base	-	-	-	-
State apportionment transportation	-	-	-	-
State apportionment benefits	-	-	-	-
Investment earnings	2,000	2,000	105	(1,895)
Other State revenue	-	1,174,293	1,174,293	-
Federal grants and assistance	-	-	-	-
TOTAL REVENUES	4,043,220	4,723,357	4,834,651	111,294
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Plant maintenance and operation	-	-	-	-
General administration	-	-	-	-
Central services	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Debt Service:				
Principal	2,680,000	2,680,000	2,680,000	-
Interest and other charges	1,366,220	1,366,220	1,366,300	(80)
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	4,046,220	4,046,220	4,046,300	(80)
Excess (deficiency) of revenues over expenditures	<u>(3,000)</u>	<u>677,137</u>	<u>788,351</u>	<u>111,214</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(3,452,909)</u>	<u>(5,619,727)</u>	<u>-</u>	<u>5,619,727</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,452,909)</u>	<u>(5,619,727)</u>	<u>-</u>	<u>5,619,727</u>
SPECIAL ITEM				
Proceeds from sale capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (3,455,909)</u>	<u>\$ (4,942,590)</u>	788,351	<u>\$ 5,730,941</u>
Fund balances - Beginning			<u>4,942,590</u>	
FUND BALANCES - Ending			<u>\$ 5,730,941</u>	

JEFFERSON JOINT SCHOOL DISTRICT #251
BUDGET AND ACTUAL (WITH VARIANCES) - CAPITAL PROJECTS
For the year ended June 30, 2013

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Food service	-	-	-	-
Transportation fees	-	-	-	-
Other local	-	-	-	-
State apportionment base	-	-	-	-
State apportionment transportation	-	-	-	-
State apportionment benefits	-	-	-	-
Investment earnings	85,000	50,000	58,049	8,049
Other State revenue	-	-	-	-
Federal grants and assistance	-	-	-	-
TOTAL REVENUES	85,000	50,000	58,049	8,049
EXPENDITURES				
Instruction	-	-	-	-
Support services	-	-	-	-
Plant maintenance and operation	-	-	-	-
General administration	-	-	-	-
Central services	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	16,328,196	21,080,142	19,125,275	1,954,867
TOTAL EXPENDITURES	16,328,196	21,080,142	19,125,275	1,954,867
Excess (deficiency) of revenues over expenditures	(16,243,196)	(21,030,142)	(19,067,226)	1,962,916
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	\$ (16,243,196)	\$ (21,030,142)	(19,067,226)	\$ 1,962,916
Fund balances - Beginning			22,045,541	
FUND BALANCES - Ending			\$ 2,978,315	

JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

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 funds of General Fund and Debt Service Fund; however additional monies were available to cover excess expenditures.

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SUPPLEMENTARY INFORMATION

**JEFFERSON JOINT SCHOOL DISTRICT #251
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2013**

	<u>SPECIAL LOCAL</u>	<u>DRIVER'S ED</u>	<u>PRO TECHNICAL</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivable from other governments	-	23,938	24,220
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 23,938</u>	<u>\$ 24,220</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 628	\$ 5,277
Other accrued expenses	-	7,236	4,514
Interfund payable	-	19,036	14,429
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/> -	<hr/> 26,900	<hr/> 24,220
 FUND BALANCES			
Assigned - other purposes	-	(2,962)	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<hr/> -	<hr/> (2,962)	<hr/> -
 TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ -</u>	<u>\$ 23,938</u>	<u>\$ 24,220</u>

<u>STATE TECHNOLOGY</u>	<u>IDAHO SUBSTANCE ABUSE</u>	<u>TITLE I BASIC</u>	<u>READING FIRST</u>	<u>MIGRANT ED</u>
\$ 116,235	\$ -	\$ -	\$ -	\$ -
-	-	102,466	-	5,351
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 116,235</u>	<u>\$ -</u>	<u>\$ 102,466</u>	<u>\$ -</u>	<u>\$ 5,351</u>
\$ 3,664	\$ -	\$ 417	\$ -	\$ -
839	-	63,050	-	2,093
-	-	38,999	-	3,258
-	-	-	-	-
<u>4,503</u>	<u>-</u>	<u>102,466</u>	<u>-</u>	<u>5,351</u>
111,732	-	-	-	-
-	-	-	-	-
<u>111,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 116,235</u>	<u>\$ -</u>	<u>\$ 102,466</u>	<u>\$ -</u>	<u>\$ 5,351</u>

JEFFERSON JOINT SCHOOL DISTRICT #251
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	<u>TITLE VI-B SCHOOL-AGE</u>	<u>TITLE VI-B PRESCHOOL</u>	<u>ISEE GRANT</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivable from other governments	223,466	6,392	10,605
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 223,466</u>	<u>\$ 6,392</u>	<u>\$ 10,605</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,058	\$ -	\$ -
Other accrued expenses	96,938	2,040	9,959
Interfund payable	125,470	4,352	646
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>223,466</u>	<u>6,392</u>	<u>10,605</u>
 FUND BALANCES			
Assigned - other purposes	-	-	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 223,466</u>	 <u>\$ 6,392</u>	 <u>\$ 10,605</u>

<u>PERKINS PRO TECHNICAL</u>	<u>LANGUAGE INSTRUCTION</u>	<u>IMPROVING TEACHER QUALITY</u>	<u>SAFE AND DRUG-FREE SCHOOLS</u>	<u>TITLE II-D TECHNOLOGY</u>
\$ -	\$ -	\$ -	\$ -	\$ -
52,254	10,202	36,875	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 52,254</u>	<u>\$ 10,202</u>	<u>\$ 36,875</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 310	\$ -	\$ -	\$ -
437	742	24,128	-	-
51,817	9,150	12,747	-	-
-	-	-	-	-
<u>52,254</u>	<u>10,202</u>	<u>36,875</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 52,254</u>	<u>\$ 10,202</u>	<u>\$ 36,875</u>	<u>\$ -</u>	<u>\$ -</u>

**JEFFERSON JOINT SCHOOL DISTRICT #251
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2013**

	<u>MEDICAID</u>	<u>E-RATE</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE</u>
ASSETS			
Cash and cash equivalents	\$ 32,510	\$ 5,633	\$ 154,378
Receivable from other governments	5,673	-	501,442
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 38,183</u>	<u>\$ 5,633</u>	<u>\$ 655,820</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 425	\$ 5,633	\$ 17,412
Other accrued expenses	37,758	-	249,734
Interfund payable	-	-	279,904
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>38,183</u>	<u>5,633</u>	<u>547,050</u>
 FUND BALANCES			
Assigned - other purposes	-	-	108,770
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>108,770</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 38,183</u>	 <u>\$ 5,633</u>	 <u>\$ 655,820</u>

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**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, 2013**

	<u>SPECIAL LOCAL</u>	<u>DRIVER'S ED</u>	<u>PRO TECHNICAL</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental-State	-	23,938	87,070
Intergovernmental-Federal	-	-	-
Transportation fees	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Other local	-	30,636	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	54,574	87,070
EXPENDITURES			
Instruction	-	46,084	87,070
Support services	-	-	-
General administration	-	-	-
Transportation	-	-	-
Food service	-	-	-
Capital outlay	-	-	-
Debt service-principal	-	-	-
Debt service-interest	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-	46,084	87,070
Excess (deficiency) of revenues over expenditures	-	8,490	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
SPECIAL ITEM			
Proceeds from sale of equipment	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	8,490	-
Fund balance - Beginning	-	(11,452)	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES - Ending	\$ -	\$ (2,962)	\$ -

<u>STATE TECHNOLOGY</u>	<u>IDAHO SUBSTANCE ABUSE</u>	<u>TITLE I BASIC</u>	<u>READING FIRST</u>	<u>MIGRANT ED</u>
\$ -	\$ -	\$ -	\$ -	\$ -
157,356	-	-	-	-
-	-	551,401	-	26,389
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>157,356</u>	<u>-</u>	<u>551,401</u>	<u>-</u>	<u>26,389</u>
-	-	400,715	-	25,906
103,308	-	140,593	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>103,308</u>	<u>-</u>	<u>541,308</u>	<u>-</u>	<u>25,906</u>
54,048	-	10,093	-	483
-	-	-	-	-
<u>(53,829)</u>	<u>-</u>	<u>(10,093)</u>	<u>-</u>	<u>(483)</u>
<u>(53,829)</u>	<u>-</u>	<u>(10,093)</u>	<u>-</u>	<u>(483)</u>
-	-	-	-	-
219	-	-	-	-
<u>111,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 111,732</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, 2013**

	<u>TITLE VI-B SCHOOL-AGE</u>	<u>TITLE VI-B PRESCHOOL</u>	<u>ISEE GRANT</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental-State	-	-	-
Intergovernmental-Federal	829,816	31,647	-
Transportation fees	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Other local	-	-	10,605
	<u>829,816</u>	<u>31,647</u>	<u>10,605</u>
EXPENDITURES			
Instruction	605,981	31,068	-
Support services	209,014	-	10,605
General administration	-	-	-
Transportation	-	-	-
Food service	-	-	-
Capital outlay	-	-	-
Debt service-principal	-	-	-
Debt service-interest	-	-	-
	<u>814,995</u>	<u>31,068</u>	<u>10,605</u>
Excess (deficiency) of revenues over expenditures	14,821	579	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(14,821)	(579)	-
	<u>(14,821)</u>	<u>(579)</u>	<u>-</u>
SPECIAL ITEM			
Proceeds from sale of equipment	-	-	-
Net change in fund balances	-	-	-
Fund balance - Beginning	-	-	-
FUND BALANCES - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>PERKINS PRO TECHNICAL</u>	<u>LANGUAGE INSTRUCTION</u>	<u>IMPROVING TEACHER QUALITY</u>	<u>SAFE AND DRUG-FREE SCHOOLS</u>	<u>TITLE II-D TECHNOLOGY</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
52,254	18,171	173,581	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>52,254</u>	<u>18,171</u>	<u>173,581</u>	<u>-</u>	<u>-</u>
52,254	13,848	137,177	-	-
-	3,990	33,227	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>52,254</u>	<u>17,838</u>	<u>170,404</u>	<u>-</u>	<u>-</u>
-	333	3,177	-	-
-	-	-	-	-
-	(333)	(3,177)	-	-
<u>-</u>	<u>(333)</u>	<u>(3,177)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</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, 2013**

	<u>MEDICAID</u>	<u>E-RATE</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental-State	-	-	268,364
Intergovernmental-Federal	258,259	-	1,941,518
Transportation fees	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Other local	-	46,629	87,870
	<u>258,259</u>	<u>46,629</u>	<u>2,297,752</u>
EXPENDITURES			
Instruction	175,873	-	1,575,976
Support services	74,404	250,458	825,599
General administration	-	-	-
Transportation	-	-	-
Food service	-	-	-
Capital outlay	-	-	-
Debt service-principal	-	-	-
Debt service-interest	-	-	-
	<u>250,277</u>	<u>250,458</u>	<u>2,401,575</u>
Excess (deficiency) of revenues over expenditures	7,982	(203,829)	(103,823)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	203,829	203,829
Transfers out	-	-	(83,315)
	<u>-</u>	<u>203,829</u>	<u>120,514</u>
SPECIAL ITEM			
Proceeds from sale of equipment	-	-	-
Net change in fund balances	7,982	-	16,691
Fund balance - Beginning	<u>(7,982)</u>	<u>-</u>	<u>92,079</u>
FUND BALANCES - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,770</u>

JEFFERSON JOINT SCHOOL DISTRICT #251
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2013

	<u>BALANCE</u> <u>07/01/12</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>06/30/13</u>
ASSETS				
Cash and cash equivalents	\$ 528,842	\$ 1,072,350	\$ 1,081,043	\$ 520,149
Receivable from general fund	-	-	-	-
Receivables	-	-	-	-
Inventory of house for sale	-	-	-	-
TOTAL ASSETS	<u><u>\$ 528,842</u></u>	<u><u>\$ 1,072,350</u></u>	<u><u>\$ 1,081,043</u></u>	<u><u>\$ 520,149</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-
Due to student organizations				
Elementary Schools:				
Harwood	7,846	7,258	7,283	7,821
Jefferson	8,526	45,423	48,786	5,163
Midway	12,344	16,121	17,805	10,660
Roberts	5,875	9,343	8,542	6,676
South Fork	8,170	26,737	29,813	5,094
Middle Schools:				
Midway	52,561	76,923	70,281	59,203
Junior High Schools				
Rigby Junior High School	154,795	183,470	178,562	159,703
High Schools				
Rigby High School	269,553	693,749	704,078	259,224
Jefferson High School	3,822	13,326	10,543	6,605
Jefferson Coop Scholarships	5,350	-	5,350	-
TOTAL LIABILITIES	<u><u>\$ 528,842</u></u>	<u><u>\$ 1,072,350</u></u>	<u><u>\$ 1,081,043</u></u>	<u><u>\$ 520,149</u></u>

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OTHER SUPPLEMENTARY INFORMATION

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**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***

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson Joint School District #251's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson Joint School District #251's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson Joint School District #251's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2013-1 that we consider to be significant deficiencies.

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*.

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. Jefferson Joint School District #251's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Searle Hart + Associates PLLC

Rexburg, Idaho
October 9, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Jefferson Joint School District #251's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jefferson Joint School District #251's major federal programs for the year ended June 30, 2013. Jefferson Joint School District #251's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is express an opinion on compliance for each of Jefferson Joint School District #251's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jefferson Joint School District #251's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Jefferson Joint School District #251's compliance.

Opinion on Each Major Federal Program

In our opinion, Jefferson Joint School District #251 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of Jefferson Joint School District #251 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jefferson Joint School District #251's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jefferson Joint School District #251's internal control over compliance.

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

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

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

Searle Hart & Associates PLLC
Rexburg, Idaho
October 9, 2013

**JEFFERSON JOINT SCHOOL DISTRICT #251
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Passed Through State Department of Education:		
School Breakfast Program	10.553	\$ 160,696
National School Lunch Program	10.555	888,398
Special Milk Program	10.556	1,439
Summer Food Service Program for Children	10.559	60,643
Fresh Fruit and Vegetable Program	10.582	<u>31,437</u>
 TOTAL U.S. DEPARTMENT OF AGRICULTURE		 <u>1,142,613</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Passed Through State Department of Education:		
Title I-A Basic	84.010	551,401
Title I-C Migrant	84.011	26,389
Title VI-B School Age	84.027	829,816
Title VI-B Preschool	84.173	31,647
English Language Acquisition	84.365	18,171
Title II-A Teacher Quality	84.367	173,581
Perkins Vocational Education	84.048	<u>52,254</u>
 TOTAL U.S. DEPARTMENT OF EDUCATION		 <u>1,683,259</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>		
Passed Through Jefferson County:		
Federal Forest Money	16.665	<u>49</u>
 TOTAL		 <u><u>\$ 2,825,921</u></u>

**JEFFERSON JOINT SCHOOL DISTRICT #251
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013.

**JEFFERSON JOINT SCHOOL DISTRICT #251
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2013**

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
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Identification of Major Programs:

10.553, 5, 6, 9 School Lunch Cluster

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

Auditee Qualified as Low-Risk Auditee	<u> X </u> YES	<u> </u> NO
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**JEFFERSON JOINT SCHOOL DISTRICT #251
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2013-1

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, 2013**

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, 2013**

Finding 2012-1

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.