

Report of Audit

**Idaho Falls School District #91**  
Idaho Falls, Idaho

*June 30, 2015*

# Idaho Falls School District #91

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June 30, 2015

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Idaho Falls School District #91  
Idaho Falls, 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 Idaho Falls School District #91 (the District), as of and for the year ended June 30, 2015, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Idaho Falls School District #91, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note A to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pension- an amendment of GASB Statements No. 27*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, OPEB funding information and schedule of employer's share of net pension liability for PERSI-Base plan last 10 fiscal years and schedule of employer contributions PERSI-Base plan for last 10 fiscal years as listed in the table of contents and other required supplementary information on pages 4 through 10 and pages 39 through 44 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 State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements, the fiduciary/agency fund combining statement of changes in assets and liabilities, and other schedules listed in the table of contents and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit 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, the agency funds combining statement of changes in assets and liabilities, and other schedules listed in the table of contents and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates 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, the agency funds combining statement of changes in assets and liabilities, 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 basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2015, on our consideration of Idaho Falls School District #91'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP  
CPAs and Consultants

Idaho Falls, Idaho  
October 14, 2015

# Idaho Falls School District #91

## Management's Discussion and Analysis *Fiscal Year Ended June 30, 2015*

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The discussion and analysis of Idaho Falls School District #91's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2015 are as follows:

In total, net position increased \$10,943,468 which represents a 51 percent increase from the 2014 restated balance of \$21,252,973.

General revenues accounted for \$55,769,394 in revenue or 79 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$14,782,770 or 21 percent of total revenues of \$70,522,164.

Total assets of governmental activities increased by \$665,496 as current and other assets decreased by \$2,216,218 and capital assets increased by \$2,881,714 due to the expenditures from the construction bonds. Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the District increased by \$9,201,809.

The District had \$59,608,696 in expenses; only \$14,782,770 of these expenses was offset by program revenues (i.e. charges for services, operating and capital grants or contributions). General revenues (primarily state aid and taxes) of \$55,769,394 were adequate to provide for these programs.

Among major funds, the General Fund had \$54,515,039 in revenues, \$50,791,589 in expenditures, and \$139,139 in net transfers. The General Fund balance increased \$3,584,311 from 2014.

### **USING THE BASIC FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Idaho Falls School District #91 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole school district, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Idaho Falls School District #91, the General Fund is by far the most significant fund.

# Idaho Falls School District #91

Management's Discussion and Analysis  
*Fiscal Year Ended June 30, 2015*

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## **REPORTING THE DISTRICT AS A WHOLE**

### Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Idaho restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities. The District does not have any business type activities.

## **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

### Fund Financial Statements

The analysis of the District's major funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General, Debt Service, and Capital Projects Funds.

### Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District serves as a trustee, or fiduciary, for student organizations and programs. The assets of these organizations and programs do not directly benefit nor are they under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.



# Idaho Falls School District #91

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

### THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. The following table provides a summary of the District's net position for 2015 compared to 2014:

	<u>2015</u>	2014 (as restated)
Assets		
Current and other assets	<b>31,069,515</b>	33,285,733
Capital assets	<b>73,023,594</b>	70,141,880
Total assets	<b>104,093,109</b>	103,427,613
Deferred outflows of resources	<b>4,822,351</b>	4,062,589
Current and other liabilities	<b>7,987,099</b>	9,205,798
Long-term liabilities	<b>55,307,039</b>	77,031,431
Total liabilities	<b>63,294,138</b>	86,237,229
Deferred inflows of resources	<b>13,424,881</b>	0
Net position		
Net investment in capital assets	<b>23,604,316</b>	18,625,942
Restricted	<b>13,190,130</b>	16,426,845
Unrestricted	<b>(4,598,005)</b>	(13,799,814)
Total net position	<b>32,196,441</b>	21,252,973

Total assets of governmental activities increased by \$665,496 as current and other assets decreased by \$2,216,218, and capital assets increased by \$2,881,714. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,196,441 at the close of the most recent fiscal year. Unrestricted governmental net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the District, increased by \$9,201,809 after the prior year was restated for the net pension liability and the deferred outflows related to the pension.

# Idaho Falls School District #91

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

The following table shows the changes in net position for fiscal year 2015:

Revenues	<u>2015</u>	<u>2014</u>
Program revenues		
Charges for services	<b>1,392,154</b>	828,165
Operating grants and contributions	<b>13,390,616</b>	12,709,673
General revenues		
Property taxes	<b>13,261,850</b>	12,914,317
State aid	<b>42,254,231</b>	40,653,665
Federal aid		44,111
Other	<b>253,313</b>	138,146
	<u><b>70,552,164</b></u>	<u>67,288,077</u>
Program Expenses		
Instruction	<b>35,813,089</b>	40,237,464
Support services	<b>5,260,636</b>	6,066,001
Administration	<b>4,116,860</b>	4,549,594
Business operations	<b>801,311</b>	830,784
Operations	<b>4,824,440</b>	5,234,350
Transportation	<b>2,396,723</b>	2,661,890
Non-instructional	<b>3,158,660</b>	3,089,835
Interest and fiscal charges	<b>1,468,501</b>	1,515,652
Capital improvements	<b>1,768,476</b>	869,789
	<u><b>59,608,696</b></u>	<u>65,055,359</u>
Increase (decrease) in net position	<u><b>10,943,468</b></u>	<u>2,232,718</u>

### GOVERNMENTAL ACTIVITIES

State aid of \$48,601,215 included in program and general revenues that consists of the Idaho base support, salary based apportionment, transportation, exceptional child, revenue in lieu of taxes, other state revenue, and benefit apportionment, make up 68.9 percent of revenues from governmental activities. Federal grants and assistance of \$7,043,632 make up 9.9 percent of total revenues from governmental activities. Property taxes of \$13,261,850 make up 18.8 percent of total revenues from governmental activities.

Instructional expenses when combined with instructional support services, which includes support services, administration, business operations, operations, and transportation comprise 89.3 percent of District expenses.

# Idaho Falls School District #91

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

	Total cost of services 2015	Net cost of services 2015
Instruction	35,813,089	28,637,143
Support services	5,260,636	4,618,261
Administration	4,116,860	3,370,951
Business operations	801,311	801,311
Operations	4,824,440	4,268,198
Transportation	2,396,723	288,356
Non-instructional	3,158,660	19,361
Interest	1,468,501	1,053,869
Capital improvements	1,768,476	1,768,476
Total expenses	59,608,696	44,825,926

**Instruction:** Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil. The pension gain reduced expenditures by \$4,800,771 in 2015.

**Support Services:** Support Services provide personnel services, activities, and programs for the administration, management, technical and logistical support to facilitate and enhance the function of instruction and shall provide for the general operation of the school system. The pension gain reduced expenditures by \$724,380 in 2015.

**Administration:** The personnel, activities, and services for directing and managing the operation of the schools in the District (principals, assistant principals, secretaries, and clerks charges with responsibility for a school's administration). Board of Education, administration, fiscal, and business includes expenses associated with administrative and financial supervision of the District. The pension gain reduced expenditures by \$744,351 in 2015.

**Business Operations:** The program concerned with the fiscal operations of the District. This program may include budgeting, receiving and disbursing, purchasing, financial and property accounting, payroll, internal auditing, and the prudent management of District resources.

**Operations:** Operations and maintenance includes the personnel, activities, and programs concerned with keeping the physical plant operational and keeping the grounds, buildings, and equipment in effective working condition and in an adequate and safe state of repair. The pension gain reduced expenditures by \$394,114 in 2015.

**Transportation:** Transportation includes the personnel, activities, and services for providing student transportation to school and to activities and to provide for the general administrative and maintenance needs of school district vehicles. The pension gain reduced expenditures by \$201,085 in 2015.

**Non-instructional:** Non-instructional services include the preparation, delivery and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities. The pension gain reduced expenditures by \$123,690 in 2015.

**Interest and Fiscal Charges:** Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to the debt of the District.

# Idaho Falls School District #91

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

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### THE DISTRICT'S FUNDS

Information about the District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$70,616,301 and expenditures of \$71,647,504. The net change in fund balance for the year in the General Fund, Debt Service, and the Capital Projects Funds was an increase of \$3,584,311 an increase of \$425,292 and a decrease of \$253,381 respectively.

The District's budget is prepared according to Idaho law and is based on accounting for certain transactions on the modified basis of accounting. The most significant budgeted fund is the General Fund.

### CAPITAL ASSETS

At the end of the fiscal year 2015, the District had \$73,023,594 invested in land, buildings, furniture and equipment, and vehicles (net of accumulated depreciation).

	<u>2015</u>	<u>2014</u>
Capital assets not being depreciated	<b>1,998,496</b>	21,596,178
Buildings and improvements	<b>68,802,948</b>	46,506,661
Equipment	<b>1,302,198</b>	996,761
Vehicles	<b>919,952</b>	1,042,280
	<u><b>73,023,594</b></u>	<u>70,141,880</u>
Total capital assets, net		

Overall capital assets increased \$2,881,714 from fiscal year 2014 to fiscal year 2015. Increases in capital assets (primarily buildings, equipment, and vehicles) were offset by depreciation expense for the year.

### DEBT ADMINISTRATION

At June 30, 2015, the District had three general obligation bond issues outstanding. The current portion of debt due in one year is \$1,750,000.

At June 30, 2015, the District's overall legal debt margin was \$159,711,551.

# Idaho Falls School District #91

Management's Discussion and Analysis  
*Fiscal Year Ended June 30, 2015*

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## **CURRENT FINANCIAL ISSUES AND CONCERNS**

After many years of budget cuts, fiscal year 2015 produced a balanced budget that included a 1% increase for staff for participating in professional development. This was possible due to increased state funding and the financial foundation instituted through budget cuts in FY 2014. Strong attendance and enrollment contributed to strong revenues that exceeded projections for the year.

The fiscal year 2016 budget was based on revenue increases from the state which provided a 2.5% increase in employee pay along with a restoration of some or all of the furlough days depending on position and work schedule. Increased state funding brings a different set of challenges as the District must determine how to best spend additional revenue to meet student needs.

New Governmental Accounting Board Standards (GASB) require the proportionate share of the unfunded liability of the Public Employee Retirement System of Idaho (PERSI) to show as a liability to each employer. While this liability is not new, it is now included in the annual audit. The volatility of the financial markets is a challenge with this liability. Fortunately, PERSI is well-funded which limits this liability as compared to public employers in other states.

The change from the salary index to the career ladder brings its own set of challenges. The District recognizes the importance of aligning the District's compensation schedule to the salary-based funding formula of the state and will work with its teachers to create a transition plan to move from a salary schedule modeled on the index to one aligned with the new career ladder.

The projects funded by the \$53 million bond will be completed in 2016. There are still facility needs that must be addressed, and the District will face the challenge of how to best meet these needs while considering the tax burden of local patrons.

Employee benefit costs are an ongoing challenge. In addition, the District is experiencing the impact of the Affordable Care Act in terms of the hours needed to fulfill the tracking and reporting mandates of this law. To meet these needs, the District will evaluate its current processes and look at other options to lessen the manpower needed to comply with the ACA.

The supplemental levy was renewed in 2015 with an almost 82% approval rate. The patrons have placed their trust in the District, and the District will continue to strive to meet student needs while ensuring public funds are used wisely.

Idaho Falls School District #91 has committed itself to financial excellence for many years. The District has implemented a system of financial planning, budgeting, and internal financial controls that is well regarded. The District will continue its sound fiscal management as it meets the challenges of the future.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Carrie Smith at Idaho Falls School District #91, 690 John Adams Parkway, Idaho Falls, ID 83401, (208) 525-7500, [smitcarr@d91.k12.id.us](mailto:smitcarr@d91.k12.id.us).

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# Idaho Falls School District #91

## Statement of Net Position

June 30, 2015

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	21,915,491
Property tax receivable, net	5,322,683
Other receivables	3,429,135
Supplies inventory	402,206
Land and construction in progress	1,998,747
Depreciable buildings, equipment, and vehicles, net of depreciation	71,024,847
Total assets	<u>104,093,109</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pensions	4,822,351
Total deferred outflows of resources	<u>4,822,351</u>
<b>LIABILITIES</b>	
Accounts payable	603,558
Accrued wages	4,983,965
Accrued employee benefits	1,778,659
Other payables	2,713
Interest payable	618,204
Long-term liabilities	
Pension plan payable	5,689,479
Premium on bonds payable	5,194,278
Portion due or payable within one year	
General obligation bonds	1,750,000
Other liabilities	198,282
Portion due or payable after one year	
General obligation bonds	42,475,000
Total liabilities	<u>63,294,138</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	13,424,881
Total deferred inflows of resources	<u>13,424,881</u>
<b>NET POSITION</b>	
Net investment in capital assets	23,604,316
Restricted for	
Child nutrition	871,343
Capital improvements	7,543,121
Debt service	3,766,104
Other purposes	1,009,562
Unrestricted	(4,598,005)
Total net position	<u><u>32,196,441</u></u>

The accompanying notes are an integral part of these statements.

# Idaho Falls School District #91

Statement of Activities  
Fiscal Year Ended June 30, 2015

Functions / Programs	Expenses	Charges for Services	Program Revenues		Net (expense) revenue and changes in net position
			Operating grants and contributions	Capital grants and contributions	Total governmental activities
<b>Governmental activities</b>					
Instruction	35,813,089	479,929	6,696,017		(28,637,143)
Support services	5,260,636	18,242	624,133		(4,618,261)
Administrative	4,116,860	5,345	740,564		(3,370,951)
Business operations	801,311				(801,311)
Operations	4,824,440	50,729	505,513		(4,268,198)
Transportation	2,396,723	214,793	1,893,574		(288,356)
Noninstructional	3,158,660	623,116	2,516,183		(19,361)
Interest	1,468,501		414,632		(1,053,869)
Capital improvements	1,768,476				(1,768,476)
<b>Total governmental activities</b>	<b>59,608,696</b>	<b>1,392,154</b>	<b>13,390,616</b>	<b>0</b>	<b>(44,825,926)</b>

**General revenues**

**Taxes**

Property taxes

13,261,850

Earnings on investments

113,968

State apportionment

Base

37,010,148

Benefits

4,952,679

Gain on sale of assets

93,056

Other state revenues

291,404

Other local

46,289

**Total general revenues**

**55,769,394**

**Change in net position**

**10,943,468**

**Net position - beginning (as restated)**

**21,252,973**

**Net position - ending**

**32,196,441**

The accompanying notes are an integral part of these statements.



# Idaho Falls School District #91

## Combined Balance Sheet Governmental Funds June 30, 2015

	General Fund	Debt Service	Capital Projects	All Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	10,939,368	2,274,163	4,778,713	3,923,247	21,915,491
Receivables					
Taxes - current	2,547,952	1,265,257	863,484		4,676,693
Taxes - delinquent	338,919	170,519	136,552		645,990
State apportionment	1,326,312				1,326,312
Federal grants				1,471,616	1,471,616
State agencies	51,502	56,165		357,943	465,610
Other	122,855		13,430	29,310	165,595
Interfund receivable	1,195,401				1,195,401
Supplies inventory	285,417			116,789	402,206
Total assets	16,807,726	3,766,104	5,792,179	5,898,905	32,264,914
 <b>LIABILITIES</b>					
Accounts payable	67,948		343,886	191,724	603,558
Accrued wages	4,554,388			429,575	4,983,963
Accrued employee benefits	1,590,748			187,911	1,778,659
Other payables	2,713				2,713
Interfund payable				1,195,401	1,195,401
Total liabilities	6,215,797	0	343,886	2,004,611	8,564,294
 <b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	338,919	170,519	136,552	0	645,990
 <b>FUND BALANCES</b>					
Nonspendable					
Inventory	285,417			116,789	402,206
Restricted for					
Debt service		3,595,585			3,595,585
Capital projects			5,311,741	2,094,828	7,406,569
Child nutrition				754,554	754,554
Other fund activities	88,519			928,123	1,016,642
Assigned	3,517,961				3,517,961
Unassigned	6,361,113				6,361,113
Total fund balances	10,253,010	3,595,585	5,311,741	3,894,294	23,054,630
Total liabilities, deferred inflows of resources, and fund balances	16,807,726	3,766,104	5,792,179	5,898,905	32,264,914

The accompanying notes are an integral part of these statements.

# Idaho Falls School District #91

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2015

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Total fund balances - governmental funds	23,054,630	
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 as assets in governmental funds. The cost of the assets is \$115,067,674, and the accumulated depreciation is \$42,044,080.		73,023,594
Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures, and therefore are considered unavailable in the funds.		645,990
The net pension liability (asset) and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position: Net pension liability (asset) is \$5,689,479, deferred inflows of resources related to pensions is \$13,424,881 and deferred outflows of resources related to pensions is \$4,822,351.		(14,292,009)
The premium on the bonds issued by the District is reported as an other financing source in the governmental funds, but is reported as a liability in the government-wide financial statements. The premium on the Series 2012A, 2012B and 2012C bonds is \$6,319,719, and the accumulated amortization to date is \$1,125,441.		(5,194,278)
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 consist of:		
GASB 45/Compensated absences		(198,282)
Accrued interest on bonds		(618,204)
Bonds payable		(44,225,000)
		<u>(45,041,486)</u>
Total net position - governmental activities	<u>32,196,441</u>	

The accompanying notes are an integral part of these statements.

# Idaho Falls School District #91

Governmental Fund Types  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
*Fiscal Year Ended June 30, 2015*

	General Fund	Debt Service	Capital Projects	All Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	7,255,441	3,572,250	2,467,823		13,295,514
Penalties and interest on delinquent taxes	74,166	20,571	28,792		123,529
Earnings on investments	118,838			(4,870)	113,968
Student revenues / fees	1,501				1,501
Transportation fees	202,043				202,043
Rentals	49,228				49,228
Food service				618,350	618,350
Tuition	21,875				21,875
Contributions	113,361				113,361
Other local	246,112		21,587	164,386	432,085
State apportionment					
Base	37,010,148				37,010,148
Transportation	1,893,574				1,893,574
Tuition equivalency	236,417				236,417
State paid benefits	4,952,679				4,952,679
Other school support	2,039,576				2,039,576
Property tax replacement	198,775	112,330			311,105
Other state revenue		302,302		1,754,109	2,056,411
Vocational education	101,305				101,305
Federal grants and assistance				7,043,632	7,043,632
Total revenues	54,515,039	4,007,453	2,518,202	9,575,607	70,616,301
<b>EXPENDITURES</b>					
Current					
Instruction	33,186,088			5,272,234	38,458,322
Support services	5,051,933			742,657	5,794,590
Administration	4,281,893			523,162	4,805,055
Business operations	801,311				801,311
Operations	5,155,786			62,768	5,218,554
Transportation	2,308,648				2,308,648
Noninstructional	5,930			3,216,210	3,222,140
Facility acquisition			3,109,096	4,347,627	7,456,723

The accompanying notes are an integral part of these statements.

# Idaho Falls School District #91

Governmental Fund Types  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
*Fiscal Year Ended June 30, 2015*

	General Fund	Debt Service	Capital Projects	All Nonmajor Funds	Total Governmental Funds
<b>EXPENDITURES</b> , continued					
Debt service					
Principal		1,700,000			1,700,000
Interest		1,882,161			1,882,161
Total expenditures	<u>50,791,589</u>	<u>3,582,161</u>	<u>3,109,096</u>	<u>14,164,658</u>	<u>71,647,504</u>
Revenues over (under) expenditures	<u>3,723,450</u>	<u>425,292</u>	<u>(590,894)</u>	<u>(4,589,051)</u>	<u>(1,031,203)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	103,150		163,636	78,653	345,439
Transfers out	(242,289)			(103,150)	(345,439)
Sale of fixed assets			173,877		173,877
Total other financing sources (uses)	<u>(139,139)</u>	<u>0</u>	<u>337,513</u>	<u>(24,497)</u>	<u>173,877</u>
Revenues and other financing sources over (under) expenditures	3,584,311	425,292	(253,381)	(4,613,548)	(857,326)
Fund balance - July 1, 2014	<u>6,668,699</u>	<u>3,170,293</u>	<u>5,565,122</u>	<u>8,507,842</u>	<u>23,911,956</u>
Fund balance - June 30, 2015	<u><u>10,253,010</u></u>	<u><u>3,595,585</u></u>	<u><u>5,311,741</u></u>	<u><u>3,894,294</u></u>	<u><u>23,054,630</u></u>

The accompanying notes are an integral part of these statements.

# Idaho Falls School District #91

## Reconciliation of the Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities For Fiscal Year Ended June 30, 2015

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Total net change in fund balances - governmental funds:	(857,326)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, \$5,688,247, exceeds depreciation expense, \$2,725,712 in the period.	2,962,535
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered available revenues in the governmental funds. Unavailable tax revenues decreased by \$157,193 this year.	(157,193)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.	(80,821)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,096,660
Interest on long-term debt in the Statement of Activities differs from the amount reported in the the governmental funds because interest is recognized as an expenditure in the fund when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrued, regardless of when it is due. The interest expense is decreased in the Statement of Activities as the result of the decrease in accrued interest on bonds of \$17,000.	17,000
Vested employee benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year. Change in OPEB obligation \$12,873. Change in net pension liability \$19,653,510. Change in deferred outflows of resources related to pensions \$759,762. Change in deferred inflows of resources related to pensions (\$13,424,881). Change in compensated absences \$12,905.	<u>6,962,613</u>
Change in net position of governmental activities	<u><u>10,943,468</u></u>

The accompanying notes are an integral part of these statements.

# Idaho Falls School District #91

Fiduciary Funds  
Statement of Fiduciary Net Position  
*June 30, 2015*

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	<u>1,015,597</u>
Total assets	<u><u>1,015,597</u></u>
<b>LIABILITIES</b>	
Due to student groups	<u>1,015,597</u>
Total liabilities	<u><u>1,015,597</u></u>

The accompanying notes are an integral part of these statements.

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# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General. The basic financial statements listed in the table of contents have been prepared in accordance with the American Institute of Certified Public Accountants' Industry Audit Guide for Audits of State and Local Government Units.
2. Reporting Entity. The Idaho Falls School District #91 (the District) is the basic level of government, which has financial accountability and control over all activities related to the public school education in the area served. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units as defined by the Governmental Accounting Standards Board that are required to be included in the District's reporting entity.
3. New Accounting Pronouncement. Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pension—an amendment of GASB Statement No. 27*. The statement establishes new requirements for the District to report a "net pension liability (asset) for the unfunded (overfunded) portion of its pension plan and deferred outflows of resources and deferred inflows of resources related to pension plans. See Note Q for the restatement of the beginning net position.

The District has not evaluated the potential impact of these changes.

4. Government-wide and Fund Financial Statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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 the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported 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.

5. Fund Accounting. The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.



# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental funds, each reported in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

**General Fund** - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

**Capital Projects Fund** - The Capital Projects Fund is used to account for the financial resources used to acquire school facilities, renovate existing facilities, or as otherwise provided in the Idaho Code.

Additionally, the District reports the following fund types:

**Special Revenue Fund** - The purpose of the Special Revenue Fund is to account for federal, state, and locally funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks as defined in the Grant Awards. The Special Revenue Fund types include the Child Nutrition Fund. The purpose of the Child Nutrition Fund is to account for all federal support and student charges which are received by the District for the purpose of providing students with a nutritional, inexpensive meal.

### Fiduciary Fund Types

**Agency Fund (School Activity Funds)** - Activity Funds are monies collected principally through fund raising efforts of the individual schools or school sponsored groups. The school principal is responsible, under the authority of the Board of Trustees, for collecting, controlling, disbursing, and accounting for all School Activity Funds.

6. Basis of Accounting. The District applies the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the District's financial outlook.

### *Government-wide Financial Statements*

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for its fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Statement of Activities demonstrates the degree to which the direct expenses of given functions are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other internally directed revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 eligibility requirements imposed by the provider have been met.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation has been allocated specifically to functional areas with the majority of it being allocated to instructional. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

### *Governmental Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditures-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

7. Budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. 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 did not amend its budgets in 2015.

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 to the District.

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.

8. Cash and Investments. Cash includes amounts in demand as well as short-term investments with a maturity date within three months of the date acquired by the District. The District pools cash of all funds into common bank accounts except the bond proceeds, which are kept in a separate account. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Idaho law, and national banks having their principal offices in Idaho.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements. The District has elected to deposit cash in excess of immediate needs into the Local Government Investment Pool (LGIP) and State of Idaho Diversified Bond Fund. The Local Government Investment Pool and State of Idaho Diversified Bond Fund (DBF) were established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. An annual audit of the LGIP is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the LGIP. All other cash is deposited with local banks in checking or savings accounts.

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk outside of the deposit and investment agreements. The District is authorized to invest in the State of Idaho Local Government Investment Pool and Diversified Bond Fund. This pooling is intended to improve administrative efficiency and increase investment yield.

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Credit risk, is the risk that an issuer of debt securities, or another counterparty to an investment, will not fulfill its obligation and is commonly expressed in terms of the credit quality rating issued by nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The investments of the District are not rated and the District's policy does not restrict them to rated investments.

9. Short-term Interfund Receivables / Payables. During the course of operations, numerous transactions occur between individual funds and the General Fund for goods provided, or services rendered. These receivables and payables are classified as 'interfund receivable' or 'interfund payable' on the balance sheet.
10. Inventories. Supplies inventory consists of paper and other supplies and equipment received at the end of the fiscal year, which had not yet been consumed. The cost is recorded as an expenditure at the time the item is consumed. Inventories are stated at cost on a first-in, first-out basis, which approximates market. Other supplies inventory on hand at year end has not been recorded as inventory, and was treated as expended when purchased.
11. Capital Assets. Capital assets, including land, buildings, improvements, and equipment assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Buildings, improvements, and equipment assets are depreciated using the straight line depreciation method over the following estimated useful lives:

Assets	Years
Buildings	50
Equipment	3-15
Vehicles	3-5

12. Compensated Absences. Employees are entitled to certain compensated absences based on their length of employment. The entire compensated absences owed are reported in the governmental-wide financial statements.
13. Pensions. For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
14. Long-term Obligations. Long-term debt is recognized as a liability of a governmental fund when due.

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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. The entire portion of such obligations is reported in the government-wide financial statements.

15. Deferred Outflows / Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category and it occurs on the government-wide statement of net position. The District reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions.

16. Net Position Flow Assumption. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.
17. Fund Balance Flow Assumptions. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balances).

In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

18. Fund Balance. In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance:* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributions, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance:* These amounts can used only be for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The School Board is the highest level of decision-making authority for the District that can, by board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance:* This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The school board has by resolution authorized management to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year’s appropriated budget. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance:* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

19. Risk Management. The District is exposed to a considerable number of risks of loss, including: (a) damage to and loss of property and contents; (b) employee torts; (c) professional liability, i.e. errors and omissions; (d) environmental damage; (e) workers’ compensation, i.e. employee injuries; and (f) medical insurance costs of employees.

Commercial policies, transferring the risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

20. Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the District 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 expenditures during the reporting period. Actual results could differ from those estimates.

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

## NOTE B CASH AND INVESTMENTS

At June 30, 2015, the carrying amount of the District's deposits was \$3,997,738 and the bank balance was as follows:

	<u>Bank Balance</u>
Insured by Federal Depository Insurance	1,042,216
Uninsured and uncollateralized	<u>4,589,038</u>
Total	<u><u>5,631,254</u></u>

At June 30, 2015, the cost and fair market value of the District's investments were as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Average Maturity</u>
Local Government Investment Pool	13,805,968	13,826,567	118 days
Diversified Bond Fund	<u>5,094,566</u>	<u>5,101,040</u>	3.9 years
Total investments	<u><u>18,900,534</u></u>	<u><u>18,927,607</u></u>	

Interest rate risk - The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk - The District invests in accordance with Idaho code, Title 67, chapter 12. The District's deposits and investments at year end are limited to the Local Government Investment Pool (LGIP), the State Diversified Bond Fund (DBF), bank deposits, and certificates of deposits with various banks located in Idaho. The District has reduced its concentration of credit risk by using several financial institutions.

Custodial credit risk - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$4,859,038 of the District's deposits and certificates of deposit was exposed to custodial credit risk because it was uninsured and uncollateralized. Of the investments, \$18,900,534 was held in the State Treasurer's Investment Pool, and Diversified Bond Fund which are not insured or guaranteed by the FDIC.

Amounts held by the LGIP and DBF were held in the following investments: government agency notes, corporate bonds, Idaho bank deposits, commercial paper, U.S. treasury notes, commercial mortgages, repurchase agreements, and purchased accrued interest. All investments for the LGIP and DBF are collateralized with securities held by the pool's agent in the pool's name. The investments held by the pools are carried at fair value (determined by the Idaho State Treasurer's Office). Information necessary to determine the level of collateralization for the pools was unavailable.

The LGIP and the DBF are audited annually, and the related financial statements and note disclosures are included in the State of Idaho's Comprehensive Annual Financial Report, a copy of which can be downloaded from [www.sco.idaho.gov](http://www.sco.idaho.gov).

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

**NOTE C      PROPERTY TAXES**

In accordance with Idaho State Law, ad valorem property tax is levied in dollars in September for each calendar year. Taxes are recorded by the District using the modified accrual basis of accounting. Levies are made on the second Monday of September. All of the personal property tax, and one-half of the real property tax are due on or before December 20. The remaining one-half of the real property tax is due on or before June 20 of the following year.

Property taxes attach as an enforceable lien on property as of January 1 of the following year. Notice of foreclosure is filed with the county clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year.

Bonneville County acts as an agent for the District in both the assessment and collection areas. The County remits tax revenues to the District periodically, with the majority of the collections being remitted in January and July.

**NOTE D      INTERFUND RECEIVABLES AND PAYABLES**

During the course of its operations, the District had numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015. Balances of interfund amounts receivable or payable have been recorded.

The interfund balances at June 30, 2015, were as follows:

	Receivable	Payable
General Fund	1,195,401	
Nonmajor Funds		1,195,401
Total	1,195,401	1,195,401

The General Fund transferred \$242,289 to support various major and nonmajor programs in accordance with the budget and other funding considerations. The General Fund transferred \$78,653 to Child Nutrition as required by state law and \$163,636 was transferred to Capital Projects for bus depreciation. The federal programs transferred \$103,150 to the General Fund as budgeted for payment of indirect costs.

**NOTE E      LEASE OBLIGATIONS**

The District was obligated for the following leases, which are categorized as operating leases subject to non-appropriation:

Lessor	Description of Leased Property	Date of Inception	Term of Lease	Future Quarterly Lease Amount	Minimum Lease Payments
Pitney Bowes Financial Services	Copiers	2/2015	60 Months	\$2,232	\$40,176

Total rental expense under the equipment and other operating leases for the year ended June 30, 2015, was \$65,396. Minimum future lease payments under these operating leases as of June 30, 2015, for the succeeding years are:



# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

**NOTE E LEASE OBLIGATIONS, continued**

Fiscal Year Ended June 30,	Total
2015	8,928
2016	8,928
2017	8,928
2018	8,928
2019	4,464
Total	40,176

**NOTE F CAPITAL ASSETS**

Following is a summary of the capital assets at June 30, 2015:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Capital assets, not being depreciated				
Land				
Elementary	777,074			777,074
Secondary	656,675		(58,000)	598,675
Construction in progress	20,162,429	622,747	(20,162,429)	622,747
Total capital assets, not being depreciated	21,596,178	622,747	(20,220,429)	1,998,496
Capital assets, being depreciated				
Buildings				
Elementary	42,795,201	22,059,398	(234,773)	64,619,826
Secondary	35,831,556	2,435,053	(156,042)	38,110,567
Administration	2,006,475	17,063	(77,366)	1,946,172
Total buildings	80,633,232	24,511,514	(468,181)	104,676,565
Equipment				
Elementary	675,851	32,348		708,199
Secondary	1,036,269	364,408		1,400,677
Administration	1,132,411	146,089		1,278,500
Total equipment	2,844,531	542,845	0	3,387,376
Vehicles	5,182,386	173,570	(350,719)	5,005,237
Total capital assets, being depreciated	88,660,149	25,227,929	(818,900)	113,069,178
Less accumulated depreciation for:				
Buildings	(34,126,571)	(2,199,144)	452,098	(35,873,617)
Equipment	(1,847,770)	(237,408)		(2,085,178)
Vehicles	(4,140,106)	(289,160)	343,981	(4,085,285)
Total accumulated depreciation	(40,114,447)	(2,725,712)	796,079	(42,044,080)
Total capital assets being depreciated, net	48,545,702	22,502,217	(22,821)	71,025,098
Governmental activities capital assets, net	70,141,880	23,124,964	(20,243,250)	73,023,594

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

**NOTE F CAPITAL ASSETS, continued**

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities	
Instruction	2,142,665
Support services	190,426
Administration	43,251
Transportation	289,160
Noninstructional	<u>60,210</u>
Total depreciation expense – governmental activities	<u><u>2,725,712</u></u>

**NOTE G LONG-TERM DEBT**

Following is a summary of the changes the general long-term debt for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
Bonds payable	45,925,000		1,700,000	44,225,000
Premium	5,590,938		396,660	5,194,278
Benefits due to employees	172,504	25,778		198,282
Total	<u>51,688,442</u>	<u>25,778</u>	<u>2,096,660</u>	<u>49,617,560</u>

Payment on the general obligation bonds are made by the debt service fund from property taxes and state bond levy equalization funds. Payment on the employment benefits is from the fund in which the employee works.

**NOTE H PAYROLL EXPENDITURES AND RELATED LIABILITIES**

Teacher contracts were signed for the nine-month period September 1, 2014, through May 31, 2015, to be paid over the twelve months of September 1, 2014, through August 31, 2015. The financial statements reflect the salary expense for this period. The accrued payroll reflects the final two months of these contracts.

**NOTE I RETIREMENT HEALTHCARE PLAN**

*Plan Description.* Idaho Falls School District #91’s Employee Group Benefits Plan is a single-employer defined benefit healthcare plan administered by Blue Cross of Idaho. Blue Cross provides medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. Delta Dental and Willamette Dental provide dental insurance benefits to eligible retirees and their eligible dependents. A retiree who retires with the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the District’s health insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum of reaching age 55 with at least 5 years of membership with a PERSI employer. The retiree is on the same medical plan as the District’s active employees.

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

## NOTE I RETIREMENT HEALTHCARE PLAN, continued

*Funding Policy.* The contribution requirement of plan members is established by the District's insurance committee in conjunction with our insurance provider. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015, the District contributed approximately \$5,259,609 to the plan for current premiums or approximately 79% of total premiums. Plan members receiving benefits contributed approximately \$1,376,437 or approximately 21% of total premiums. Retirees are required to pay 100% of the premiums for both the retiree and the dependent coverage.

Monthly contribution rates in effect for the retirees under age 65 during fiscal year 2015 were as follows:

Medical Coverage	Blue Cross PPO	HSA Option
Single	\$520.35	\$471.85
No Spouse W/Child	\$801.45	\$726.40
No Spouse W/Children	\$930.60	\$843.40
W/Spouse	\$1,142.45	\$1,035.25
W/Spouse + Children	\$1,323.45	\$1,199.20
Dental Coverage	Delta Dental	Willamette Dental
Single	\$31.38	\$39.05
2 Party	\$65.79	\$68.90
Family	\$100.98	\$111.05

*Annual OPEB Cost and Net OPEB Obligation.* The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to Idaho Falls School District #91's Post Retirement Healthcare Plan:

Annual required contribution (ARC)		395,692
Adjustment to annual required contribution		(52)
Annual OPEB cost (expense)		395,640
Contributions made		361,868
Increase in net OPEB obligation		33,772
Net OPEB obligation - beginning of year		(20,899)
Net OPEB obligation - end of year		12,873
Annual OPEB cost	Percentage of OPEB cost contributed	Net OPEB obligation
\$395,640	91%	12,873

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## **NOTE I RETIREMENT HEALTHCARE PLAN, continued**

*Funded Status and Funding Progress.* As of July 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) for benefits was \$3,584,049. The District's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plan is unfunded, the AAL and UAAL are equal. The covered payroll (annual payroll of active employees covered by the plan) was \$39,126,823 and the ratio of the UAAL to the covered payroll was 9.16%.

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress will be presented in the future when multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits is 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 the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. 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 July 1, 2014, actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method is used. The actuarial assumptions included a 4.25% discount rate assuming the District will fund the retirement benefit on a pay-as-you-go basis. The valuation assumes that 45% of future retirees will elect medical coverage, 35.1% of future retirees will elect dental coverage, 70% of future eligible spouses of future retirees will elect medical coverage, and 70% of future eligible spouses of future retirees will elect dental coverage. The annual healthcare cost trend rate of 7% for medical, 7% for prescription drugs, and 7% for dental initially, decreasing approximately .5% per year for medical, .5% per year for prescription drugs, and .5% per year for dental until reaching an ultimate rate of 4.5% percent. It was assumed payroll increases will be 2.5% per annum. The UAAL is being amortized as a level percentage of projected payrolls over a twenty five year time period.

## **NOTE J GENERAL OBLIGATION BOND ISSUES**

The District had three general obligation bond issues (2012A Series, 2012B Series, and 2012C Series) outstanding at the end of the year with interest rates ranging from 3 to 5 percent. The 2012A Series, 2012B Series, and 2012C Series bonds are scheduled to mature September of 2028, September of 2031, and September 2032, respectively. Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments.

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

**NOTE J GENERAL OBLIGATION BOND ISSUES, continued**

Future debt service requirements are as follows:

Fiscal Year Ended June 30,	Total	Interest	Principal
2016	3,578,363	1,828,363	1,750,000
2017	3,566,113	1,766,113	1,800,000
2018	3,567,613	1,692,613	1,875,000
2019	3,566,113	1,616,113	1,950,000
2020	3,561,613	1,536,613	2,025,000
2021-2025	17,793,963	6,373,963	11,420,000
2026-2030	17,721,688	3,751,688	13,970,000
2031-2033	10,037,156	602,156	9,435,000
Total	63,392,622	19,167,622	44,225,000

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

Principal	2012 Series
Balances at July 1, 2014	45,925,000
Bonds retired during fiscal year	1,700,000
Balances at June 30, 2015	44,225,000
Interest to be provided	2012 Series
Balances at July 1, 2014	21,047,735
Interest paid on bonds during fiscal year	(1,880,113)
Balances at June 30, 2015	19,167,622

**NOTE K LEGAL DEBT MARGIN**

The District is subject to a statutory limitation by the Idaho Code for bonded indebtedness payable principally from property taxes. The limit of bonded indebtedness is 5% of property market value for assessment purposes, less the aggregate outstanding debt. The debt limit for the District is \$4,007,942,615 x 5%, or \$200,397,131. The Debt Service fund had \$3,539,420 available and the general obligation debt was \$44,225,000 leaving a legal debt margin of \$159,711,551.

**NOTE L PENSION PLAN**

*Plan Description*

The District contributes to the Base Plan which is a cost sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE L PENSION PLAN, continued

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the PERSI Base Plan, as of June 30, 2014, was as follows:

Active system members	66,223
Inactive system members entitled to but not yet receiving benefits	11,504
Inactive system members or beneficiaries currently receiving benefits	<u>40,776</u>
Total system members	<u><u>118,503</u></u>

### *Pension Benefits*

The Base Plan provides retirement, disability, death, and survivors of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

### *Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate. As of June 30, 2014 it was 6.79%. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The District's contributions were \$4,062,589 for the year ended June 30, 2014.

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

**NOTE L PENSION PLAN, continued**

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the District's proportion was .013247276 percent.

For the year ended June 30, 2015, the District recognized pension revenue of \$2,977,814. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		1,210,569
Changes in assumptions or other inputs	811,774	
Net difference between projected and actual earnings on pension plan investments		12,214,312
District contributions subsequent to the measurement date	4,010,577	
Total	4,822,351	13,424,881

\$4,010,577 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2015.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determine at July 1, 2013, the beginning of the measurement period ended June 30, 2014, is 5.6 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended June 30:	
2015	(3,140,273)
2016	(3,140,273)
2017	(3,141,273)
2018	(3,141,273)
2019	(52,017)

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE L PENSION PLAN, continued

### *Actuarial Assumptions*

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 50-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014, is based on the results of an actuarial valuation date of July 1, 2014.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate rates or expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.



# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

**NOTE L**      **PENSION PLAN, continued**

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation – Mean			3.25%
Assumed Inflation – Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
<b>Long-Term Expected Rate of Return, Net of Investment Expenses</b>			<b>7.10%</b>

*Discount Rate*

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

*Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	33,866,084	9,752,068	(10,293,710)

# Idaho Falls School District #91

Notes to Financial Statements  
June 30, 2015

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## NOTE L PENSION PLAN, continued

### *Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

## NOTE M POST RETIREMENT BENEFITS

The District funds post retirement benefits on a current basis through PERSI. The district paid 1.26% of the wages covered by PERSI to the State for the 2014-2015 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.

## NOTE N NON-MONETARY TRANSACTIONS

The District received \$228,411 in USDA Commodities during the 2014-2015 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.

## NOTE O COMMITMENTS AND CONTINGENCIES

The District is involved in claims arising from the ordinary course of operations. The estimated possible loss to the District for these claims is uncertain, as the likelihood of an unfavorable outcome is unknown. No accrual has been reflected in the financial statements for these matters. In the opinion of the District's management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial condition.

## NOTE P CONSTRUCTION COMMITMENTS

During the year ended June 30, 2015, the District contracted with various contractors to do certain projects, revisions, and additions. The following construction contracts were in progress at June 30, 2015:

Project	Original bid plus changes	Average percent complete	Expenditures Recorded Currently	Remaining construction obligation
Remodel – Emerson	<u>1,536,297</u>	68%	<u>140,420</u>	<u>1,395,877</u>
Total	<u><u>1,536,297</u></u>		<u><u>140,420</u></u>	<u><u>1,395,877</u></u>

# Idaho Falls School District #91

Notes to Financial Statements  
*June 30, 2015*

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**NOTE Q      PRIOR YEAR RESTATEMENT**

As a result of the implementation of GASB Statement No. 68, the governmental activities beginning net position was restated to subtract the beginning net pension liability for PERSI by \$25,342,989 and to add deferred outflows of resources – contributions after the measurement date resulting in a restated balance of \$21,252,973.

**NOTE R      SUBSEQUENT EVENTS**

Management of the District evaluated subsequent events through October 14, 2015, which was the date the financial statements were available to be issued.

**REQUIRED FINANCIAL INFORMATION**

# Idaho Falls School District #91

General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
-Budget to Actual-  
Fiscal Year Ended June 30, 2015

<b>REVENUES</b>	Original and Final Budget	Actual	Favorable (Unfavorable) Variances
Property taxes	6,821,129	7,255,441	434,312
Penalties and interest on delinquent taxes	50,000	74,166	24,166
Earnings on investments	100,000	118,838	18,838
Student revenues / fees	1,500	1,501	1
Transportation fees	217,000	202,043	(14,957)
Rentals	40,000	49,228	9,228
Tuition	5,000	21,875	16,875
Contributions	107,255	113,361	6,106
Other local		246,112	246,112
State apportionment			
Base	36,641,340	37,010,148	368,808
Transportation	1,900,000	1,893,574	(6,426)
Tuition equivalency	150,000	236,417	86,417
State paid benefits	4,894,105	4,952,679	58,574
Other school support	1,885,601	2,039,576	153,975
Property tax replacement	206,502	198,775	(7,727)
Vocational education	150,000	101,305	(48,695)
Total revenues	<u>53,169,432</u>	<u>54,515,039</u>	<u>1,345,607</u>
<b>EXPENDITURES</b>			
Instruction			
Elementary	15,082,534	14,629,083	453,451
Secondary	13,427,072	13,060,800	366,272
Alternative school	447,105	464,371	(17,266)
Professional technical education	856,088	759,905	96,183
Exceptional child	3,388,958	3,177,322	211,636
Pre-school	318,006	330,576	(12,570)
Gifted and talented	167,559	163,116	4,443
Interscholastic program	420,714	414,387	6,327
School activities program	67,321	65,796	1,525
Summer school	1,000	4,851	(3,851)
Detention center	105,018	115,881	(10,863)
Total instruction	<u>34,281,375</u>	<u>33,186,088</u>	<u>1,095,287</u>

See Independent Auditor's Report.

# Idaho Falls School District #91

General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
-Budget to Actual-  
Fiscal Year Ended June 30, 2015

EXPENDITURES, continued	Original and Final Budget	Actual	Favorable (Unfavorable) Variances
Support services			
Attendance, guidance, and health	2,443,967	2,471,848	(27,881)
Special services	583,455	750,382	(166,927)
Instructional improvement	385,290	574,718	(189,428)
Instructional technology	1,011,141	922,852	88,289
Educational media	363,060	332,133	30,927
Total support services	4,786,913	5,051,933	(265,020)
Administration			
Board of Education	240,661	218,585	22,076
District administration	891,492	849,655	41,837
School administration	3,262,488	3,213,653	48,835
Total administration	4,394,641	4,281,893	112,748
Business operations	839,505	801,311	38,194
Operations			
Building care (custodial)	3,255,253	3,049,517	205,736
Maintenance	1,705,390	1,646,661	58,729
Grounds	373,212	383,442	(10,230)
Security	72,511	76,166	(3,655)
Total operations	5,406,366	5,155,786	250,580
Transportation	2,594,806	2,308,648	286,158
Noninstructional	5,930	5,930	(5,930)
Contingency reserve	2,628,128	2,628,128	2,628,128
Total expenditures	54,931,734	50,791,589	4,140,145
Revenues over (under) expenditures	(1,762,302)	3,723,450	5,485,752
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers, net	(122,060)	(139,139)	(17,079)
Revenues and other financing sources over (under) expenditures	(1,884,362)	3,584,311	5,468,673
Fund balance - July 1, 2014		6,668,699	
Fund balance - June 30, 2015		10,253,010	

See Independent Auditor's Report.

# Idaho Falls School District #91

Debt Service Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 -Budget to Actual-  
 Fiscal Year Ended June 30, 2015

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes	3,850,000	3,572,250	(277,750)
Penalty and interest on delinquent taxes		20,571	20,571
Property tax replacement	104,603	112,330	7,727
Other state revenue	248,723	302,302	53,579
Total revenues	4,203,326	4,007,453	(195,873)
<b>EXPENDITURES</b>			
Debt service			
Principal	1,700,000	1,700,000	0
Interest	1,880,113	1,882,161	(2,048)
Total expenditures	3,580,113	3,582,161	(2,048)
Revenues and other financing sources over (under) expenditures	623,213	425,292	(197,921)
Fund balance - July 1, 2014		3,170,293	
Fund balance - June 30, 2015		3,595,585	

See Independent Auditor's Report.

# Idaho Falls School District #91

Capital Projects Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
-Budget to Actual-  
Fiscal Year Ended June 30, 2015

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes	2,442,805	2,467,823	25,018
Penalties and interest on delinquent taxes	18,000	28,792	10,792
Other local		21,587	21,587
Total revenues	<u>2,460,805</u>	<u>2,518,202</u>	<u>57,397</u>
<b>EXPENDITURES</b>			
Facility acquisition	<u>6,408,981</u>	<u>3,109,096</u>	<u>3,299,885</u>
Total expenditures	<u>6,408,981</u>	<u>3,109,096</u>	<u>3,299,885</u>
Revenues over (under) expenditures	(3,948,176)	(590,894)	3,357,282
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers, net		163,636	163,636
Sale of fixed assets		<u>173,877</u>	<u>173,877</u>
Total other financing sources (uses)	<u>0</u>	<u>337,513</u>	<u>337,513</u>
Revenues and other financing sources over (under) expenditures	<u>(3,948,176)</u>	(253,381)	<u>3,694,795</u>
Fund balance - July 1, 2014		<u>5,565,122</u>	
Fund balance - June 30, 2015		<u>5,311,741</u>	

See Independent Auditor's Report.



# Idaho Falls School District #91

Required Supplementary Information  
Fiscal Year Ended June 30, 2015

## General Employees' Other Postemployment Benefits Plan Schedule of Funding Progress

Actualrial Valuation Date	Actuarial Value of Assets ( a )	----- Accrued Liability (AAL) - Projected Unit Credit ( b )	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll [(b - a) / c]
6/30/2015		3,584,049	3,584,049		39,126,823	9.16%
6/30/2014		4,109,420	4,109,420		38,536,864	10.66%
6/30/2013		4,087,812	4,087,812		41,990,174	9.74%

## Schedule of Employer's Share of Net Pension Liability PERSI-Base Plan Last 10-Fiscal Years \*

	<b>2015</b>
Employer's portion of net pension liability	1.3247276%
Employers proportionate share of the net pension liability	9,752,068
Employer's covered-employee payroll	35,429,127
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	27.53%
Plan fiduciary net position as a percentage of the total pension liability	94.95%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Data reported is measured as of July 1, 2014 (measurement date)

## Schedule of Employer Contributions PERSI-Base Plan Last 10-Fiscal Years \*

	<b>2015</b>
Statutorily required contribution	4,305,365
Contributions in relation to the statutorily required contribution	4,119,903
Contribution (deficiency) excess	(185,462)
Employer's covered-employee payroll	35,429,127
Contributions as a percentage of covered-employee payroll	11.63%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Data reported is measured as of June 30, 2015

See Independent Auditor's Report.

# Idaho Falls School District #91

Notes to Required Supplementary Information  
*For the Year Ended June 30, 2015*

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## **NOTE A      BUDGET ADOPTION**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at year end.

See Independent Auditor's Report.

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**OTHER FINANCIAL INFORMATION**

**Idaho Falls School District #91**

All Nonmajor Funds  
Combining Balance Sheet  
June 30, 2015

	Federal Forest Fund	Public School Technology	Idaho Substance Abuse	Medicaid	Title I Fund	Title I Migrant	Title I Delin- quent	IDEA School Age	IDEA Pre- School	Carl Perkins	Title III	Title- II ESEA	State Professional Technical	E- Rate	Construction	Project Lead the Way	Child Nutrition	Expendable Foundation	All Non Major Funds
<b>ASSETS</b>																			
Cash and investments	40,278	201,151	45,790								69,430		390,762	40,311	2,204,937	2,410	893,695	34,483	3,923,247
Receivables																			
Federal grants	41,683				418,281	16,009	12,932	616,098	39,685	135,501	12,774	46,436	132,217						1,471,616
State agencies				357,943															357,943
Other																	208	29,102	29,310
Supplies inventory																	116,789		116,789
<b>Total assets</b>	<b>81,961</b>	<b>201,151</b>	<b>45,790</b>	<b>357,943</b>	<b>418,281</b>	<b>16,009</b>	<b>12,932</b>	<b>616,098</b>	<b>39,685</b>	<b>135,501</b>	<b>82,204</b>	<b>46,436</b>	<b>522,979</b>	<b>40,311</b>	<b>2,204,937</b>	<b>2,410</b>	<b>1,010,692</b>	<b>63,585</b>	<b>5,898,905</b>
<b>LIABILITIES AND FUND EQUITY</b>																			
<b>LIABILITIES</b>																			
Accounts payable		105	45,767	931	3,900		46	9,029	22	15,201		315	26		110,109		5,357	916	191,724
Accrued wages	6,254			27,844	96,381	5,813	4,554	129,713	6,748		4,234	11,898	48,953					87,183	429,575
Accrued employee benefits	1,787			8,371	44,160	3,375	2,018	58,246	3,157		2,445	3,457	14,086					46,809	187,911
Interfund payable				319,927	273,840	6,821	6,314	419,110	29,758	108,865		30,766							1,195,401
<b>Total liabilities</b>	<b>8,041</b>	<b>105</b>	<b>45,767</b>	<b>357,073</b>	<b>418,281</b>	<b>16,009</b>	<b>12,932</b>	<b>616,098</b>	<b>39,685</b>	<b>124,066</b>	<b>6,679</b>	<b>46,436</b>	<b>63,065</b>	<b>0</b>	<b>110,109</b>	<b>0</b>	<b>139,349</b>	<b>916</b>	<b>2,004,611</b>
<b>FUND EQUITY</b>																			
Nonspendable																			
Supplies inventory																		116,789	116,789
Restricted	73,920	201,046	23	870						11,435	75,525		459,914	40,311	2,094,828	2,410	754,554	62,669	3,777,505
<b>Total fund equity</b>	<b>73,920</b>	<b>201,046</b>	<b>23</b>	<b>870</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,435</b>	<b>75,525</b>	<b>0</b>	<b>459,914</b>	<b>40,311</b>	<b>2,094,828</b>	<b>2,410</b>	<b>871,343</b>	<b>62,669</b>	<b>3,894,294</b>
<b>Total liabilities &amp; inflows of resources, and fund balances</b>	<b>81,961</b>	<b>201,151</b>	<b>45,790</b>	<b>357,943</b>	<b>418,281</b>	<b>16,009</b>	<b>12,932</b>	<b>616,098</b>	<b>39,685</b>	<b>135,501</b>	<b>82,204</b>	<b>46,436</b>	<b>522,979</b>	<b>40,311</b>	<b>2,204,937</b>	<b>2,410</b>	<b>1,010,692</b>	<b>63,585</b>	<b>5,898,905</b>

See Independent Auditor's Report.

**Idaho Falls School District #91**

All Nonmajor Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Fiscal Year Ended June 30, 2015

	Federal Forest Fund	Public School Technology	Idaho Substance Abuse	Medicaid	Title I Fund	Title I Migrant	Title I Delin- quent	IDEA School Age	IDEA Pre- School	Carl Perkins	Title III	Title II ESEA	State Professional Technical	E- Rate	Construction	Project Lead the Way	Child Nutrition	Expendable Foundation	All Non- Major Funds	
<b>REVENUES</b>																				
Earnings on investments															(4,852)		(18)		(4,870)	
Food service																	618,350		618,350	
Other local													6,000				128	158,258	164,386	
Other state revenue		474,206	66,824	877,906									335,173						1,754,109	
Federal grants & assistance	47,975				1,880,077	59,742	54,345	1,849,009	92,661	135,504	60,080	348,056					2,516,183		7,043,632	
Total revenues	47,975	474,206	66,824	877,906	1,880,077	59,742	54,345	1,849,009	92,661	135,504	60,080	348,056	341,173	0	(4,852)	0	3,134,643	158,258	9,575,607	
<b>EXPENDITURES</b>																				
Instruction																				
Elementary		86,640			1,544,768	38,337					58,297	1,111						127,780	1,856,933	
Secondary		53,343			110,410	6,818					783	28,164						121,926	321,444	
Alternative												391							391	
Exceptional child				839,224				1,637,851										3,505	2,480,580	
Pre-school								403	90,761										91,164	
Gifted and talented																		3,792	3,792	
School activities program																		101	101	
Summer school								6,479											6,479	
Vocational										129,829			327,150					1,026	458,005	
Detention center program							53,345												53,345	
Support services																				
Attendance, guidance, & health					(19)														(19)	
Instructional improvement			7,744		8,393	3,665	22,768					293,919	131,945						468,434	
Instructional technology		274,150										92							274,242	
Administration	96,495			40,080	179,825	9,672	146,508		5,675			17,079						27,828	523,162	
Security			62,768																62,768	
Noninstructional																	3,216,210		3,216,210	
Facility acquisition															4,347,627				4,347,627	
Total expenditures	96,495	414,133	70,512	879,304	1,843,377	58,492	53,345	1,814,009	90,761	135,504	59,080	340,756	459,095	0	4,347,627	0	3,216,210	285,958	14,164,658	
Revenues over (under) expenditures	(48,520)	60,073	(3,688)	(1,398)	36,700	1,250	1,000	35,000	1,900	0	1,000	7,300	(117,922)	0	(4,352,479)	0	(81,567)	(127,700)	(4,589,051)	
<b>OTHER FINANCING</b>																				
<b>SOURCES (USES)</b>																				
Transfers in																			78,653	78,653
Transfers (out)					(36,700)	(1,250)	(1,000)	(35,000)	(1,900)		(1,000)	(7,300)							(19,000)	(103,150)
Total other financing sources (uses)	0	0	0	0	(36,700)	(1,250)	(1,000)	(35,000)	(1,900)	0	(1,000)	(7,300)	0	0	0	0	59,653	0	(24,497)	
Revenues and other financing sources over (under) expenditures	(48,520)	60,073	(3,688)	(1,398)									(117,922)		(4,352,479)		(21,914)	(127,700)	(4,613,548)	
Fund Balance - June 30, 2014	122,440	140,973	3,711	2,268						11,435	75,525		577,836	40,311	6,447,307	2,410	893,257	190,369	8,507,842	
Fund balance - June 30, 2015	73,920	201,046	23	870	0	0	0	0	0	11,435	75,525	0	459,914	40,311	2,094,828	2,410	871,343	62,669	3,894,294	

See Independent Auditor's Report.

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# Idaho Falls School District #91

All Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>ASSETS</b>				
Cash and investments				
Idaho Falls High School	326,317	860,124	903,411	283,030
Skyline High School	208,092	756,316	772,011	192,397
Emerson High School	24,693	44,716	28,378	41,031
Compass Academy	10,947	175,960	163,008	23,899
Eagle Rock Jr. High School	67,585	146,657	146,317	67,925
Taylorview Jr. High School	46,381	133,212	139,374	40,219
Ethel Boyes Elementary School	11,664	7,731	7,997	11,398
Theresa Bunker Elementary School	5,826	13,872	14,972	4,726
A.H. Bush Elementary School	15,717	13,709	18,286	11,140
Edgemont Gardens Elementary School	11,615	15,935	18,935	8,615
Dora Erickson Elementary School	2,307	6,974	7,155	2,126
Fox Hollow Elementary School	22,903	8,825	24,046	7,682
Hawthorne Elementary School	3,171	6,609	6,809	2,971
Linden Park Elementary School	12,438	15,910	16,922	11,426
Longfellow Elementary School	9,432	14,459	17,674	6,217
Sunnyside Elementary School	16,165	27,069	31,519	11,715
Templeview Elementary School	17,941	15,841	12,049	21,733
Westside Elementary School	35,333	8,619	15,384	28,568
Athletic funds	212,979	573,043	547,243	238,779
Total assets	<u>1,061,506</u>	<u>2,845,581</u>	<u>2,891,490</u>	<u>1,015,597</u>

The Athletic Funds had revenues of approximately \$573,043 which included gate receipts, tournament fees, and a portion of the student activity card fees. Expenses totaled \$547,243 which included equipment, uniforms, entry fees, officials, game management, etc. The costs for coaches, state tournament costs, and transportation were paid from the General Fund.



# Idaho Falls School District #91

All Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>LIABILITIES</b>				
Due to student groups				
Idaho Falls High School	326,317	860,124	903,411	283,030
Skyline High School	208,092	756,316	772,011	192,397
Emerson High School	24,693	44,716	28,378	41,031
Compass Academy	10,947	175,960	163,008	23,899
Eagle Rock Jr. High School	67,585	146,657	146,317	67,925
Taylorview Jr. High School	46,381	133,212	139,374	40,219
Ethel Boyes Elementary School	11,664	7,731	7,997	11,398
Theresa Bunker Elementary School	5,826	13,872	14,972	4,726
A.H. Bush Elementary School	15,717	13,709	18,286	11,140
Edgemont Gardens Elementary School	11,615	15,935	18,935	8,615
Dora Erickson Elementary School	2,307	6,974	7,155	2,126
Fox Hollow Elementary School	22,903	8,825	24,046	7,682
Hawthorne Elementary School	3,171	6,609	6,809	2,971
Linden Park Elementary School	12,438	15,910	16,922	11,426
Longfellow Elementary School	9,432	14,459	17,674	6,217
Sunnyside Elementary School	16,165	27,069	31,519	11,715
Templeview Elementary School	17,941	15,841	12,049	21,733
Westside Elementary School	35,333	8,619	15,384	28,568
Athletic funds	212,979	573,043	547,243	238,779
Total liabilities	<u>1,061,506</u>	<u>2,845,581</u>	<u>2,891,490</u>	<u>1,015,597</u>

See Independent Auditor's Report.

# Idaho Falls School District #91

Taxes Receivable  
Fiscal Year Ended June 30, 2015

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	General Fund		
	Total	2014	2013 and Prior
Delinquent balance at July 1, 2014	452,317		452,317
<b>ADDITIONS</b>			
Roll charges applicable to 2014	7,140,740	7,140,740	
Subsequent additions and cancellations	20,247	21,865	(1,618)
Total after additions	7,613,304	7,162,605	450,699
<b>DEDUCTIONS</b>			
Collections received	4,726,434	4,445,472	280,962
Current amount due from Bonneville County on collected taxes	2,547,952	2,523,279	24,673
Total deductions	7,274,386	6,968,751	305,635
Delinquent balance at June 30, 2015	338,919	193,854	145,064

See Independent Auditor's Report.

# Idaho Falls School District #91

Taxes Receivable  
Fiscal Year Ended June 30, 2015

Debt Service Fund			Capital Projects Fund		
Total	2014	2013 and Prior	Total	2014	2013 and Prior
187,782		187,782	163,084		163,084
3,545,800	3,545,800		2,434,396	2,434,396	
10,121	10,857	(736)	6,893	7,480	(587)
3,743,703	3,556,657	187,046	2,604,373	2,441,876	162,497
2,307,927	2,203,406	104,521	1,604,337	1,499,160	105,177
1,265,257	1,252,958	12,299	863,484	854,790	8,694
3,573,184	3,456,364	116,820	2,467,821	2,353,950	113,871
170,519	100,293	70,226	136,552	87,926	48,626

See Independent Auditor's Report.

# Idaho Falls School District #91

## Analysis of the General Fund Balance Liquidity *June 30, 2015*

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Fund balance of the General Fund at June 30, 2015	10,253,010
Less nonspendable-inventories	(285,417)
Less restricted for other purposes	(88,519)
Less assigned for encumbrances	(994,190)
Less assigned for specific programs	(342,400)
Less assigned for budget purposes	<u>(2,181,371)</u>
	<u><u>6,361,113</u></u>

Single Audit Section

**Idaho Falls School District #91**

*June 30, 2015*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Idaho Falls School District #91  
Idaho Falls, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *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 Idaho Falls School District #91 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Idaho Falls School District #91's basic financial statements, and have issued our report thereon dated October 14, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Idaho Falls School District #91'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 Idaho Falls School District #91's internal control. Accordingly, we do not express an opinion on the effectiveness of Idaho Falls School District #91's internal control.

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

Our consideration of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Idaho Falls School District #91's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP  
CPAs and Consultants

Idaho Falls, Idaho  
October 14, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Idaho Falls School District #91  
Idaho Falls, Idaho

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

We have audited Idaho Falls School District #91's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Idaho Falls School District #91's major federal programs for the year ended June 30, 2015. Idaho Falls School District #91'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 major federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Idaho Falls School District #91'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 Idaho Falls School District #91's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Idaho Falls School District #91's compliance.

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

In our opinion, Idaho Falls School District #91 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, 2015.



## ***Report on Internal Control over Compliance***

Management of Idaho Falls School District #91 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 Idaho Falls School District #91's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Idaho Falls School District #91'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 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.



Wipfli LLP  
CPAs and Consultants

Idaho Falls, Idaho  
October 14, 2015

# Idaho Falls School District #91

Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2015

## SECTION I - SUMMARY OF AUDITOR'S RESULTS

### Financial Statements

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes        X   No
- Significant deficiency (ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes        X   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

### Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes        X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes        X   No

Type of auditor's report issued on compliance for major programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ Yes        X   No

Identification of major programs:

CFDA Number(s)

84.027 / 84.173  
84.367

Name of Federal Program or Cluster

Special Education Cluster  
Improving Teacher Quality

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

Auditee qualified as low-risk auditee?   X   Yes      \_\_\_\_\_ No

# **Idaho Falls School District #91**

Schedule of Findings and Questioned Costs  
*Fiscal Year Ended June 30, 2015*

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## **SECTION II - FINDINGS - FINANCIAL STATEMENT AUDITS**

None

## **SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

# Idaho Falls School District #91

## Schedule of Expenditures of Federal Awards Fiscal Year Ended June 30, 2015

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
<b>United States Department of Agriculture</b>			
Passed Through State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	2014IN109947	321,739
National School Lunch Program – cash	10.555	2014IN109947	1,851,942
National School Lunch Program – commodities	10.555	2014IN109947	228,411
Special Milk Program	10.556	2014IN109947	1,190
Total Child Nutrition Cluster			2,403,282
Fresh Fruit and Vegetable Program	10.582	2014IL160347	112,901
Total Passed Through State Department of Education			2,516,183
Passed Through Bonneville County			
Federal Forest	10.665		96,495
Total United States Department of Agriculture			2,612,678
<b>United States Department of Education</b>			
Passed Through State Department of Education:			
Title I-Grants to Local Educational Agencies	84.010	S010A120012	1,934,422
Migrant Education	84.011	S011A110012	59,742
Special Education Cluster			
Special Education – School-age	84.027	H027A120088	1,849,009
Special Education – Preschool	84.173	H173A120030	92,661
English Language Acquisition	84.365	S365A120012	60,080
Improving Teacher Quality	84.367	S367A120011	348,056
Total Passed Through State Department of Education			4,343,970
Passed Through State Division of Professional Technical			
Vocational Education	84.048	V048A110012	135,504
Total United States Department of Education			4,479,474
Total Expenditures of Federal Awards			7,092,152

# Idaho Falls School District #91

Notes to Schedule of Expenditures of Federal Awards  
*Fiscal Year Ended June 30, 2015*

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## **NOTE A BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net assets of the District.

## **NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified basis of accounting as described in Note A to the District's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

## **NOTE C NONMONETARY TRANSACTIONS**

Nonmonetary assistance is reported for the Food Distribution Program at fair market value of commodities received which is established by the State Department of Education. The District held an undetermined amount of those commodities in inventory at June 30, 2015.

## **NOTE D PAYMENT TO SUBRECIPIENTS**

The District passed \$13,651 of federal funds for Vocational Education (84.048A) through to other districts in the High Desert Consortium for the 2014-2015 fiscal year.

# Idaho Falls School District #91

Summary Schedule of Prior Audit Findings  
*Fiscal Year Ended June 30, 2015*

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**None.**