

HOMEDALE JT. SCHOOL DISTRICT NO. 370

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2015

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Homedale Jt. School District No. 370

Title Page

Homedale Jt. School District No. 370
116 E. Owyhee Ave.
Homedale, ID 83628

Board of Trustees

Kurt Shanley	Chairperson
Shane Muir	Vice Chairperson
Stacy Woods	Member
Dwayne Fisher	Member
Shelley Shenk	Member

Administrators

Rob Sauer	Superintendent
Faith Olsen	Business Manager



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Homedale Jt. School District No. 370
Homedale, 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 Homedale Jt. School District No. 370 (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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

Management has not performed the actuarial calculations for other post-employment benefits for the governmental activities and, accordingly, has not considered the District's other post-employment benefit liability. Accounting principles generally accepted in the United States of America require that a liability be recorded for other post-employment benefits, which would decrease net assets, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net assets, liabilities, and expenses in the governmental activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Homedale Jt. School District No. 370, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Homedale Jt. School District No. 370, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison information, schedule of the District's proportionate share of the Net Pension Liability, and schedule of District contributions on pages 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Homedale Jt. School District No. 370's basic financial statements. The schedules of revenues by source and expenditures by object for the General fund and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedules of revenues by source and expenditures by object for the general fund, the combining fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedules of revenues by source and expenditures by object of the general fund, the combining fund financial statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2015, on our consideration of the District's internal control over financial reporting and on 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.

Millington Zwysart CPAs, PLLC

Caldwell, Idaho
October 8, 2015

Homedale Jt. School District No. 370
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 2,891,848
Receivables, Net:	
Property Taxes	327,773
Interest	2,122
Intergovernmental	593,743
Prepaid Items	14,746
Inventory	13,800
Capital Assets:	
Land	335,000
Buildings, Net	3,895,031
Equipment, Net	64,538
Buses, Net	336,683
Total Assets	<u>8,475,284</u>
Deferred Outflows	
Pension Related Items	520,163
Total Deferred Outflows	<u>520,163</u>
Liabilities	
Accounts Payable and Other Current Liabilities	87,673
Salaries and Benefits Payable	776,012
Accrued Interest	16,695
Due to Other Governments	12,234
Long-Term Liabilities:	
Due Within One Year:	
Bonds Payable	350,000
Due in More Than One Year:	
Bonds Payable	750,000
Net Pension Liability	1,017,912
Total Liabilities	<u>3,010,526</u>
Deferred Inflows	
Pension Related Items	1,401,276
Total Deferred Inflows	<u>1,401,276</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	3,531,252
Restricted for:	
Debt Service	859,044
Capital Projects	310,637
Special Revenue	666,658
Unrestricted Surplus	(783,946)
Total Net Position	<u>\$ 4,583,645</u>

The accompanying notes are an integral
part of the financial statements.

Homedale Jt. School District No. 370
Statement of Activities
For the Year Ended June 30,2015

		Program Revenues			Net (Expense)
	Charges for	Operating	Capital	Revenue and	
	Expenses	Services and Sales	Grants and Contributions	Grants and Contributions	Changes in
Primary Government:					Net Position -
Governmental Activities:					Governmental
					Activities
Instruction	\$ 4,405,872	\$ -	\$ 587,004	\$ -	\$ (3,818,868)
Support Services	2,555,338	-	10,996	-	(2,544,342)
Food Service	504,160	70,989	411,799	-	(21,372)
Interest	52,513	-	-	-	(52,513)
Total Governmental Activities	<u>\$ 7,517,883</u>	<u>\$ 70,989</u>	<u>\$ 1,009,799</u>	<u>\$ -</u>	<u>\$ (6,437,095)</u>
General Revenues:					
					907,581
					5,997,825
					31,388
					98,852
					6,100
					<u>7,041,746</u>
					604,651
					<u>6,200,219</u>
					<u>(2,221,228)</u>
					<u>3,978,994</u>
					<u>\$ 4,583,645</u>

The accompanying notes are an integral
part of the financial statements.

Homedale Jt. School District No. 370

Balance Sheet -
Governmental Funds
June 30, 2015

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,530,758	\$ 679,570	\$ 681,520	\$ 2,891,848
Receivables, Net:				
Property Taxes	76,241	196,169	55,363	327,773
Interest	2,122	-	-	2,122
Intergovernmental	233,680	-	360,063	593,743
Interfund Balance	104,120	-	-	104,120
Prepaid Items	7,100	-	7,646	14,746
Inventory	-	-	13,800	13,800
Total Assets	\$ 1,954,021	\$ 875,739	\$ 1,118,392	\$ 3,948,152
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 82,396	\$ -	\$ 5,277	\$ 87,673
Interfund Balance	-	-	104,120	104,120
Salaries and Benefits Payable	640,192	-	135,820	776,012
Due to Other Governments	12,234	-	-	12,234
Total Liabilities	734,822	-	245,217	980,039
Deferred Inflows				
Unearned Revenue - Property Tax	5,828	15,270	4,324	25,422
Total Deferred Inflows	5,828	15,270	4,324	25,422
Fund Balances:				
Nonspendable:				
Inventory	-	-	21,446	21,446
Restricted	-	860,469	847,405	1,707,874
Committed	98,837	-	-	98,837
Unassigned	1,114,534	-	-	1,114,534
Total Fund Balances	1,213,371	860,469	868,851	2,942,691
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,954,021	\$ 875,739	\$ 1,118,392	\$ 3,948,152

The accompanying notes are an integral
part of the financial statements.

Homedale Jt. School District No. 370
 Reconciliation of the Balance Sheet of the Governmental
 Funds to the Statement of Net Position
 June 30, 2015

Total Fund Balances - Governmental Funds \$ 2,942,691

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Land	\$ 335,000	
Buildings, Net of \$5,451,676 accumulated depreciation	3,895,031	
Equipment, Net of \$421,493 accumulated depreciation	64,538	
Buses, Net of \$737,525 accumulated depreciation	<u>336,683</u>	
Total Capital Assets		4,631,252

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period expenditures and, therefore, are deferred in the funds. 25,422

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:

Accrued Interest on Long-term Debt	\$ (16,695)	
Bonds Payable	<u>(1,100,000)</u>	
Total Long-Term Liabilities		(1,116,695)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$ (1,017,912)	
Pension Related Deferred Inflows	(1,401,276)	
Pension Related Deferred Outflows	<u>520,163</u>	
		<u>(1,899,025)</u>

Total Net Position-Governmental Activities \$ 4,583,645

The accompanying notes are an integral
 part of the financial statements.

Homedale Jt. School District No. 370
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30,2015

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 208,168	\$ 553,639	\$ 156,013	\$ 917,820
State	5,800,169	-	197,656	5,997,825
Charges for Services	-	-	70,989	70,989
Grants and Contributions	-	-	1,009,799	1,009,799
Earnings on Investments	30,294	668	426	31,388
Other	89,025	-	9,827	98,852
Total Revenues	<u>6,127,656</u>	<u>554,307</u>	<u>1,444,710</u>	<u>8,126,673</u>
Expenditures				
Current:				
Instruction	3,881,366	-	623,246	4,504,612
Support Services	2,220,664	500	275,566	2,496,730
Food Service	12,204	-	504,160	516,364
Debt Service:				
Principal	-	335,000	-	335,000
Interest	-	57,371	-	57,371
Capital Outlay	51,664	-	146,286	197,950
Total Expenditures	<u>6,165,898</u>	<u>392,871</u>	<u>1,549,258</u>	<u>8,108,027</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(38,242)</u>	<u>161,436</u>	<u>(104,548)</u>	<u>18,646</u>
Other Financing Sources (Uses)				
Sale of Assets	-	-	6,100	6,100
Transfers In	32,961	-	560,718	593,679
Transfers Out	(383,730)	-	(209,949)	(593,679)
Total Other Financing Sources (Uses)	<u>(350,769)</u>	<u>-</u>	<u>356,869</u>	<u>6,100</u>
Net Change in Fund Balances	(389,011)	161,436	252,321	24,746
Fund Balances - Beginning	1,602,382	699,033	616,530	2,917,945
Fund Balances - Ending	<u>\$ 1,213,371</u>	<u>\$ 860,469</u>	<u>\$ 868,851</u>	<u>\$ 2,942,691</u>

The accompanying notes are an integral
part of the financial statements.

Homedale Jt. School District No. 370
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of the
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30,2015

Total Net Change in Fund Balance - Governmental Funds \$ 24,746

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	\$ 239,353	
Disposal of Assets	-	
Depreciation Expense	<u>(311,270)</u>	
Net		(71,917)

Accrued interest on long-term debt. 4,858

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (10,239)

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. 335,000

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. 322,203

Change in Net Position of Governmental Activities \$ 604,651

The accompanying notes are an integral
 part of the financial statements.

Homedale Jt. School District No. 370
Statement of Fiduciary Net Position
June 30, 2015

	Agency Funds	Private - Purpose Trust Fund	Total
Assets			
Cash and Cash Equivalents	\$ 192,534	\$ 29,319	\$ 221,853
Total Assets	\$ 192,534	\$ 29,319	\$ 221,853
Liabilities			
Due to Student Groups	\$ 192,534	\$ -	\$ 192,534
Net Position			
Restricted for Scholarships	-	29,319	29,319
Total Liabilities and Net Position	\$ 192,534	\$ 29,319	\$ 221,853

The accompanying notes are an integral
part of the financial statements.

Homedale Jt. School District No. 370
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30,2015

	Private - Purpose Trust Fund
Additions	
Contributions	\$ -
Investment Income	323
Total Additions	323
Deductions	
Scholarships Awarded	-
Total Deductions	-
Changes in Net Position	323
Net Position - Beginning of Year	28,996
Net Position - End of Year	\$ 29,319

The accompanying notes are an integral
part of the financial statements.

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Homedale Jt. School District No. 370 (the "District") is governed by the School District Board of Trustees (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category—*governmental and fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- *Debt Service fund.* This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

The District reports the following fiduciary fund types:

- *Private-Purpose Trust fund.* This fund reports a trust arrangement under which principal and income benefit a college scholarship program.
- *Agency funds.* These funds account for assets held by the District as an agent for various student groups and clubs.

Basis of Accounting

The government-wide and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet. The District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable*. Balances in inventories that are permanently precluded from conversion to cash.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Committed*. Amounts to be used for a specific purpose pursuant to a formal action of the District's highest level of decision-making authority.
- *Unassigned*. Balances available for any purpose.

The remaining fund balance classification (assigned) is not applicable. However, if there had been assigned funds, these amounts would have been decided by the Superintendent or his designee. For committed amounts, the Board of Trustees is the District's highest level of decision making authority. Formal action includes a board motion and approval.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

It is the District's policy that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All special revenue funds are restricted by either the federal government or the State of Idaho and must be spent according to the stipulations of the corresponding federal or state program. The State of Idaho also requires that capital projects and debt service be accounted for in their own funds, and therefore, are also restricted.

Committed fund balance consists of amounts that are to be used for the purchase of copiers.

C. Assets and Liabilities

Cash Equivalents

The District requires all cash belonging to the District to be placed in custody of the Clerk/Business Manager. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents.

Inventories

Inventories on government-wide and fund financial statements are stated at cost and are expensed when used. Inventory in governmental funds consists of expendable supplies held for consumption.

Property Taxes

The District levies its real property taxes through Owyhee and Canyon Counties by the 2nd Monday in September of each year based upon the assessed valuation as of the previous July 1. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

The counties are responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the District by the counties as of June 30, 2015, are considered by the District as a receivable. Taxes not collected within 60 days after June 30, 2015, are not considered available for use by the District and are recorded as deferred revenue in the fund financial statements.

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	15 – 40 Years
Equipment and Buses	\$5,000	Straight-Line	5 – 15 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The District has no infrastructure to report.

Compensated Absences

The District provides sick leave and vacation to the full-time non-certified employees. The estimated amount of compensation for future amounts is believed to be immaterial and accordingly no liability has been recorded.

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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Homedale Jt. School District No. 370

Notes to Financial Statements For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Pronouncements

In June 2014, the GASB issued statement No. 68, *Accounting and Financial Reporting for Pensions*. Beginning with fiscal year 2015, the District implemented the provisions of this statement, which establishes accounting standards and financial reporting standards for pension related items. Implementation of this new statement resulted in a restatement of beginning net position in the District's government-wide financial statements (see note 13)

2. CASH AND INVESTMENTS

Deposits

As of June 30, 2015, the carrying amount of the District's deposits was \$83,026 (\$ 265 petty cash) and the respective bank balances totaled \$161,437. The entire bank balance was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2015, all of the District's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

2. CASH AND INVESTMENTS (continued)

Investments

The District voluntarily participates in the State of Idaho Investment Pool and the Diversified Bond Fund, both of which are external investment pools. The pools are not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pools is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the District's investment in the pools is the same as the value of the pool shares.

The District follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the District to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The District's investments at June 30, 2015, are summarized below:

Investment	Credit Rating	Fair Value	Investment Maturities (in Years)	
			Less Than 1	1-5
External Investment Pool	None	\$ 3,014,250	\$ 3,014,250	\$ -
Mutual Funds	None	10,898	10,898	-
Money Market	None	5,527	5,527	-
		<u>\$ 3,030,674</u>	<u>\$ 3,030,674</u>	<u>\$ -</u>

At year-end, cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total
Cash and cash equivalents	\$ 38,501	\$ 44,526	\$ 83,027
Investments categorized as deposits	2,853,347	177,327	3,030,674
	<u>\$ 2,891,848</u>	<u>\$ 221,853</u>	<u>\$ 3,113,701</u>

3. RECEIVABLE - INTERGOVERNMENTAL

Amounts due from other governments consists of support from the State of Idaho for \$233,680 and federal money passed through the state for \$360,063 for a total of \$593,743. These amounts are all considered collectible.

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2015</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 335,000	\$ -	\$ -	\$ 335,000
Capital Assets Being Depreciated:				
Buildings and Improvements	9,191,831	154,876	-	9,346,707
Equipment	486,031	-	-	486,031
Buses	<u>1,051,555</u>	<u>84,477</u>	<u>(61,824)</u>	<u>1,074,208</u>
Total Historical Cost	<u>10,729,417</u>	<u>239,353</u>	<u>(61,824)</u>	<u>10,906,946</u>
Less: Accumulated Depreciation				
Buildings and Improvements	5,250,995	200,681	-	5,451,676
Equipment	398,392	23,101	-	421,493
Buses	<u>711,861</u>	<u>87,488</u>	<u>(61,824)</u>	<u>737,525</u>
Total Acc. Depr.	<u>6,361,248</u>	<u>311,270</u>	<u>(61,824)</u>	<u>6,610,694</u>
Net Depreciable Assets	<u>4,368,169</u>	<u>(71,917)</u>	<u>-</u>	<u>4,296,252</u>
Governmental Activities				
Capital Assets - Net	<u>\$4,703,169</u>	<u>\$ (71,917)</u>	<u>\$ -</u>	<u>\$4,631,252</u>

Depreciation expense was charged to the functions of the District as follows:

Instructional Services	\$ 211,664
Support Services	99,606
	<u>\$ 311,270</u>

5. INTERFUND BALANCES AND ACTIVITY

Internal Balances at June 30, 2015, consist of the following:

\$ 104,120 Due to the General fund from nonmajor governmental funds representing cash overdrafts.

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

6. TRANSFERS TO/FROM OTHER FUNDS

\$ 68,880	From the General fund to the Plant Facility fund for the state apportionment of bus depreciation.
314,077	From the General fund to the Building Maintenance fund future maintenance costs
773	From the General fund to various nonmajor governmental funds for indirect costs.
176,988	From various nonmajor governmental funds to other various nonmajor funds for indirect costs.
<u>32,961</u>	From various nonmajor governmental funds to the General fund for indirect costs.
<u>\$593,679</u>	Total

7. SALARIES AND BENEFITS PAYABLE

The District follows the practice of paying contracted salaries and related benefits over a 12-month period which differs from the 9-month earned school-year period, which runs from approximately September 1 to May 31 of each year. Teacher contracts payable, as reflected at June 30, 2015, represent amounts unpaid at that date on teacher contracts and related benefits. Since the amount of salaries and related benefits due to teachers are pertinent to the school year, such amounts have been accrued as salaries payable and related liabilities with related expenditures recorded in the current fiscal year's operations.

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has transferred most of its risk by purchasing commercial insurance.

Workman's Compensation insurance is purchased through the Idaho State Insurance Fund. Employee health and accident insurance is purchased through Blue Cross of Idaho.

9. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

10. PENSION PLAN

Plan Description

Homedale Jt. School District No. 370 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.

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, 2015 was as follows:

Retirees and beneficiaries currently receiving benefits	40,776
Terminated employees entitled to but not yet receiving benefits	11,504
Active plan members	<u>66,223</u>
	<u>118,503</u>

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and

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.

Homedale Jt. School District No. 370

Notes to Financial Statements For the Year Ended June 30, 2015

10. PENSION PLAN (continued)

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% (72%) of the employer rate. As of June 30, 2015 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. Homedale Jt. School District No. 370's contributions were \$435,431 the year ended June 30, 2015.

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

At June 30, 2015, Homedale Jt. School District No. 340 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. Homedale Jt. School District No. 340's proportion of the net pension liability was based on Homedale Jt. School District No. 340'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, Homedale Jt. School District No. 340's proportion was 0.1382738 percent.

For the year ended June 30, 2015, Homedale Jt. School District No. 340 recognized pension revenue of \$310,821. At June 30, 2015, Homedale Jt. School District No. 340 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

10. PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 126,358
Changes in assumptions or other inputs	84,732	-
Net difference between projected and actual earnings on pension plan investments	-	1,274,918
Homedale Jt. School District No. 370's contributions subsequent to the measurement date	435,431	
Total	\$ 520,163	\$1,401,276

\$520,163 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) determined 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:

For the Year Ended June 30:	PERSI
2016	\$ (327,779)
2017	(327,779)
2018	(327,779)
2019	(327,779)
2020	(5,429)

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 59-1322, Idaho Code, is 25 years.

Homedale Jt. School District No. 370

Notes to Financial Statements For the Year Ended June 30, 2015

10. PENSION PLAN (continued)

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 of investment expense
Cost-of-living	1%

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

1. Set back 3 years for teachers
2. No offset for male fire and police
3. Forward one year for female fire and police
4. 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 ranges of 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.

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.

Homedale Jt. School District No. 370
Notes to Financial Statements
For the Year Ended June 30, 2015

10. PENSION PLAN (continued)

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%
Long-Term Expected Rate of Return, Net of Investment Expenses			7.10%

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 periods 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:

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

10. PENSION PLAN (continued)

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 3,534,910	\$ 1,017,912	\$ (1,074,448)

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.

11. OTHER COMMITMENTS

The District has several credit cards with a total credit limit of \$36,500. As of June 30, 2015, none of the available credit was in use.

12. LONG-TERM LIABILITIES

The District issued General Obligation Bonds to provide funds for the acquisition, construction, and remodel of major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the District.

Long-term debt activity for the year was as follows:

	<u>Maturity</u>	<u>Interest</u>	<u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending</u>	<u>Current</u>
Governmental Activities:							
2004 GOB	2018	3.8%-4.65%	<u>\$ 1,435,000</u>	<u>\$ -</u>	<u>\$ (335,000)</u>	<u>\$ 1,100,000</u>	<u>\$ 350,000</u>

Debt service requirements on long-term debt at June 30, 2015, are as follows:

Year Ending June 30,	Bonds and Notes		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 350,000	\$ 42,298	\$ 392,298
2017	365,000	26,206	391,206
2018	<u>385,000</u>	<u>8,951</u>	<u>393,951</u>
	<u>\$ 1,100,000</u>	<u>\$ 77,455</u>	<u>\$ 1,177,455</u>

Homedale Jt. School District No. 370

Notes to Financial Statements
For the Year Ended June 30, 2015

12. LONG-TERM LIABILITIES (continued)

Interest expense for the year ended June 30, 2015 was \$52,513. No interest was capitalized during the year.

13. RESTATEMENT

As mentioned in Note 1 to the financial statements, the District implemented GASB statement No. 68. The provisions of this statement required that the District's portion of Net Pension Liability and Deferred Inflows and Outflows from pension related items be reported on the Statement of Net Position. This caused net Position to be restated as follows:

	<u>Governmental Activities</u>
Net Position, Beginning - As Previously Stated	\$ 6,200,219
Decrease in Net Position due to Net Pension Liability	(2,645,277)
Increase in Net Position due to Deferred Outflows from Pension Related Items	<u>424,049</u>
Net Position, Beginning - Restated	<u>\$ 3,978,991</u>

REQUIRED SUPPLEMENTARY INFORMATION

Homedale Jt. School District No. 370
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30,2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 242,420	\$ 209,560	\$ 208,168	\$ (1,392)
State	5,611,700	5,779,424	5,800,169	20,745
Earnings on Investments	20,000	28,000	30,294	2,294
Other	25,600	52,000	89,025	37,025
Total Revenues	<u>5,899,720</u>	<u>6,068,984</u>	<u>6,127,656</u>	<u>58,672</u>
Expenditures				
Current:				
Instruction	4,025,028	3,975,031	3,881,366	93,665
Support Services	2,376,196	2,415,623	2,220,664	194,959
Non-Instruction	354,439	392,785	12,204	380,581
Capital Outlay	-	57,210	51,664	5,546
Total Expenditures	<u>6,755,663</u>	<u>6,840,649</u>	<u>6,165,898</u>	<u>674,751</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(855,943)</u>	<u>(771,665)</u>	<u>(38,242)</u>	<u>733,423</u>
Other Financing Sources (Uses)				
Change in Market Value	-	-	-	-
Transfers In	39,057	33,627	32,961	(666)
Transfers Out	(66,000)	(383,730)	(383,730)	-
Total Other Financing Sources (Uses)	<u>(26,943)</u>	<u>(350,103)</u>	<u>(350,769)</u>	<u>(666)</u>
Net Change in Fund Balances	<u>(882,886)</u>	<u>(1,121,768)</u>	<u>(389,011)</u>	<u>732,757</u>
Fund Balances - Beginning	1,150,000	1,511,764	1,602,382	90,618
Fund Balances - Ending	<u>\$ 267,114</u>	<u>\$ 389,996</u>	<u>\$ 1,213,371</u>	<u>\$ 823,375</u>

Homedale School District No. 370
Notes to Required Supplementary Information
For the Year Ended June 30, 2015

1. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to June 1, the District Superintendent and Board of Trustees prepare a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to July 1, the budget is legally enacted through passage at a board meeting.
- D. Formal budgetary integration is employed as a management control device during the year for all the funds. Formal budgetary integration was employed for Debt Service funds even though effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- E. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- F. Budgeted amounts are as originally adopted, or amended by the Board of Trustees.

Homedale Jt. School District No. 370
 Schedule of the District's Proportionate Share of the
 Net Pension Liability

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	2015
District proportion of the net pension liability (asset)	0.1382738%
District's proportionate share of the net pension liability (asset)	\$ 1,017,912
District's covered-employee payroll	\$ 3,846,561
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.46%
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, Homedale Jt. School District No. 370 will present information for those years for which information is available.

Data reported is measured as of July 1, 2014

Homedale Jt. School District No. 370
Schedule of District Contributions

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

Contractually required contributions	<u>2015</u> \$ 435,431
Contributions in relation to the contractually required contribution	<u>435,431</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
District's covered-employee payroll	\$ 3,846,561
Contributions as a percentage of covered-employee payroll	11.32%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Homedale Jt. School District No. 370 will present information for those years for which information is available.

Data reported is measured as of June 30, 2015

SUPPLEMENTAL INFORMATION

Homedale Jt. School District No. 370
Supplemental Schedule of Revenues by Source -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30,2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Local Sources			
Taxes and Penalties	\$ 209,560	\$ 208,168	\$ (1,392)
Earnings on Investments	28,000	30,294	2,294
Other	52,000	89,025	37,025
Total Local Sources	<u>289,560</u>	<u>327,487</u>	<u>37,927</u>
State Sources			
State Support	4,886,737	4,901,023	14,286
State Paid Benefits	612,025	614,320	2,295
Revenue In Lieu of Taxes	37,402	37,402	-
Other Support	243,260	247,424	4,164
Total State Sources	<u>5,779,424</u>	<u>5,800,169</u>	<u>20,745</u>
Total Revenues	<u>\$ 6,068,984</u>	<u>\$ 6,127,656</u>	<u>\$ 58,672</u>

Homedale Jt. School District No. 370
 Supplemental Schedule of Expenditures by Object of Expenditure -
 Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended June 30,2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Elementary:			
Salaries	\$ 1,124,700	\$ 1,117,815	\$ 6,885
Benefits	427,406	422,657	4,749
Services	12,695	11,812	883
Supplies	34,788	26,247	8,541
Capital Outlays	7,000	715	6,285
	<u>1,606,589</u>	<u>1,579,246</u>	<u>27,343</u>
Secondary:			
Salaries	982,600	968,681	13,919
Benefits	367,200	357,452	9,748
Services	683,035	684,002	(967)
Supplies	59,992	38,000	21,992
Capital Outlays	6,700	11,084	(4,384)
	<u>2,099,527</u>	<u>2,059,219</u>	<u>40,308</u>
School Activities:			
Salaries	237,500	216,947	20,553
Benefits	42,465	37,753	4,712
Services	2,550	-	2,550
Supplies	100	-	100
	<u>282,615</u>	<u>254,700</u>	<u>27,915</u>
Total Instruction	<u>3,988,731</u>	<u>3,893,165</u>	<u>95,566</u>
Support Services			
Attendance, Guidance, and Health:			
Salaries	139,010	135,616	3,394
Benefits	47,040	46,645	395
Supplies	2,465	308	2,157
	<u>188,515</u>	<u>182,569</u>	<u>5,946</u>
Instruction Improvement:			
Services	<u>100,290</u>	<u>50,106</u>	<u>50,184</u>

Homedale Jt. School District No. 370
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30,2015
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Educational Media:			
Salaries	18,200	17,923	277
Benefits	5,585	5,396	189
Supplies	17,240	14,666	2,574
Capital Outlays	1,275	1,174	101
	<u>42,300</u>	<u>39,159</u>	<u>3,141</u>
Board of Education:			
Services	16,560	13,957	2,603
Supplies	500	289	211
	<u>17,060</u>	<u>14,246</u>	<u>2,814</u>
District Administration:			
Salaries	186,110	184,283	1,827
Benefits	56,645	53,500	3,145
Services	13,000	5,353	7,647
Supplies	5,525	7,047	(1,522)
Capital Outlays	1,700	-	1,700
Insurance	120	120	-
	<u>263,100</u>	<u>250,303</u>	<u>12,797</u>
School Administration:			
Salaries	217,812	217,811	1
Benefits	222,545	225,868	(3,323)
Services	1,600	1,310	290
	<u>441,957</u>	<u>444,989</u>	<u>(3,032)</u>
Instruction and Curriculum Development			
Salaries	11,262	11,262	-
Benefits	3,246	3,201	45
	<u>14,508</u>	<u>14,463</u>	<u>45</u>
Building Care:			
Salaries	110,000	100,166	9,834
Benefits	54,775	49,462	5,313
Services	232,380	200,118	32,262
Supplies	22,325	19,563	2,762
Capital Outlays	1,000	-	1,000
Insurance	46,090	46,090	-
	<u>466,570</u>	<u>415,399</u>	<u>51,171</u>

Homedale Jt. School District No. 370
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30,2015
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Building Maintenance:			
Salaries	96,200	95,792	408
Benefits	47,975	48,498	(523)
Supplies	70,000	61,687	8,313
Capital Outlays	850	2,325	(1,475)
	<u>215,025</u>	<u>208,302</u>	<u>6,723</u>
School Transportation:			
Salaries	192,824	190,314	2,510
Benefits	100,246	91,709	8,537
Services	50,355	35,287	15,068
Supplies	75,235	52,435	22,800
Capital Outlays	1,685	668	1,017
Insurance	6,602	6,602	-
	<u>426,947</u>	<u>377,015</u>	<u>49,932</u>
Technology:			
Salaries	114,471	104,878	9,593
Benefits	32,865	30,920	1,945
Services	78,525	77,381	1,144
Supplies	20,000	15,101	4,899
Capital Outlays	37,000	35,698	1,302
	<u>282,861</u>	<u>263,978</u>	<u>18,883</u>
Total Support Services	<u>2,459,133</u>	<u>2,260,529</u>	<u>198,604</u>
Non-Instruction			
Food Service	12,000	12,204	(204)
Contingency Reserve	380,785	-	380,785
	<u>392,785</u>	<u>12,204</u>	<u>380,581</u>
Total Expenditures	<u>\$ 6,840,649</u>	<u>\$ 6,165,898</u>	<u>\$ 674,751</u>

Homedale Jt. School District No. 370
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2015

	<u>School Improvement</u>	<u>Go On Grant</u>	<u>Strive Grant</u>	<u>Benchmark</u>	<u>Differential Pay</u>	<u>Building Maintance</u>
Assets						
Cash and Cash Equivalents	\$ 52,253	\$ 16,488	\$ 1,250	\$ 4,325	\$ 7,789	\$ 300,000
Receivables, Net:						
Intergovernmental	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	<u>\$ 52,253</u>	<u>\$ 16,488</u>	<u>\$ 1,250</u>	<u>\$ 4,325</u>	<u>\$ 7,789</u>	<u>\$ 300,000</u>
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Balance	-	-	-	-	-	-
Salaries Payable and Related Liabilities	-	1,421	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance						
Nonspendable:						
Inventory	-	-	-	-	-	-
Restricted	52,253	15,067	1,250	4,325	7,789	300,000
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>52,253</u>	<u>15,067</u>	<u>1,250</u>	<u>4,325</u>	<u>7,789</u>	<u>300,000</u>
Total Liabilities and Fund Balances	<u>\$ 52,253</u>	<u>\$ 16,488</u>	<u>\$ 1,250</u>	<u>\$ 4,325</u>	<u>\$ 7,789</u>	<u>\$ 300,000</u>

Homedale Jt. School District No. 370
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2015
(continued)

	Driver Education	ISEE- II	Vo-Ed Fund	Limited English	Technology Grant
Assets					
Cash and Cash Equivalents	\$ 6,120	\$ -	\$ -	\$ 7,417	\$ 1,113
Receivables, Net:					
Intergovernmental	-	-	9,676	-	-
Inventory	-	-	-	-	-
Total Assets	<u>\$ 6,120</u>	<u>\$ -</u>	<u>\$ 9,676</u>	<u>\$ 7,417</u>	<u>\$ 1,113</u>
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Balance	-	-	9,676	-	-
Salaries Payable and Related Liabilities	-	-	-	3,353	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>9,676</u>	<u>3,353</u>	<u>-</u>
Fund Balance					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted	6,120	-	-	4,064	1,113
Unassigned	-	-	-	-	-
Total Fund Balances	<u>6,120</u>	<u>-</u>	<u>-</u>	<u>4,064</u>	<u>1,113</u>
Total Liabilities and Fund Balances	<u>\$ 6,120</u>	<u>\$ -</u>	<u>\$ 9,676</u>	<u>\$ 7,417</u>	<u>\$ 1,113</u>

Homedale Jt. School District No. 370
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2015
(continued)

	Drug Education	School Improvement	Title I-A	Title I-C Migrant	Title III
Assets					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, Net:					
Intergovernmental	-	-	136,814	136,609	15,647
Inventory	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,814</u>	<u>\$ 136,609</u>	<u>\$ 15,647</u>
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,872	\$ 405
Interfund Balance	-	-	40,268	43,142	3,786
Salaries Payable and Related Liabilities	-	-	37,259	39,255	938
Total Liabilities	<u>-</u>	<u>-</u>	<u>77,527</u>	<u>87,269</u>	<u>5,129</u>
Fund Balance					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted	-	-	59,287	49,340	10,518
Unassigned	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>59,287</u>	<u>49,340</u>	<u>10,518</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,814</u>	<u>\$ 136,609</u>	<u>\$ 15,647</u>

Homedale Jt. School District No. 370
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2015
(continued)

	Title II-A	Gear Up	21st CCLC	Food Service	Total
Assets					
Cash and Cash Equivalents	\$ -	\$ 10,038	\$ -	\$ 27,099	\$ 433,892
Receivables, Net:					
Intergovernmental	47,969	3,720	-	9,628	360,063
Inventory	-	-	-	13,800	13,800
Total Assets	\$ 47,969	\$ 13,758	\$ -	\$ 50,527	\$ 807,755
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 5,277
Interfund Balance	7,248	-	-	-	104,120
Salaries Payable and Related Liabilities	6,688	5,470	-	41,436	135,820
Total Liabilities	13,936	5,470	-	41,436	245,217
Fund Balance					
Nonspendable:					
Inventory	-	-	-	13,800	13,800
Restricted	34,033	8,288	-	(4,709)	548,738
Unassigned	-	-	-	-	-
Total Fund Balances	34,033	8,288	-	9,091	562,538
Total Liabilities and Fund Balances	\$ 47,969	\$ 13,758	\$ -	\$ 50,527	\$ 807,755

Homedale Jt. School District No. 370

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30,2015

	School Improvement	Go On Grant	Strive Grant	Benchmark	Differential Pay	Building Maintenance
Revenues						
State Sources	\$ -	\$ -	\$ -	\$ -	\$ 67,319	\$ -
Charges for Services	-	-	-	-	-	-
Grants and Contributions	-	40,000	1,250	10,996	-	-
Earnings on Investments	78	30	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	78	40,030	1,250	10,996	67,319	-
Expenditures						
Instruction:						
Salaries	-	7,794	376	-	46,464	-
Benefits	-	1,541	77	-	8,713	-
Services	-	2,237	-	-	-	-
Supplies	-	16,787	722	-	-	-
Insurance	-	-	-	-	-	-
Total Instruction	-	28,359	1,175	-	55,177	-
Support Services:						
Salaries	-	-	-	6,823	4,271	-
Benefits	-	-	-	1,366	855	-
Services	-	-	-	-	-	-
Supplies	-	-	-	1,155	-	-
Total Support Services	-	-	-	9,344	5,126	-
Food Service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	28,359	1,175	9,344	60,303	-
Excess (Deficiency) of Revenues Over Expenditures	78	11,671	75	1,652	7,016	-
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	773	314,077
Transfers Out	-	(2,013)	-	-	-	(14,077)
Total Other Financing Sources (Uses)	-	(2,013)	-	-	773	300,000
Net Change in Fund Balances	78	9,658	75	1,652	7,789	300,000
Fund Balances - Beginning	52,175	5,409	1,175	2,673	-	-
Fund Balances - Ending	\$ 52,253	\$ 15,067	\$ 1,250	\$ 4,325	\$ 7,789	\$ 300,000

Homedale Jt. School District No. 370

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Nonmajor Special Revenue Funds
 For the Year Ended June 30,2015
 (continued)

	Driver Education	ISEE- II	Vo-Ed Fund	Limited English	Technology Grant
Revenues					
State Sources	\$ 3,125	\$ -	\$ 32,253	\$ 33,922	\$ 51,333
Charges for Services	-	-	-	-	-
Grants and Contributions	-	-	-	-	-
Earnings on Investments	-	-	-	-	-
Other	510	-	-	-	-
Total Revenues	3,635	-	32,253	33,922	51,333
Expenditures					
Instruction:					
Salaries	3,050	-	13,192	17,996	-
Benefits	610	-	-	6,127	-
Services	-	-	3,972	-	-
Supplies	730	-	15,089	5,496	-
Insurance	35	-	-	-	-
Total Instruction	4,425	-	32,253	29,619	-
Support Services:					
Salaries	-	10,437	-	-	8,290
Benefits	-	304	-	-	1,641
Services	-	112	-	-	7,184
Supplies	-	60	-	-	3,093
Total Support Services	-	10,913	-	-	20,208
Food Service	-	-	-	-	-
Capital Outlay	-	-	-	-	31,577
Total Expenditures	4,425	10,913	32,253	29,619	51,785
Excess (Deficiency) of Revenues Over Expenditures	(790)	(10,913)	-	4,303	(452)
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(1,707)	-
Total Other Financing Sources (Uses)	-	-	-	(1,707)	-
Net Change in Fund Balances	(790)	(10,913)	-	2,596	(452)
Fund Balances - Beginning	6,910	10,913	-	1,468	1,565
Fund Balances - Ending	\$ 6,120	\$ -	\$ -	\$ 4,064	\$ 1,113

Homedale Jt. School District No. 370

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Nonmajor Special Revenue Funds
 For the Year Ended June 30,2015
 (continued)

	Drug Education	School Improvement	Title I-A	Title I-C Migrant	Title III
Revenues					
State Sources	\$ 9,704	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-
Grants and Contributions	-	-	253,708	164,924	15,986
Earnings on Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>9,704</u>	<u>-</u>	<u>253,708</u>	<u>164,924</u>	<u>15,986</u>
Expenditures					
Instruction:					
Salaries	-	800	147,275	92,352	4,175
Benefits	-	161	58,192	40,482	1,476
Services	-	6,404	-	8,127	-
Supplies	-	147	1,236	11,191	4,981
Insurance	-	-	-	-	-
Total Instruction	<u>-</u>	<u>7,512</u>	<u>206,703</u>	<u>152,152</u>	<u>10,632</u>
Support Services:					
Salaries	-	-	23,201	-	-
Benefits	-	-	7,640	-	-
Services	9,704	-	18,227	-	-
Supplies	-	-	11,074	-	-
Total Support Services	<u>9,704</u>	<u>-</u>	<u>60,142</u>	<u>-</u>	<u>-</u>
Food Service	-	-	-	-	-
Capital Outlay	-	-	2,903	-	-
Total Expenditures	<u>9,704</u>	<u>7,512</u>	<u>269,748</u>	<u>152,152</u>	<u>10,632</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(7,512)</u>	<u>(16,040)</u>	<u>12,772</u>	<u>5,354</u>
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(12,770)	(8,295)	(313)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(12,770)</u>	<u>(8,295)</u>	<u>(313)</u>
Net Change in Fund Balances	<u>-</u>	<u>(7,512)</u>	<u>(28,810)</u>	<u>4,477</u>	<u>5,041</u>
Fund Balances - Beginning	-	7,512	88,097	44,863	5,477
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,287</u>	<u>\$ 49,340</u>	<u>\$ 10,518</u>

Homedale Jt. School District No. 370
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015
(continued)

	Title II-A	Gear Up	21st CCLC	Food Service	Total
Revenues					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ 197,656
Charges for Services	-	-	-	70,989	70,989
Grants and Contributions	56,879	54,257	-	411,799	1,009,799
Earnings on Investments	-	-	-	-	108
Other	-	-	-	2,647	3,157
Total Revenues	<u>56,879</u>	<u>54,257</u>	<u>-</u>	<u>485,435</u>	<u>1,281,709</u>
Expenditures					
Instruction:					
Salaries	32,560	22,711	-	-	388,745
Benefits	10,397	10,772	-	-	138,548
Services	903	5,255	-	-	26,898
Supplies	-	12,424	217	-	69,020
Insurance	-	-	-	-	35
Total Instruction	<u>43,860</u>	<u>51,162</u>	<u>217</u>	<u>-</u>	<u>623,246</u>
Support Services:					
Salaries	-	-	-	-	53,022
Benefits	-	-	-	-	11,806
Services	-	-	-	-	35,227
Supplies	-	-	-	-	15,382
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,437</u>
Food Service	-	-	-	504,160	504,160
Capital Outlay	-	-	-	-	34,480
Total Expenditures	<u>43,860</u>	<u>51,162</u>	<u>217</u>	<u>504,160</u>	<u>1,277,323</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>13,019</u>	<u>3,095</u>	<u>(217)</u>	<u>(18,725)</u>	<u>4,386</u>
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	314,850
Transfers Out	(2,863)	-	-	(5,000)	(47,038)
Total Other Financing Sources (Uses)	<u>(2,863)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>267,812</u>
Net Change in Fund Balances	10,156	3,095	(217)	(23,725)	272,198
Fund Balances - Beginning	23,877	5,193	217	32,816	290,340
Fund Balances - Ending	<u>\$ 34,033</u>	<u>\$ 8,288</u>	<u>\$ -</u>	<u>\$ 9,091</u>	<u>\$ 562,538</u>

Homedale Jt. School District No. 370
Combining Balance Sheet -
Nonmajor Capital Project Funds
June 30, 2015

	Plant Facility	Bus Depreciation	Plant Facility Bldg Maint S/O	Total
Assets				
Cash and Cash Equivalents	\$ 247,628	\$ -	\$ -	\$ 247,628
Receivables, Net:				
Property Taxes	55,363	-	-	55,363
Intergovernmental	-	-	-	-
Prepaid Items	-	-	7,646	7,646
Total Assets	\$ 302,991	\$ -	\$ 7,646	\$ 310,637
Liabilities				
Total Liabilities	\$ -	\$ -	\$ -	\$ -
Deferred Inflows				
Unearned Revenue Property Tax	4,324	-	-	4,324
Total Deferred Inflows	4,324	-	-	4,324
Fund Balances				
Restricted	298,667	-	7,646	306,313
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 302,991	\$ -	\$ 7,646	\$ 310,637

Homedale Jt. School District No. 370
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Nonmajor Capital Project Funds
For the Year Ended June 30,2015

	Plant Facility	Bus Depreciation	Plant Facility Bldg Maint S/O	Total
Revenues				
Property Taxes	\$ 156,013	\$ -	\$ -	\$ 156,013
Earnings on Investments	318	-	-	318
Other	670	-	6,000	6,670
Total Revenue	<u>157,001</u>	<u>-</u>	<u>6,000</u>	<u>163,001</u>
Expenditures				
Current:				
Supplies	-	-	160,129	160,129
Capital Outlays	21,613	84,477	5,716	111,806
Total Expenditures	<u>21,613</u>	<u>84,477</u>	<u>165,845</u>	<u>271,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>135,388</u>	<u>(84,477)</u>	<u>(159,845)</u>	<u>(108,934)</u>
Other Financing Sources (Uses)				
Sale of Asset	-	6,100	-	6,100
Transfers In	-	78,377	167,491	245,868
Transfers Out	(162,911)	-	-	(162,911)
Total Other Financing Sources	<u>(162,911)</u>	<u>84,477</u>	<u>167,491</u>	<u>89,057</u>
Net Change in Fund Balances	(27,523)	-	7,646	(19,877)
Fund Balances - Beginning	326,190	-	-	326,190
Fund Balances - Ending	<u>\$ 298,667</u>	<u>\$ -</u>	<u>\$ 7,646</u>	<u>\$ 306,313</u>

Homedale Jt. School District No. 370
Schedule of Expenditures of Federal Awards
For the Year Ended June 30,2015

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Passed through State Department of Education:		
Title I - Basic	84.010	\$ 290,031
Title I C - Migrant	84.011	160,448
21st Century Community	84.287	217
Gaining Early Awareness (GEAR UP)	84.334	51,163
English Language Acquisition	84.365	10,945
Title IIA - Improving Teacher Quality	84.367	46,723
Total U.S. Department of Education		<u>559,527</u>
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
School Breakfast	10.553	\$ 122,915
National School Lunch	10.555	267,240
Summer Food	10.559	<u>10,694</u>
Total Child Nutrition Cluster		400,849
Fresh Fruits and Vegetables	10.582	<u>36,748</u>
Total U.S. Department of Agriculture		<u>437,597</u>
Total Federal Financial Assistance Expended		<u>\$ 997,124</u>

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting

FEDERAL REPORTS



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Homedale Jt. School District No. 370
Homedale, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Homedale Jt. School District No. 370 (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, and have issued our report thereon dated October 8, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Homedale Jt. School District No. 370's financial statements are free from 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.

Millington Zwyzart CPAs, PLLC

Caldwell, Idaho
October 8, 2015



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Homedale Jt. School District No. 370
Homedale, Idaho

Report on Compliance for Each Major Federal Program

We have audited Homedale Jt. School District No. 370's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Homedale Jt. School District No. 370'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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Homedale Jt. School District No. 370, 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 Homedale Jt. School District No. 370, 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Millington Zwysart CPAs, PLLC

Caldwell, Idaho
October 8, 2014

Homedale Jt. School District No. 370
Schedule of Findings and Questioned Costs
For the Year Ended June 30,2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified - Governmental Activities; Unqualified - Major Funds and Aggregate Remaining Fund Information

Internal control over financial reporting:

Significant deficiency(ies) disclosed? yes none reported

Material weakness(es) disclosed? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Significant deficiency(ies) disclosed? yes none reported

Material weakness(es) disclosed? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

CFDA Numbers	Name of Federal Program
10.555, 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None reported.

Section III - Findings and Questioned Costs for Federal Awards

None reported.