EMMETT SCHOOL DISTRICT NO. 221

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2015

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Emmett School District No. 221

Title Page

Board of Trustees

Mike Knittel	Chairperson
Rhoda Gerrard	Vice Chairperson
Travis Whittemore	Treasurer
Mark Maxfield	Trustee
Manuel Guzman	Trustee
Donnie Wunder	Trustee

Administrators

Wayne Rush	Superintendent
Cheryl LaMunyon	Business Manager
Heather Vaughn	Clerk

Millington Zwygart
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Trustees
Emmett School District No. 221
Emmett, 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 Emmett School District No. 221 (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 activates. 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 Emmett School District No. 221, 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 Emmett School District No. 221, 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 32 through 35 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 supplements 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 Emmett School District No. 221's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 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 Zwygart CPAs, PLLC

Caldwell, Idaho
September 29, 2015

Emmett School District No. 221
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 1,820,641
Receivables, Net:	
Property Taxes	912,184
Intergovernmental	1,197,801
Inventory	46,397
Capital Assets:	
Land and Construction In Progress	425,000
Buildings, Net	9,793,579
Buildings Improvements, Net	2,578,174
Equipment, Net	1,296,856
Land Improvements, Net	150,214
Total Assets	18,220,846
Deferred Outflows	
Pension Related Items	1,384,646
Total Deferred Outflows	1,384,646
Liabilities	
Salaries and Benefits Payable	2,006,645
Accrued Interest	60,169
Long-Term Liabilities:	
Due Within One Year:	
Bonds and Notes Payable	905,000
Capital Lease	72,244
Due in More Than One Year:	
Bonds and Notes Payable	2,955,000
Capital Lease	498,521
Net Pension Liability	2,746,375
Total Liabilities	9,243,954
Deferred Inflows	
Pension Related Items	3,780,711
Deferred Gain on Refunding	242,152
Total Deferred Inflows	4,022,863
Net Position	
Invested in Capital Assets, Net of Related Debt	9,813,058
Restricted for:	
Debt Service	665,111
Capital Projects	215,334
Special Revenue	435,407
Unrestricted Surplus	(4,790,235)
Total Net Position	$ 6,338,675

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

Emmett School District No. 221
Statement of Activities
For the Year Ended June 30, 2015

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position - Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	$ 9,758,745	$ -	$ 2,942,890	$ -	$ (6,815,855)
Support Services	7,001,463	-	198,602	-	(6,802,861)
Food Service	937,066	205,038	708,074	-	(23,954)
Interest	191,749	-	-	-	(191,749)
Total Governmental Activities	$ 17,889,023	$ 205,038	$ 3,849,566	$ -	$ (13,834,419)
General Revenues:					
Property Taxes					2,392,058
State Sources					12,669,504
Earnings on Investments					43,090
Other					149,708
Disposal of Assets					-
Total General Revenues and Special Items					15,254,360
Change in Net Position					1,419,941
Net Position - Beginning - As Previously Stated					10,911,714
Prior Period Adjustment					(5,992,980)
Net Position - Beginning - Restated					4,918,734
Net Position - Ending					$ 6,338,675

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

Emmett School District No. 221
Balance Sheet -
Governmental Funds
June 30, 2015

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 971,054	$ 358,003	$ 491,584	$ 1,820,641
Receivables, Net:				
Property Taxes	544,907	367,277	-	912,184
Interest	-	-	-	-
Intergovernmental	575,812	-	621,989	1,197,801
Internal Balances	215,604	-	-	215,604
Inventory	-	-	46,397	46,397
Total Assets	$ 2,307,377	$ 725,280	$ 1,159,970	$ 4,192,627
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	$ -	$ -	$ -	$ -
Interfund Balance	-	-	215,604	215,604
Salaries and Benefits Payable	1,713,020	-	293,625	2,006,645
Due to Other Governments	-	-	-	-
Total Liabilities	1,713,020	-	509,229	2,222,249
Deferred Inflows				
Unearned Revenue - Property Tax	77,571	52,802	-	130,373
Total Deferred Inflows	77,571	52,802	-	130,373
Fund Balances:				
Nonspendable:				
Inventory	-	-	46,397	46,397
Restricted	-	672,478	604,345	1,276,823
Committed	-	-	-	-
Unassigned	516,786	-	(1)	516,785
Total Fund Balances	516,786	672,478	650,741	1,840,005
Total Liabilities, Deferred Inflows, and Fund Balances	$ 2,307,377	$ 725,280	$ 1,159,970	$ 4,192,627

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

Emmett School District No. 221
Reconciliation of the Balance Sheet of the Governmental
Funds to the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Funds		$ 1,840,005
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	$ 425,000	
Buildings, Net of $12,450,636 accumulated depreciation	9,793,579	
Buildings Improvements, Net of $794,945 accumulated depr.	2,578,174	
Equipment, Net of $3,342,017 accumulated depr.	1,296,856	
Land Improvements, Net of $21,854 accumulated depr.	150,214	
Total Capital Assets		14,243,823
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.		130,373
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		(60,169)
Bonds Payable	$ (3,860,000)	
Capital Leases	(570,765)	
Unamortized Premium	(242,152)	
Total Long-Term Liabilities		(4,672,917)
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	$ (2,746,375)	
Pension Related Deferred Inflows	(3,780,711)	
Pension Related Deferred Outflows	1,384,646	
		(5,142,440)
Total Net Position-Governmental Activities		$ 6,338,675

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

Emmett School District No. 221
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	$ 1,435,350	$ 964,728	$ -	$ 2,400,078
State Sources	12,517,918	-	151,586	12,669,504
Charges for Services	-	-	205,038	205,038
Grants and Contributions	1,166,361	-	2,683,205	3,849,566
Earnings on Investments	712	453	-	1,165
Other	117,546	-	32,162	149,708
Total Revenues	15,237,887	965,181	3,071,991	19,275,059
Expenditures				
Current:				
Instruction	8,806,574	-	1,680,254	10,486,828
Support Services	5,813,532	-	397,330	6,210,862
Food Service	22,054	-	915,012	937,066
Debt Service:				
Principal	69,458	870,000	-	939,458
Interest	24,733	186,575	-	211,308
Bond Fees	-	1,000		1,000
Capital Outlay	718,596	-	-	718,596
Total Expenditures	15,454,947	1,057,575	2,992,596	19,505,118
Excess (Deficiency) of Revenues Over Expenditures	(217,060)	(92,394)	79,395	(230,059)
Other Financing Sources (Uses)				
Change in Market Value	-	-	-	-
Sale of Assets	-	-	-	-
Transfers In	83,870	-	67,757	151,627
Transfers Out	(67,758)	-	(83,869)	(151,627)
Total Other Financing Sources (Uses)	16,112	-	(16,112)	-
Net Change in Fund Balances	(200,948)	(92,394)	63,283	(230,059)
Fund Balances - Beginning	717,734	764,872	587,458	2,070,064
Fund Balances - Ending	$ 516,786	$ 672,478	$ 650,741	$ 1,840,005

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

Emmett School District No. 221
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		$ (230,059)
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	$ 657,873	
Depreciation Expense	(852,335)	
Net		(194,462)
Accrued interest on long-term debt.		20,558
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.		(8,020)
Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long term liabilities and does not affect the Statement of Activities. Similarly, repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bond Payable	$ 870,000	
Capital Lease	69,459	
		939,459
The deferred gain on refinanced debt is recognized over the life of the bond in the Statement of Activities but was recognized in full in the fund financial statements when the bond was refinanced.		41,925
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.		850,540
Change in Net Position of Governmental Activities		$ 1,419,941

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

Emmett School District No. 221
Statement of Fiduciary Net Position
June 30, 2015

	Agency Funds	Private - Purpose Trust Fund	Total
Assets			
Cash and Cash Equivalents	$ 207,562	$ 16,874	$ 224,436
Total Assets	$ 207,562	$ 16,874	$ 224,436
Liabilities			
Due to Student Groups	$ 207,562	$ -	$ 207,562
Net Position			
Restricted for Scholarships	-	16,874	16,874
Total Liabilities and Net Position	$ 207,562	$ 16,874	$ 224,436

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

Emmett School District No. 221
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Private - Purpose Trust Fund
Additions	
Contributions	$ -
Investment Income	23
Total Additions	23
Deductions	
Scholarships Awarded	1,000
Bank Fees	-
Total Deductions	1,000
Changes in Net Position	(977)
Net Position - Beginning of Year	17,851
Net Position - End of Year	$ 16,874

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Emmett School District No. 221 (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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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.

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:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
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.

Bond Premiums/Discounts

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities' Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

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 16)

2. CASH AND INVESTMENTS

Deposits

As of June 30, 2015, the carrying amount of the District's deposits was $1,819,791 and the respective bank balances totaled $2,009,675. $327,744 of the 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, $1,841,189 of the District's deposits were not 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 exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

2. CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party 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.

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 Maturities (in Years)	
Investment	Fair Value	Less Than 1	1-5
External Investment Pool	$ 50,154	$ 50,154	$ -

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	$ 1,769,637	$ 224,436	$ 1,994,073
Investments categorized as deposits	50,154	-	50,154
	$ 1,819,791	$ 224,436	$ 2,044,227

3. CAPITAL ASSETS

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

	Balance 6/30/2014	Additions	Disposals	Balance 6/30/2015
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 425,000	$ -	$ -	$ 425,000
Construction in Progresss	312,227	-	(312,227)	-
Total Historical Cost	737,227	-	(312,227)	425,000
Capital Assets Being Depreciated:				
Buildings	22,244,215	-	-	22,244,215
Building Improvements	2,472,193	900,926	-	3,373,119
Equipment	4,631,373	7,500	-	4,638,873
Land Improvements	110,394	61,674	-	172,068
Total Historical Cost	29,458,175	970,100	-	30,428,275
Less: Accumulated Depreciation				
Buildings	11,948,836	501,800	-	12,450,636
Building Improvements	671,111	123,834	-	794,945
Equipment	3,122,329	219,688	-	3,342,017
Land Improvements	14,841	7,013	-	21,854
Total Acc. Depr.	15,757,117	852,335	-	16,609,452
Net Depreciable Assets	13,701,058	117,765	-	13,818,823
Governmental Activities Capital Assets - Net	$14,438,285	$ 117,765	$(312,227)	$14,243,823

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

Instructional Services	$ 122,457
Support Services	729,878
	$ 852,335

4. RECEIVABLE - INTERGOVERNMENTAL

Amounts due from other governments consists of support from the State of Idaho for $575,812, and federal money passed through the state for $621,989 for a total of $1,197,801. These amounts are all considered collectible.

5. RECEIVABLES – LOCAL SOURCES AND DEFERRED REVENUE

The District receives tax revenue from Gem and Boise Counties. 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 receivable.

The District follows the Governmental Accounting Standards Board's rules in the recording of its property tax 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 inflows in the fund financial statements.

6. INVENTORY

The only inventory item maintained by the District is in the Food Service fund. At June 30, 2015, the inventory balance was $46,397 calculated using the FIFO method.

7. INTERFUND BALANCES AND ACTIVITY

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

$215,604	Due to the General fund from other nonmajor governmental funds representing short-term loans to cover cash overdrafts.

8. TRANSFERS TO/FROM OTHER FUNDS

$ 67,757	From the General fund to a nonmajor fund for bus depreciation.
83,870	From various nonmajor governmental funds to the General fund for indirect costs.
$151,627	Total

9. 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.

10. 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.

11. 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.

12. PENSION PLAN

Plan Description

Emmett School District No. 221 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	66,223
	118,503

12. PENSION PLAN (continued)

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.

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 stature 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. Emmett School District No. 221's contributions were $1,156,034 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, Emmett School District No. 221 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. Emmett School District No. 221's proportion of the net pension liability was based on Emmett School District No. 221'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, Emmett School District No. 221's proportion was 0.3730694 percent.

For the year ended June 30, 2015, Emmett School District No. 221 recognized pension revenue of $838,611. At June 30, 2015, Emmett School District No. 221 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

12. PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ -	$ 340,920
Changes in assumptions or other inputs	228,612	-
Net difference between projected and actual earnings on pension plan investments	-	3,439,791
Emmett School District No. 221's contributions subsequent to the measurement	1,156,034	
Total	$ 1,384,646	$ 3,780,711

$1,384,646 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	$ (884,363)
2017	(884,363)
2018	(884,363)
2019	(884,363)
2020	(14,649)

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.

12. 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.

12. 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:

	1%	Current Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	$9,537,357	$ 2,746,375	$(2,898,912)

12. 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.

13. OTHER COMMITMENTS

The District has several credit cards with a total credit limit of $35,000. As of June 30, 2015, $869 of the available credit was in use.

14. LONG-TERM LIABILITIES

In prior years, the District has 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.

The District also leases certain equipment under long-term lease agreements. Certain leases have been recorded as capital leases and others as operating leases. The cost and related depreciation for the assets held under capital leases consist of:

Equipment	$1,211,976
Less: accumulated amortization (included as depreciation on the accompanying financial statements)	(383,792)
	$ 828,184

Long-term debt activity for the year ended June 30, 2015 is as follows:

	Maturity Date	Interest Rate	Beginning	Increase	Decrease	Ending	Current
Governmental Activities:							
2005 GOB Refund	2019	3% - 4.5%	$ 4,730,000	$ -	$ (870,000)	$ 3,860,000	$ 905,000
Lease - Consrv Equip	2022	5.96%	640,224	-	(69,459)	570,765	72,244
			5,370,224	-	(939,459)	4,430,765	977,244
Unamort. Deferred Gain on Refinancing			284,077	-	(41,925)	242,152	-
			$ 5,654,301	$ -	$ (981,384)	$ 4,672,917	$ 977,244

14. LONG-TERM LIABILITIES

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

Year Ending	Bonds and Notes			Capital Leases		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2016	$ 905,000	$186,575	$1,091,575	$ 72,244	$21,949	$ 94,193
2017	940,000	151,075	1,091,075	75,140	19,053	94,193
2018	985,000	90,675	1,075,675	78,153	16,040	94,193
2019	1,030,000	46,350	1,076,350	81,286	12,907	94,193
2020	-	-	-	84,545	9,648	94,193
2021-2022	-	-	-	179,396	8,990	188,386
	$3,860,000	$474,675	$4,334,675	$570,764	$88,587	$659,351

Interest expense for the year ending June 30, 2015 was $191,750. No interest was capitalized during the period.

15. LEASE COMMITMENTS

Operating Leases

The District leases eighteen copy machines from Xerox located at the District Office, High School, Middle School, Black Canyon, Carberry Intermediate, Shadow Butte Elementary, Ola Elementary, Sweet Elementary, the Patriot Center, and the Trans Shop. The lease periods are for five years and it is anticipated that the copiers will be returned at the end of the lease periods. The rental terms began in 2008, 2009, and 2014.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2016	$122,144
2017	115,671
2018	34,865
	$272,680

Operating lease expenditures for the year ended June 30, 2015, were $129,156.

16 DEFICIT FUND BALANCES

The following nonmajor funds had a deficit fund balance as of June 30, 2015:

Fund	Deficit Fund Balance
21st Century Ready Grant	$ (1)

16. RESTATMENT

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:

	Governmental Activities
Net Position, Beginning - As Previously Stated	$ 10,911,714
Decrease in Net Position due to Net Pension Liability	(7,137,085)
Increase in Net Position due to Deferred Outflows from Pension Related Items	1,144,105
Net Position, Beginning - Restated	$ 4,918,734

REQUIRED SUPPLEMENTARY INFORMATION

Emmett School District No. 221
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 1,439,800	$ 1,416,000	$ 1,435,350	$ 19,350
State Sources	12,395,664	12,603,254	12,517,918	(85,336)
Grants and Contributions	1,050,000	1,124,993	1,166,361	41,368
Earnings on Investments	1,000	1,000	712	(288)
Other	80,200	114,000	117,546	3,546
Total Revenues	14,966,664	15,259,247	15,237,887	(21,360)
Expenditures				
Current:				
Instruction	9,218,993	8,930,746	8,806,574	124,172
Support Services	5,697,942	5,952,529	5,813,532	138,997
Food Service	24,000	24,000	22,054	1,946
Debt Service:				
Principal	94,200	94,200	94,191	9
Interest	-	-	-	-
Capital Outlay	341,395	698,500	718,596	(20,096)
Contingency Reserve	435,209	294,123	-	294,123
Total Expenditures	15,811,739	15,994,098	15,454,947	539,151
Excess (Deficiency) of Revenues Over Expenditures	(845,075)	(734,851)	(217,060)	517,791
Other Financing Sources (Uses)				
Change in Market Value	-	-	-	-
Transfers In	61,467	84,035	83,870	(165)
Transfers Out	(56,392)	(66,918)	(67,758)	(840)
Total Other Financing Sources (Uses)	5,075	17,117	16,112	(1,005)
Net Change in Fund Balances	(840,000)	(717,734)	(200,948)	516,786
Fund Balances - Beginning	840,000	717,734	717,734	-
Fund Balances - Ending	$ -	$ -	$ 516,786	$ 516,786

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.

Emmett School District No. 221

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)	0.3730694%
District's proportionate share of the net pension liability (asset)	$ 2,746,375
District's covered-employee payroll	$ 10,212,316
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.89%
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, Emmett School District No. 221 will present information for those years for which information is available.

Data reported is measured as of July 1, 2014

Emmett School District No. 221
Schedule of District Contributions

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	2015
Contractually required contributions	$ 1,156,034
Contributions in relation to the contractually required contribution	1,156,034
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 10,212,316
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, Emmett School District No. 221 will present information for those years for which information is available.

Data reported is measured as of June 30, 2015

SUPPLEMENTAL INFORMATION

Emmett School District No. 221
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2015

	Federal Forest	Micron Grant	School Health Grant	Go On Grant	Kahn Academy
Assets					
Cash and Cash Equivalents	$ 38,706	$ 1,500	$ 4,047	$ 14,905	$ 1,809
Receivables, Net:					
Intergovernmental	-	-	-	-	-
Inventory	-	-	-	-	-
Total Assets	$ 38,706	$ 1,500	$ 4,047	$ 14,905	$ 1,809
Liabilities					
Accounts Payable	$ -	$ -	$ -	$ -	$ -
Interfund Balance	-	-	-	-	-
Salaries Payable and	-	-	-	-	-
Related Liabilities	-	-	-	-	1,809
Total Liabilities	-	-	-	-	1,809
Fund Balance					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted	38,706	1,500	4,047	14,905	-
Unassigned	-	-	-	-	-
Total Fund Balances	38,706	1,500	4,047	14,905	-
Total Liabilities and Fund Balances	$ 38,706	$ 1,500	$ 4,047	$ 14,905	$ 1,809

Emmett School District N. 221
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2015
(continued)

	Buy Down Insurance Pool	Lifetime Sports	Driver's Education	LEP Enhancement	Technology
Assets					
Cash and Cash Equivalents	$ 2,465	$ 7,035	$ 25,115	$ 10,297	$ -
Receivables, Net:					
Intergovernmental	-	-	150	-	-
Inventory	-	-	-	-	-
Total Assets	$ 2,465	$ 7,035	$ 25,265	$ 10,297	$ -
Liabilities					
Accounts Payable	$ -	$ -	$ -	$ -	$ -
Interfund Balance	-	-	-	-	-
Salaries Payable and	-	-	-	-	-
Related Liabilities	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund Balance					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted	2,465	7,035	25,265	10,297	-
Unassigned	-	-	-	-	-
Total Fund Balances	2,465	7,035	25,265	10,297	-
Total Liabilities and Fund Balances	$ 2,465	$ 7,035	$ 25,265	$ 10,297	$ -

Emmett School District No. 221
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2015
(continued)

	State Drug	Title I	Title I Migrant	Title I Delinquent	Title VI - B
Assets					
Cash and Cash Equivalents	$ 1,160	$ 38	$ -	$ -	$ -
Receivables, Net:					
Intergovernmental	-	192,724	11,171	7,155	176,159
Inventory	-	-	-	-	-
Total Assets	$ 1,160	$ 192,762	$ 11,171	$ 7,155	$ 176,159
Liabilities					
Accounts Payable	$ -	$ -	$ -	$ -	$ -
Interfund Balance	-	83,050	4,406	2,743	70,770
Salaries Payable and	-	-	-	-	-
Related Liabilities	-	86,574	3,326	4,412	71,828
Total Liabilities	-	169,624	7,732	7,155	142,598
Fund Balance					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted	1,160	23,138	3,439	-	33,561
Unassigned	-	-	-	-	-
Total Fund Balances	1,160	23,138	3,439	-	33,561
Total Liabilities and Fund Balances	$ 1,160	$ 192,762	$ 11,171	$ 7,155	$ 176,159

Emmett School District No. 221
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2015
(continued)

	Title VI-B Preschool	Title V	Title II-A	Gear Up
Assets				
Cash and Cash Equivalents	$ 2,914	$ -	$ -	$ -
Receivables, Net:				
Intergovernmental	940	132,824	49,003	19,385
Inventory	-	-	-	-
Total Assets	$ 3,854	$ 132,824	$ 49,003	$ 19,385
Liabilities				
Accounts Payable	$ -	$ -	$ -	$ -
Interfund Balance	-	25,284	16,008	6,018
Salaries Payable and Related Liabilities	3,854	16,064	9,796	10,995
Total Liabilities	3,854	41,348	25,804	17,013
Fund Balance				
Nonspendable:				
Inventory	-	-	-	-
Restricted	-	91,476	23,199	2,372
Unassigned	-	-	-	-
Total Fund Balances	-	91,476	23,199	2,372
Total Liabilities and Fund Balances	$ 3,854	$ 132,824	$ 49,003	$ 19,385

Emmett School District No. 221
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2015
(continued)

	21st Century Grant	21st Century Ready Grant	Food Service	Total
Assets				
Cash and Cash Equivalents	$ 391	$ -	$ 165,868	$ 276,250
Receivables, Net:				
Intergovernmental	-	29,401	3,077	621,989
Inventory	-	-	46,397	46,397
Total Assets	$ 391	$ 29,401	$ 215,342	$ 944,636
Liabilities				
Accounts Payable	$ -	$ -	$ -	$ -
Interfund Balance	-	7,325	-	215,604
Salaries Payable and Related Liabilities	-	22,077	62,890	293,625
Total Liabilities	-	29,402	62,890	509,229
Fund Balance				
Nonspendable:				
Inventory	-	-	46,397	46,397
Restricted	391	-	106,055	389,011
Unassigned	-	(1)	-	(1)
Total Fund Balances	391	(1)	152,452	435,407
Total Liabilities and Fund Balances	$ 391	$ 29,401	$ 215,342	$ 944,636

Emmett School District No. 221

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

	Federal Forest	Micron Grant	School Health Grant	Go On Grant	Kahn Academy
Revenues					
State Sources	$ -	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-	-
Grants and Contributions	28,010	1,500	-	50,000	94,250
Earnings on Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	28,010	1,500	-	50,000	94,250
Expenditures					
Current:					
Instruction	20,807	-	294	73,065	94,250
Support Services:	-	-	-	-	-
Food Service	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	20,807	-	294	73,065	94,250
Excess (Deficiency) of Revenues Over Expenditures	7,203	1,500	(294)	(23,065)	-
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	7,203	1,500	(294)	(23,065)	-
Fund Balances - Beginning	31,503	-	4,341	37,970	-
Fund Balances - Ending	$ 38,706	$ 1,500	$ 4,047	$ 14,905	$ -

Emmett School District No. 221

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

	Buy Down Insurance Pool	Lifetime Sports	Driver's Education	LEP Enhancement	Technology
Revenues					
State Sources	$ -	$ -	$ 37,854	$ -	$ 96,489
Charges for Services	-	-	-	-	-
Grants and Contributions	-	6,228	-	25,000	-
Earnings on Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	-	6,228	37,854	25,000	96,489
Expenditures					
Current:					
Instruction	-	3,187	32,597	14,703	-
Support Services:	76,537	-	-	-	96,489
Food Service	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	76,537	3,187	32,597	14,703	96,489
Excess (Deficiency) of Revenues Over Expenditures	(76,537)	3,041	5,257	10,297	-
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(76,537)	3,041	5,257	10,297	-
Fund Balances - Beginning	79,002	3,994	20,008	-	-
Fund Balances - Ending	$ 2,465	$ 7,035	$ 25,265	$ 10,297	$ -

Emmett School District No. 221

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

	State Drug	Title I	Title I Migrant	Title I Delinquent	Title VI - B
Revenues					
State Sources	$ 17,243	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-	-
Grants and Contributions	-	618,793	23,418	32,571	498,285
Earnings on Investments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	17,243	618,793	23,418	32,571	498,285
Expenditures					
Current:					
Instruction	-	538,688	27,443	33,942	479,232
Support Services:	16,083	40,000	-	-	-
Food Service	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	16,083	578,688	27,443	33,942	479,232
Excess (Deficiency) of Revenues Over Expenditures	1,160	40,105	(4,025)	(1,371)	19,053
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	(36,456)	(1,382)	-	(28,260)
Total Other Financing Sources (Uses)	-	(36,456)	(1,382)	-	(28,260)
Net Change in Fund Balances	1,160	3,649	(5,407)	(1,371)	(9,207)
Fund Balances - Beginning	-	19,489	8,846	1,371	42,768
Fund Balances - Ending	$ 1,160	$ 23,138	$ 3,439	$ -	$ 33,561

Emmett School District No. 221
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015
(continued)

	Title VI-B Preschool	Title V	Title II-A	Gear Up
Revenues				
State Sources	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-
Grants and Contributions	18,285	245,189	130,203	68,399
Earnings on Investments	-	-	-	-
Other	-	-	-	-
Total Revenues	18,285	245,189	130,203	68,399
Expenditures				
Current:				
Instruction	18,285	208,461	-	-
Support Services:	-	-	101,594	66,627
Food Service	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	18,285	208,461	101,594	66,627
Excess (Deficiency) of Revenues Over Expenditures	-	36,728	28,609	1,772
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	(10,095)	(7,676)	-
Total Other Financing Sources (Uses)	-	(10,095)	(7,676)	-
Net Change in Fund Balances	-	26,633	20,933	1,772
Fund Balances - Beginning	-	64,843	2,266	600
Fund Balances - Ending	$ -	$ 91,476	$ 23,199	$ 2,372

Emmett School District No. 221
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015
(continued)

	21st Century Grant	21st Century Ready Grant	Food Service	Total
Revenues				
State Sources	$ -	$ -	$ -	$ 151,586
Charges for Services	-	-	205,038	205,038
Grants and Contributions	-	135,000	708,074	2,683,205
Earnings on Investments	-	-	-	-
Other	-	-	-	-
Total Revenues	-	135,000	913,112	3,039,829
Expenditures				
Current:				
Instruction	299	135,001	-	1,680,254
Support Services:	-	-	-	397,330
Food Service	-	-	915,012	915,012
Capital Outlay	-	-	-	-
Total Expenditures	299	135,001	915,012	2,992,596
Excess (Deficiency) of Revenues Over Expenditures	(299)	(1)	(1,900)	47,233
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(83,869)
Total Other Financing Sources (Uses)	-	-	-	(83,869)
				-
Net Change in Fund Balances	(299)	(1)	(1,900)	(36,636)
Fund Balances - Beginning	690	-	154,352	472,043
Fund Balances - Ending	$ 391	$ (1)	$ 152,452	$ 435,407

Emmet School District No. 221
Combining Balance Sheet -
Nonmajor Capital Project Funds
June 30, 2015

	Bus Depreciation	School Plant	Total
Assets			
Cash and Cash Equivalents	$ 182,849	$ 32,485	$ 215,334
Total Assets	$ 182,849	$ 32,485	$ 215,334
Liabilities			
Total Liabilities	$ -	$ -	$ -
Deferred Inflows			
Unearned Revenue Property Tax	-	-	-
Total Deferred Inflows	-	-	-
Fund Balances			
Restricted	182,849	32,485	215,334
Total Liabilities, Deferred Inflows, and Fund Balances	$ 182,849	$ 32,485	$ 215,334

Emmett School District No. 221
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Nonmajor Capital Project Funds
For the Year Ended June 30, 2015

	Bus Depreciation	School Plant	Total
Revenues			
Other	$ 25,454	$ 6,708	32,162
Total Revenue	25,454	6,708	32,162
Expenditures			
Capital Outlays	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	25,454	6,708	32,162
Other Financing Sources (Uses)			
Transfers In	67,757	-	67,757
Transfers Out	-	-	-
Total Other Financing Sources	67,757	-	67,757
Net Change in Fund Balances	93,211	6,708	99,919
Fund Balances - Beginning	89,638	25,777	115,415
Fund Balances - Ending	$ 182,849	$ 32,485	$ 215,334

Emmett School District No. 221
Combining Balance Sheet - Fiduciary Funds
June,30, 2015

	Agency Funds			
	High School	Black Canyon School	Middle School	Carberry Interm.
Assets				
Cash and Cash Equivalents	$ 130,241	$ 572	$ 28,627	$ 27,644
Total Assets	130,241	572	28,627	27,644
Liabilities				
Due to Student Groups	130,241	572	28,627	27,644
Total Liabilities	130,241	572	28,627	27,644
Net Position				
Restricted For Scholarships	$ -	$ -	$ -	$ -

Emmett School District No. 221
Combining Balance Sheet - Fiduciary Funds
June 30, 2015
(continued)

	Agency Funds		Private - Purpose Trust Fund	
	Sweet Montour Elem.	Shadow Butte Elem.	Scholarship Fund	Total
Assets				
Cash and Cash Equivalents	$ 8,310	$ 12,168	$ 16,874	$ 224,436
Total Assets	8,310	12,168	16,874	224,436
Liabilities				
Due to Student Groups	8,310	12,168	-	207,562
Total Liabilities	8,310	12,168	-	207,562
Net Position				
Restricted For Scholarships	$ -	$ -	$ 16,874	$ 16,874

Emmett School District No. 221
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Private - Purpose Trust Fund
	Scholarship Fund
Additions	
Contributions	$ -
Investment Income	23
Total Additions	23
Deductions	
Scholarships Awarded	1,000
Bank Fees	
Total Deductions	1,000
Changes in Net Position	(977)
Net Position - Beginning	17,851
Net Position - Ending	$ 16,874

Emmett School District No. 221
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Program Title	Federal CFDA Number	Grant No.		Expenditures
U.S. Department of Education				
Passed through State Department of Education:				
Title I - Basic	84.010	S010A130012		$ 655,688
Title I - Migrant	84.011	S011A140012		23,825
Title VI-B	84.027	H027A130133	$ 507,493	
Handicapped Preschool	84.173	H173A140030	18,285	
Total Special Education Cluster				525,778
Twenty First Century Community Learning	84.287	S287C130012		135,001
Gaining Early Awareness and Reading	84.334	P334S110016		66,627
Improving Teacher Quality	84.367	S367A140011		109,270
Career and Technical Education	84.048	V048A130012		36,363
Title I - School Improvement Grant	84.377	S377A110013		106,050
Title I - School Improvement Grant	84.388	S388A090013		112,365
Total U.S. Department of Education				1,770,967
U.S. Department of Agriculture				
Passed Through State Department of Education:				
School Breakfast	10.553	2015IN109947	172,315	
National School Lunch	10.555	2015IN109947	561,719	
Summer Food	10.559	2014IN109947	7,600	
Total Child Nutrition Cluster				741,634
Fresh Fruits and Vegetables	10.582	2015IL160347		46,804
Total U.S. Department of Agriculture				788,438
Total Federal Financial Assistance Expended				$ 2,559,405

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

FEDERAL REPORTS

Millington Zwygart
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with G*overnment Auditing Standards*

To the Board of Trustees
Emmett School District No. 221
Emmett, 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 Emmett School District No. 221 (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 September 29, 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 Emmett School District No. 221'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 Zwygart CPAs, PLLC

Caldwell, Idaho
September 29, 2015

Millington Zwygart
CERTIFIED PUBLIC ACCOUNTANTS

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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
Emmett School District No. 221
Emmett, Idaho

Report on Compliance for Each Major Federal Program

We have audit Emmett School District No. 221'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 Emmett School District No. 221'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, Emmett School District No. 221, 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 Emmett School District No. 221, 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 Zwygart CPAs, PLLC

Caldwell, Idaho
September 29, 2015

Emmett School District No. 221
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
84.010	Title I
84.027, 84.173	Special Education Cluster
10.553, 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.