Financial Statements
June 30, 2015

Joint School District No. 2

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Joint School District No. 2
Meridian, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Joint School District No. 2 (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 District'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 District'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.

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

Emphasis of Matter

Change in Accounting Principle
As discussed in Note 1 and Note 13 to the financial statements, the District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer's share of net pension liability – PERSI, schedule of employer contributions and budgetary comparison information listed in the table of contents 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.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedule of changes in assets and liabilities – all fiduciary funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying 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 schedule of changes in assets and liabilities – all fiduciary funds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of changes in assets and liabilities – all fiduciary funds 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 13, 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.

Eide Bailly LLP

Boise, Idaho
October 13, 2015

The discussion and analysis of the Joint School District No. 2's (the District) financial performance provides an overall review of financial activities for the fiscal year.

Financial Highlights

- **State Funding Increased by $10 Million –** The state legislature has continued the restoration of previous funding levels. Student growth from 2014-2015 increased by 367 which increased funding received from state support funding calculation. The increase in state funding has enabled the District to restore previously budgeted line items such as mid-day kindergarten busing, hiring fifty new certified employees which contributed to the reduction of the District's deficit of the States qualifying allotment, in addition new funding for leadership premiums for certified staff to provide more opportunities for students to receive advanced college and high school credits.

- **Refinance Debt -** The District completed the refinance of $20,010,000 of Series 2004 & 2005 refunding bonds for a present value savings of $1.6 million in interest cost.

- **Construction Bond Issued** – Last spring patrons authorized a bond sale of $96 million dollars, of which $85,830,000 are fully issued. On June 1, 2015 the District received proceeds from the bond issuance. The bond proceeds are intended to fund several construction projects to accommodate the growth of the District. The major projects to be funded are Victory Middle School, Hillsdale Elementary (both to open fall 2016) and Star Middle School (to open fall of 2017). The remaining phases of the remodel of Meridian High School will be accelerated by this bond issue.

- **Capital Projects -** The District expended $12.5 million dollars on capital projects throughout the year. These projects were primarily funded with Plant Facility funds saving tax payers bond interest. The largest expenditures pertain to the phased remodel of Meridian High School ($4.4 million), the completion of the final wing of Willow Creek Elementary ($2.1 million) and the start of construction on Victory Middle School ($2.6 million). Various other projects were completed during the year such as classroom updates, sewer system replacements and implementation of disaster recovery technology.

Condensed Financial Statements

The following tables on pages 6 through 7 presented for the year ended June 30, 2014 have not been restated for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date.*

Overview of the Financial Statements

This section of the annual financial report consists of five parts: management's discussion and analysis, basic financial statements, other required supplementary information, other financial information, and supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

Government-Wide Financial Statements (GWFS)

The GWFS (i.e., Statement of Net Position and Statement of Activities) provide readers with a broad overview of the District's finances. The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The *Statement of Net Position* provides information on all of the assets, deferred outflows, liabilities and deferred inflows of the District, with the difference between these providing the *net position*. Increases or decreases in the net position may indicate whether the financial position of the District is improving or deteriorating, respectively.

The *Statement of Activities* shows how the net position of the District have changed throughout the fiscal year. Changes in the net position occur as soon as the underlying event gives rise.

The statements present an aggregate view of the District's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.

- To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, should be considered.

In the government-wide financial statements, the District's activities are all classified as governmental activities. Governmental activities include all regular and special education, all educational support activities, administration, custodial, maintenance, transportation, and food services. Most of these activities are supported by property taxes and formula aid from the state of Idaho.

The government-wide financial statements can be found on pages 11 - 12 of this report.

Fund Based Financial Statements

Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Fund based financial statements focus on individual parts of the District. Fund based statements generally report operation in more detail than the government-wide statements. This statement focuses on its most significant or "major" funds and not on the District as a whole.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e., repaying its long-term debt) or to show that it is properly using certain revenues (i.e., capital project funds). The District has two types of funds: Governmental and Fiduciary.

Governmental funds – Governmental funds account for nearly the same functions as the governmental activities. However, unlike the GWFS, Governmental Funds focus on *near-term inflows and outflows* as well as the *balances left at year-end* that are available for funding future basic services.

It is useful to compare information found in the *governmental funds* with that of the *governmental activities*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The basic governmental fund financial statements can be found on pages 13-17 of this report.

Fiduciary funds – The District serves as a trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organization, and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

The basic fiduciary fund financial statement can be found on page 18 of this report.

Notes – The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a district's financial position. In the case of the District, assets exceeded liabilities by $202,172,233 at the close of the most recent fiscal year.

	June 30, 2015	June 30, 2014
Assets		
Current assets	$ 170,553,931	$ 66,639,239
Non-current assets	1,125,220	1,810,487
Capital assets (net of depreciation)	362,788,986	361,778,560
Total assets	534,468,137	430,228,286
Deferred Outflows of Resources	23,902,355	7,230,294
Liabilities		
Current liabilities	37,914,142	32,053,022
Long-term liabilities	271,253,758	172,064,850
Total liabilities	309,167,900	204,117,872
Deferred Inflows of Resources	47,030,359	-
Net Position		
Net investment in capital assets	146,983,986	213,138,560
Restricted	102,314,931	17,441,686
Unrestricted	(47,126,684)	2,760,462
Total net position	$ 202,172,233	$ 233,340,708

The largest portion of the District's net position 72.7% reflect investments in capital assets (i.e., land, buildings and improvements, furniture, and equipment) net of related debt (general obligation bonds) used to acquire those assets still outstanding. These capital assets provide services to students; consequently, these assets are not available for future spending.

Restricted net position represents 50.6% of the District's net position. These resources are subject to external restrictions on how they may be used. The remaining (23.3%) represents unrestricted net position.

At the end of the current fiscal year, the District's total net position decreased by 13.4% to $202,172,233. This represents an overall decrease of $43,381,523. Decrease is due primarily to the implementation of GASB 68 and the net pension liability.

Changes in Net Position – The table below shows the changes in net position for the fiscal year ended June 30, 2015. The District relies on state support for 62.5% of its governmental activities. The District had total revenues of $257,703,021 and total expenses of $214,321,498 generating a decrease in net position of $43,381,523.

Revenues	June 30, 2015	June 30, 2014
Program revenues		
Charges for services	$ 8,837,486	$ 7,543,386
Operating grants and contributions	28,956,005	28,076,400
Capital grants and contributions	447,899	447,899
General revenues		
Property taxes	58,270,534	56,504,031
State support	160,938,568	152,141,155
Other	252,529	(62,686)
Total revenues	257,703,021	244,650,185
Expenses		
Instruction	121,061,606	134,731,710
Support services	78,550,914	79,136,923
Non-instructional services	8,877,882	9,302,886
Community support	158,655	197,096
Interest and fees on long-term debt	5,672,441	6,231,631
Total expenses	214,321,498	229,600,246
Change in Net Position	$ 43,381,523	$ 15,049,939

DISTRICT'S FUNDS FINANCIAL ANALYSIS

As noted earlier, the District uses funds to demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide balances of spendable resources and to provide data on near-term inflows and outflows.

General Fund – The general fund is the general operating fund for the District. At the end of the current fiscal year, the general fund balance is $10,471,273 which is up 17.95% from the ending balance in fiscal year 2014 of $8,909,323.

Expenditures for general District purposes totaled $178,922,341, an increase of 4.11% during the current fiscal year; this difference is the result of the net effect of a decrease in expenses from a fund transfer of self-funded programs to the Special Revenue Fund and the increase of expenses associated with the reinstatement of nine previously furloughed school days.

General fund salaries totaled $114,587,095 while the associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental, vision and life added $39,959,199 to arrive at 86.4% of the District's general fund expenditures.

General Fund Budgetary Highlights

For the last two years as a result of District wide savings initiatives, the District was able to avoid utilizing the General Fund's fund balance. The 2015-2016 budget includes the General Fund's fund balance to cover budgeted expenditures over projected revenue. The District continues to monitor expenses in anticipation of stabilizing the General Fund going forward.

Debt Service Fund – The debt service fund is the fund used to account for the long-term debt activity of the District. The District paid approximately $18 million in principal payments and $5.8 million in interest payments during fiscal year 2015. In addition, the District refinanced the 2004 and 2005 refunding bonds which represented a present value savings of $1,661,562 in interest cost.

Capital Projects Fund – The capital projects fund is the fund used to pay for capital construction, building repair and remodeling throughout the District. At the end of the current fiscal year, the capital projects fund balance was $100,364,277, an increase of $95,967,866 from the ending balance in fiscal year 2014 of $4,396,411. This increase in fund balance can be attributed to the Series 2015 bond issued on June 1, 2015 for $85,830,000 with a premium of $10,755,796. For more information on the Series 2015 bond please see Note 9.

Capital Assets

The capital projects fund is used to account for the costs incurred while acquiring and improving sites, constructing and remodeling facilities, and purchasing equipment necessary for providing educational programs for all students within the District. The District has invested $520,155,299 in a wide range of capital assets. The total accumulated depreciation on these assets amounts to $157,366,313.

- Capital asset acquisitions for governmental activities totaled $12,506,295 for the fiscal year.
- The District has $17,846,901 in construction in progress. This includes extensive remodels and expansions to existing schools.

Additional information regarding the District's capital assets can be found in Note 7 to the basic financial statements.

Long-Term Debt

At year end the District had $215,805,000 in general obligation bonds and other long-term debt outstanding. The general obligation bonds of the District are secured by an annual tax levy. The bonds were authorized by the patrons of the District by a two-thirds majority vote. The certificates of participation are paid through guaranteed utility savings. The amounts outstanding on the remaining bonds and certificates are:

Series 1998 - Refunding	$ 3,030,000
Certificates of Participation	$ 680,000
Series 2005	$ 6,945,000
Series 2010 - Refunding	$ 25,210,000
Series 2012 - Refunding	$ 78,550,000
Series 2014 - Refunding	$ 15,560,000
Series 2015	$ 85,830,000

The District completed the refinance of $20,010,000 of Series 2004 & 2005 refunding bonds for a present value savings of $1.6 million in interest cost.

Additional information regarding the District's long-term debt can be found in Notes 8 and 9 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

State Education General Fund budget for 2015-2016 was increased 7.5 percent. Included in this is a 6.5 percent increase in the discretionary funding, $33.5 million to fund the new career ladder, which is intended to move compensation to a performance basis and a 3 percent increase for all other base salaries. The State continues to dedicate funds to enhance classroom learning through programs focused on teacher professional development, classroom technology and remediation for students requiring additional help.

The District anticipates that the increase in state revenue will be approximately $9.4 million for fiscal year 2015-2016. Included in this projection is $4.2 million for certified staff, $.9 million for all other staff, $2.6 million for operational expenditures and $1.7 million for 500 projected student growth.

A local supplemental tax levy was passed in March 2014 for $14 million for two years. This levy expires at the end of the 2015-2016 school year. Funds from the levy will continue to support 9 school days, additional certified and classified staff and operational expenses. Due to the deficit in the general fund the levy has been crucial in supporting additional instructional days and operating expenses.

The planned District general fund expenditures for 2015-2016 include, an additional 30 full-time certified staff, 4.5 percent increase in salary for certified staff and a 3 percent increase to all other staff. It is anticipated that the increase to health insurance premiums will be approximately $1.1 million. The District also projected an increase in expenses associated with student growth, utilities and supplies.

The 2015 General Bond issue of $85.8 million will facilitate the construction of a middle school and elementary school to open fall of 2016. With the addition of the two schools, additional general fund expense will be budgeted to cover all operational expenses. The approximate additional cost associated with opening the elementary school is $700 thousand and $1.3 million for the middle school opening.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Alex Simpson at the West Ada School District Services Center, 1303 E Central Drive, Meridian, ID 83642, by phone at (208) 350-5007, or by e-mail at simpson.alex@westada.org.

	Governmental Activities
Assets	
Cash and investments	$ 25,761,438
Restricted cash and investments	110,982,617
Property taxes receivable	24,210,796
State and federal receivables	9,278,120
Receivables	269,584
Other assets	51,376
Prepaid interest on refunded bonds (net of amortization)	1,125,220
Land and construction in progress	52,592,003
Depreciable capital assets (net of depreciation)	310,196,983
Total assets	534,468,137
Deferred Outflows of Resources	
Deferred amount on refunding	6,986,464
Pension obligations	16,915,891
Total deferred outflow of resources	23,902,355
Liabilities	
Accounts, salaries, and other payables	35,784,902
Accrued interest payable bonds	2,129,240
Long-term liabilities	
Bond premium (net of amortization)	23,412,119
Due within one year - bonds	14,035,000
Due in more than one year - bonds	201,770,000
Due in more than one year - pension liabilities	19,931,518
Due in more than one year - other liabilities	12,105,121
Total liabilities	309,167,900
Deferred Inflows of Resources	
Employer pension assumption	47,030,359
Net Position	
Net investment in capital assets	146,983,986
Restricted for	
Capital improvements	100,895,105
Self-insured workers compensation	150,362
Grant programs	1,970,506
Debt service	(701,042)
Unrestricted	(47,126,684)
	$ 202,172,233

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs					
Governmental activities					
Instruction					
Elementary programs	$ 53,237,288	$ 1,343,778	$ 4,856,860	$ -	$ (47,036,650)
Secondary/alternative programs	45,354,576	74,007	2,199,128	-	(43,081,441)
Exceptional/preschool program	18,592,130	447,953	5,597,418	-	(12,546,759)
Other instructional programs	3,877,612	718,692	-	-	(3,158,920)
Support services					
Attendance and guidance	5,514,514	-	278,753	-	(5,235,761)
Ancillary	6,562,384	-	2,832,480	-	(3,729,904)
Instructional improvement	11,635,266	-	2,719,916	-	(8,915,350)
Educational media	1,804,215	-	-	-	(1,804,215)
School administration	10,226,122	-	2,963,221	-	(7,262,901)
Administration	10,603,111	1,613,289	221,857	-	(8,767,965)
Maintenance and custodial	19,806,690	-	-	-	(19,806,690)
Grounds	446,137	-	-	-	(446,137)
Security	899,023	-	-	-	(899,023)
Pupil transportation services	11,053,452	18,820	-	-	(11,034,632)
Non-instructional	8,877,882	3,844,481	5,602,961	-	569,560
Community service programs	158,655	776,466	91,643	-	709,454
Capital improvements	-	-	1,591,768	447,899	2,039,667
Interest on long-term debt	5,672,441	-	-		(5,672,441)
Total Governmental Activities	$ 214,321,498	$ 8,837,486	$ 28,956,005	$ 447,899	(176,080,108)

General revenues	
Taxes	
Property taxes, levied for general purposes	15,638,554
Property taxes, levied for debt services	22,377,908
Property taxes, levied for plant facility	20,254,072
State revenue in lieu of taxes	367,745
Grants and contributions not restricted to specific programs	
State foundation program	160,570,823
Interest and investment earnings	
General fund	80,629
Other funds	11,211
Capital Projects	14,688
Unrealized loss on investments	146,001
Loss on disposal of assets	-
Total general revenues	219,461,631
Change in net position	43,381,523
Net position, beginning of year, as restated	158,790,710
Net position, end of year	$ 202,172,233

	General	Debt Service	Capital Projects
Assets			
Cash and investments	$ 25,761,438	$ -	$ -
Restricted cash and investments	150,362	7,557,687	95,497,295
Other assets	51,376	-	-
Receivables			
Current property taxes receivable	6,166,393	8,605,176	7,791,838
Delinquent property taxes receivable	460,531	656,030	530,828
State receivable	4,942,869	-	-
Federal receivable	-	-	-
Interfund receivable	2,942,659	-	-
Other receivables	142,418	1,165	14,688
	$ 40,618,046	$ 16,820,058	$ 103,834,649
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$ 2,164,456	$ -	$ 2,939,544
Salaries and benefits payable	27,521,786	-	-
Interund payable	-	91,427	-
Total liabilities	29,686,242	91,427	2,939,544
Deferred Inflows of Resources			
Property taxes	460,531	656,030	530,828
Fund Balance			
Restricted for			
Debt service	-	16,072,601	-
Self-insured workers compensation	150,362	-	-
Capital projects	-	-	100,364,277
Grant programs- School Lunch	-	-	-
Assigned for			
Grant programs	-	-	-
Subsequent year expenditures	9,148,051	-	-
Special activities	-	-	-
Unassigned			
Unassigned	1,172,860	-	-
Total fund balance	10,471,273	16,072,601	100,364,277
Total Liabilities, Deferred Inflow and Fund Balances	$ 40,618,046	$ 16,820,058	$ 103,834,649

See Notes to Financial Statements

Other Governmental Funds	Total Governmental Funds
$ -	$ 25,761,438
7,777,273	110,982,617
-	51,376
-	22,563,407
-	1,647,389
838,992	5,781,861
3,496,259	3,496,259
-	2,942,659
111,313	269,584
$ 12,223,837	$ 173,496,590
$ 430,322	$ 5,534,322
2,728,796	30,250,582
2,851,232	2,942,659
6,010,350	38,727,563
-	1,647,389
-	16,072,601
-	150,362
-	100,364,277
1,970,506	1,970,506
780,922	780,922
-	9,148,051
3,462,059	3,462,059
-	1,172,860
6,213,487	133,121,638
$ 12,223,837	$ 173,496,590

Total fund balances - governmental funds	$	133,121,638
The cost of capital assets (land, buildings, furniture, equipment and construction in process) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in government funds.		362,788,985
Property taxes and interest receivable, as recorded in the Statement of Net Position, will be collected in the next fiscal year, but are not available soon enough to pay current year expenditures and therefore are deferred in the Governmental Fund Statements.		1,647,390
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in treatment of long-term debt and related items.		(22,286,897)
Certain costs related to bond refundings (refunding costs) are considered expenditures when paid on the Governmental Fund Statements, but are recorded as assets and amortized over the life of the bonds on the Statement of Net Position.		6,986,464
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.		(249,970,879)
Deferred outflows of resources related to pension obligations		16,915,891
Deferred inflows of resources related to pensions.		(47,030,359)
Net Position	$	202,172,233

See Notes to Financial Statements

	General	Debt Service	Capital Projects
Revenue			
Local revenues			
Property taxes	$ 15,685,255	$ 22,412,829	$ 20,282,712
Earnings on investments	80,629	8,000	14,688
State revenue	161,969,424	447,899	1,591,765
Federal revenue	-	-	-
Other revenue	2,255,906	-	78,358
Total revenue	179,991,214	22,868,728	21,967,523
Expenditures			
Instructional			
Elementary school programs	52,583,293	-	296,006
Secondary school programs	40,066,163	-	527,897
Alternative school programs	3,559,151	-	25,581
Exceptional school programs	14,391,287	-	-
Preschool school programs	898,209	-	-
Gifted and talented school programs	1,236,224	-	9,742
Interscholastic school programs	1,307,283	-	-
School activity programs	364,892	-	-
Summer school programs	312,207	-	-
Driver education program	-	-	-
Total instructional	114,718,709	-	859,226
Support Services			
Attendance and guidance program	6,066,695	-	-
Ancillary program	6,076,885	-	779
Instructional improvement program	3,425,940	-	-
Instructional technology program	1,242,490	-	2,780,257
Media program	2,022,870	-	-
School administration program	12,018,076	-	-
Administration program	4,089,230	-	27,493
Administration technology program	2,257,056	-	-
Custodial program	9,158,219	-	306,066
Maintenance and warehouse programs	5,519,019	-	5,664,669
Grounds program	412,172	-	30,073
Security program	896,285	-	2,738
Transportation program	9,957,284	-	9,266
Total support services	63,142,221	-	8,821,341

Other Governmental Funds	Total Governmental Funds
$ -	$ 58,380,796
3,211	106,528
9,750,745	173,759,833
16,165,482	16,165,482
6,920,375	9,254,639
32,839,813	257,667,278
5,005,112	57,884,411
2,683,053	43,277,113
3,002	3,587,734
5,486,354	19,877,641
144,271	1,042,480
32,330	1,278,296
625,695	1,932,978
95,805	460,697
55,804	368,011
273,717	273,717
14,405,143	129,983,078
259,957	6,326,652
1,471,131	7,548,795
3,729,141	7,155,081
1,216,567	5,239,314
35,196	2,058,066
-	12,018,076
1,318,759	5,435,482
212,265	2,469,321
-	9,464,285
-	11,183,688
-	442,245
-	899,023
-	9,966,550
8,243,016	80,206,578

	General	Debt Service	Capital Projects
Expenditures (Continued)			
Non-instructional	211,569	-	-
Community program	158,655	-	-
Capital outlay program	-	-	12,464,200
Debt service			
Principal	635,000	17,440,000	-
Interest and agent fees	56,187	5,818,431	-
Total debt service	691,187	23,258,431	-
Total expenditures	178,922,341	23,258,431	22,144,767
Excess (Deficiency) of Revenue Over (Under) Expenditures	1,068,873	(389,703)	(177,244)
Other Financing Sources (Uses)			
Net interfund transfers	488,907	-	-
Bond issuance	-	19,420,000	85,830,000
Bond issue costs	-	(176,944)	(581,187)
Premium on bonds issued	-	1,190,199	10,755,796
Payment to refunded bond escrow agent	-	(20,433,255)	-
Gain (loss) on investments	4,170	(290)	140,501
	493,077	(290)	96,145,110
Excess (Deficiency) of Revenues and Other financing sources (uses) over (under) expenditures and other financing sources (uses)	1,561,950	(389,993)	95,967,866
Fund Balance, Beginning of Year	8,909,323	16,462,594	4,396,411
Fund Balance, End of Year	$ 10,471,273	$ 16,072,601	$ 100,364,277

Other Governmental Funds	Total Governmental Funds
9,117,751	9,329,320
-	158,655
41,895	12,506,095
-	18,075,000
-	5,874,618
-	23,949,618
31,807,805	256,133,344
1,032,008	1,533,934
(488,907)	-
-	105,250,000
-	(758,131)
-	11,945,995
-	(20,433,255)
1,620	146,001
(487,487)	96,150,410
544,521	97,684,344
5,668,966	35,437,294
$ 6,213,487	$ 133,121,638

Total net change in fund balances - governmental funds	$ 97,684,344
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays during the fiscal year.	1,010,426
Retirement of bonds in the current year.	38,085,000
Because some property taxes and interest earnings will not be collected for several months after the District's fiscal year end they are not considered available revenues in the governmental funds, but are instead counted as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.	(110,262)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in treatment of long-term debt and related items.	(116,291,914)
Change in OPEB Liability.	(1,979,569)
Change in Pension Liability.	54,618,480
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, thus requiring the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	479,486
Deferred outflows of resources related to pension obligations.	16,915,891
Deferred inflows of resources related to pensions.	(47,030,359)
Change in net position	$ 43,381,523

	Agency Funds
Assets	
Cash	$ 1,534,134
Investments	1,746,682
	$ 3,280,816
Liabilities	
Accounts payable	$ 97,318
Due to student groups	3,183,498
	$ 3,280,816

Note 1 - Summary of Significant Accounting Policies

The Joint School District No. 2 of Meridian, Idaho (the District) is governed by an elected five-member Board of Trustees. The District is the primary government exercising financial accountability for public education within its boundaries.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units and to state laws applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below:

Financial Reporting Entity

The District follows Governmental Accounting Standards Board (GASB) in determining the reporting entity. The financial reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, and agencies of the primary government whose budgets are controlled or whose boards are appointed by the District's Board of Trustees. Control or dependence on the District was determined on the basis of appointment authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District and legal standing.

The District contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI). PERSI is administered by the State of Idaho. A ten-year history is provided in PERSI's annual report.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The general fund, debt service fund, and the capital projects fund are considered major funds while the remaining governmental funds are considered non-major.

Governmental funds include:

General Fund – the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds – account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital Project Fund – accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Fiduciary Funds

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Agency funds are used to account for assets that the government holds for others in an agency capacity.

These agency funds are as follows:

School Activity Fund – accounts for assets held by the District as an agent for the individual schools and school organizations.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position resulting from nonexchange transactions are recognized in accordance with the requirements of GASB.

Program revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include charges to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual, defined as measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are susceptible to accrual.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etcetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Cash and Cash Equivalents

The District pools cash of all funds into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principal offices in Idaho.

Restricted Cash and Investments

Restricted cash and investments consist of funds in the debt service account restricted for bond payments and proceeds. Restricted cash and investments are also maintained in the general fund for the self-insured workers' compensation plan.

Investments

Investments are stated at fair value, as determined by quoted market prices, except for any certificates of deposit, which are non-participating contracts, and are therefore carried at amortized cost. Interest earned is allocated on a basis of average investment balance. Idaho Code provides authorization for the investment of funds as well as to what constitutes an allowable investment. The District policy allows for investment of idle funds consistent with the Idaho State Code 67-1210 and 67-1210A.

Idaho Code limits investments to the following general types:

Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.

Time deposit accounts, tax anticipation and interest-bearing notes.

Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies.

Repurchase agreements secured by the above.

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

An annual audit of Joint Powers Investment Pool is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool.

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk outside of the deposit and investment agreements.

The District is authorized to invest in the State of Idaho Local Government Investment Pool (LGIP). The LGIP is a part of Joint Powers Investment Pool managed by the State of Idaho Treasurer's Office and was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield.

Credit Risk

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

Interest Rate Risk

Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The District does not have a policy concerning maturities of investments.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The GASB has adopted a principal that governments should provide note disclosure when five percent of the total entity's investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District has no policy limiting on the amount it may invest in any one issuer.

Short-term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates used in preparing these financial statements include those assumed in determining the actuarial assumptions made in the pension liability, other post-employment liability and the incurred but not reported liability for self-insured workers compensation. Accordingly, actual results could differ from those estimates.

Property Taxes

Property tax revenues are recognized when received or, if received within the one-month period subsequent to year-end, they are accrued on the government fund financial statements. The District's property taxes, levied on the Thursday prior to the second Monday in September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Other property taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion that meets the revenue recognition criteria is recognized as revenue on the fund financial statements.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Ada and Canyon Counties bill and collect property taxes for the District.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful lives are management's estimate of how long the asset is expected to meet service demands.

Straight-line depreciation is used based on the following estimated useful lives:

Buildings	25-50 years
Improvements other than buildings	15-50 years
Vehicles	5-20 years
Furniture and equipment	3-10 years

The costs of land and buildings acquired before 1996 are recorded at estimated historical cost. Land and buildings acquired after 1996 are recorded at historical cost. The cost of equipment and vehicles is based on historical cost.

The District's capitalization threshold is $20,000 unless the assets were purchased with bond funds. Under these circumstances, it is the District's policy to include capital assets less than $20,000. The purpose of the lower threshold is to properly match capital assets with the related liabilities already included in the financial statements.

The cost of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are not capitalized.

The District does not possess any material amounts of infrastructure capital assets (e.g. roads, bridges, parking lots, and sewer). Amounts expended for such items prior to June 30, 2001 were considered part of the cost of the buildings or other immovable property. In the future, if such items are built or constructed, and appear to be material in cost compared to all capital assets, they will be capitalized and depreciated over their estimated useful lives.

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statements at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statements at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. As of June 30, 2015, the District does not have any outstanding capital leases.

Long-Term Liabilities

For government-wide reporting, the costs associated with the bonds are recognized over the lives of the bonds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Restricted Net Position

For the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net assets use are either externally imposed by creditors (such as debt covenants, grantors, contributors, or laws or regulations of other governments, imposed by law through constitutional provision or enabling legislation.

Fund Balances of Fund Financial Statements

Fund balances of the governmental funds are classified as follows:

- Nonspendable fund balance—amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually require to be maintained intact.
- Restricted fund balance—amounts that can be spent only for specific purposes because of enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by a designee if the Board of Trustees delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District applies the highest level of restricted resources before applying unrestricted resources to expenditures incurred for which various levels of resources are available.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The two items are as follows: the pension obligation and deferred charge on debt refunding, both reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category reported on the government-wide statement of net position. It is the employer pension assumption.

Compensated Absences

All 12-month or full time employees earn vacation and sick leave in amounts varying with tenure and classification. Employees cannot accumulate more than 22.5 days of vacation leave. Upon retirement, unused vacation leave up to 22.5 days is paid to employees. No reimbursement or accrual is made for unused sick leave.

The District's recognition and measurement criteria for compensated absences follow:

GASB provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

1. The employees' right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported since it cannot be easily determined. The liability is liquidated from resources from the General Fund and Special Revenue Funds (Other Governmental Funds).

Grants and Other Intergovernmental Revenues

Federal and State reimbursement-type grants are recorded as intergovernmental revenues when the related expenditures/expenses are incurred and, in the governmental funds, when the revenues meet the availability criterion.

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.

Recently Issued Accounting Pronouncements

In June 2012, the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by the state and local government employers about support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the Governmental Fund Balance Sheet and the Statement of Net Position:

The cost of capital assets (land, buildings, furniture, equipment and construction in process) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in government funds.

Costs of capital assets	$ 520,155,299
Depreciation expense to date	(157,366,313)
Net adjustment	$ 362,788,986

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in treatment of long-term debt and related items. Balances at June 30, 2015 are:

Defered loss on refunding	$ 6,986,464
Prepaid interest	2,591,351
Amortization of prepaid interest to date	(1,466,131)
Premium on bonds issued	(29,736,883)
Amortization of bond premium to date	6,324,765
Net adjustment	$ (15,300,434)

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances payable at June 30, 2015 are:

Bonds payable	$(215,805,000)
Interest payable	(2,129,240)
Net pension liability	(19,931,518)
OPEB liability	(12,105,121)
Net adjustment	$(249,970,879)

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the government-wide Statement of Activities:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays during the fiscal year:

Depreciation expense	$ (11,495,869)
Capital outlays	12,506,295
Net adjustment	$ 1,010,426

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in treatment of long-term debt and related items.

Proceeds from 2014 refunding	$ (19,420,000)
Write off of refunded 2005/2004 premium and interest	(103,063)
Proceeds from 2015 GO Bond issue	(85,830,000)
Premium on bonds issued	(11,945,995)
Amortization of prepaid interest	(270,131)
Amortization of bond premium	1,521,104
Capitalized defferred loss on refunding	526,318
Amortization of deferred loss on refunding	(770,147)
Net adjustment	$(116,291,914)

Note 3 - Cash and Investments

At June 30, 2015, the District's cash and investments, excluding trust funds, consisted of the following:

Deposits	Carrying Amount	Bank Amount	Insured or Collateralized	Uninsured and Uncollateralized
Insured or collateralized	$ 20,523,476	$ 21,054,059	$ 21,054,059	$ -

Investments	Fair Value	Rating	Maturity	Concentration
State of Idaho Local Government Investment Pool (LGIP)	$ 116,220,579	Unrated	Not applicable	100%
Total investments	116,220,579			100%
Total cash and investments	$ 136,744,055			

The bank balances of the deposits in trust funds are fully covered by FDIC insurance.

Note 4 - Interfund Balances and Transfers

As of June 30, 2015, the Other Governmental Funds have an interfund payable to the General Fund for $2,851,232 from allocations of the Districts pooled cash accounts. As of June 30, 2015, the Debt Service Funds have an interfund payable to the General Fund for $91,427 from allocations of the Districts pooled cash accounts. The following transfers occurred in the fiscal year for the purpose of funding operations:

	Interfund Transfers In
	General Funds
Interfund transfers out	
Nonmajor governmental funds	$ 488,907
Total interfund transfers	$ 488,907

Note 5 - Due from Other Agencies and Units of Government

Amounts due from other agencies and units of government were as follows as of June 30, 2015:

State Agencies	$ 5,781,861
Federal Agencies	3,496,259
	9,278,120
County Agencies	24,210,796
Total	$ 33,488,916

Note 6 - Unavailable and Advanced Revenues

Revenues are considered unavailable in accordance with the modified accrual basis of accounting for the fund financial statements and are reported as deferred inflows of resources. The following revenues are measurable but do not represent available expendable resources for the fund financial statements for the fiscal year ended June 30, 2015:

	General Fund	Debt Service Fund	Capital Projects Fund
Delinquent taxes	$ 460,531	$ 656,030	$ 530,828
	$ 460,531	$ 656,030	$ 530,828

Note 7 - Capital Assets

A summary of activity in the capital assets is as follows:

	June 30, 2014	Additions	Deletions	Transfers	June 30, 2015
Non depreciable capital assets					
Land	$ 34,745,102	$ -	$ -	$ -	$ 34,745,102
Construction in progress	7,323,231	12,506,295	-	(1,982,625)	17,846,901
Total	$ 42,068,333	$ 12,506,295	$ -	$ (1,982,625)	$ 52,592,003
Depreciable capital assets					
Buildings, and improvements	$ 410,094,376	$ -	$ -	$ 645,308	$ 410,739,684
Furniture and equipment	55,486,295	-	-	1,337,317	56,823,612
Total	465,580,671	-	-	1,982,625	467,563,296
Less accumulated depreciation for					
Buildings, and improvements	(102,747,110)	(8,652,192)	-	-	(111,399,302)
Furniture and equipment	(43,123,334)	(2,843,677)	-	-	(45,967,011)
Total accumulated depreciation	(145,870,444)	(11,495,869)	-	-	(157,366,313)
Total depreciable capital assets, net	$ 319,710,227	$(11,495,869)	$ -	$ 1,982,625	$ 310,196,983

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

Governmental activities	
Elementary programs	$ 3,066,990
Secondary/alternative programs	4,243,487
Other instructional programs	279,703
Instructional improvement	896
Administration	2,922,931
Maintenance and custodial	36,074
Grounds	3,892
Pupil transportation services	936,802
Non-instructional	5,094
Total depreciation expense –governmental activities	$11,495,869

Note 8 - Long-Term Debt

A summary of activity in the long-term debt is as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015	Due within one year
Governmental activities					
Bonds payable					
General obligation	$ 148,640,000	$105,250,000	$ (38,085,000)	$ 215,805,000	$ 14,035,000
Compensated absences	435,193	350,724	(363,527)	422,390	363,527
	$ 149,075,193	$105,600,724	$ (38,448,527)	$ 216,227,390	$ 14,398,527

Due to employees – benefits represent amounts not expected to be paid from expendable and available resources are as follows:

Other post employment benefits	$ 12,105,121
Net pension liability	19,931,518
	$ 32,036,639

Note 9 - General Obligation Bonds Payable

General obligation bonds payable as of June 30, 2015 consist of the following:

Series 1998 General Obligation Refunding Bonds in the original principal amount of $34,375,000 maturing through July 30, 2016. Principal payments are due annually on July 30, and interest is payable semi-annually on January 31 and July 30 of each year. Interest rates range from 5.0% to 5.5% on the outstanding bonds.	$	3,030,000
2003 Certificates of Participation in the original principal amount of $6,145,000 maturing through February 1, 2016. Principal payments are due annually on August 1, and interest is payable semi-annually on February 1 and August 1 of each year. Interest rates range from 2.75% to 4.15% on the outstanding certificates.		680,000
Series 2005 General Obligation School Bonds in the original principal amount of $134,580,000 maturing through August 15, 2024. Principal payments are due annually on August 15, and interest is payable semi-annually on February 15 and August 15 of each year. Interest rates range from 4.0% to 5.0% on the outstanding bonds.		6,945,000
Series 2010 General Obligation School Bonds in the original principal amount of $25,880,000 maturing through January 30, 2022. Principal payments are due annually on January 30, and interest is payable semi-annually on January 30 and July 30 of each year. Interest rates range from 2.5% to 5.0% on the outstanding bonds.		25,210,000
Series 2012 General Obligation Refunding Bonds in the original principal amount of $78,550,000 maturing through August 15, 2024. Principal payments are due annually on August 15, and interest is payable semi-annually on February 15 and August 15 of each year. Interest rates range from 2.0% to 5.0% on the outstanding bonds.		78,550,000
Series 2014 General Obligation Refunding Bonds in the original principal amount of $19,420,000 maturing through August 15, 2020. Principal payments are due annually on February 15, and interest is payable semi-annually on February 15 and August 15 of each year. Interest rates range from 2.0% to 4.0% on the outstanding bonds.		15,560,000
Series 2015 General Obligation School Bonds in the original principal amount of $85,830,000 maturing through August 15, 2034. Principal payments are due annually on August 15, and interest is payable semi-annually on February 15 and August 15 of each year. Interest rates range from 2.0% to 5.0% on the outstanding bonds.		85,830,000
	$	215,805,000

The annual requirements to pay principal and interest on outstanding general obligation bonds payable are as follows as of June 30, 2015:

Fiscal Year Ending June 30	General Obligation Bond Principal	Interest	Total
2016	$ 14,035,000	$ 7,884,958	$ 21,919,958
2017	16,325,000	8,365,169	24,690,169
2018	17,720,000	7,693,556	25,413,556
2019	18,450,000	6,970,575	25,420,575
2020	18,570,000	6,165,944	24,735,944
Thereafter	130,705,000	33,445,772	164,150,772
	$ 215,805,000	$ 70,525,974	$ 286,330,974

The general obligation bonded debt of the District is limited by State law to 5% of the market value for assessment purposes, less the aggregate outstanding indebtedness. Thus the debt limit and additional debt-incurring capacity of the District is calculated as follows:

Market value for assessment purposes	$ 14,034,977,897
Multiplied by 5%	5%
Debt limit	701,748,895
Less outstanding indebtedness	215,805,000
Additional debt-incurring capacity	$ 485,943,895

Refunded Bonds – In 1996, 1998, 2004, 2005, 2006, 2008, 2010, and 2013 the District entered into refunding transactions whereby refunding bonds were issued to facilitate the retirement of the District's general obligation bonds already outstanding. The proceeds of the refunding issues were placed in the irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the issues being refunded. The refunded bonds are not included in the District's outstanding long-term debt since the District legally satisfied its obligation with respect thereto through consummation of the refunding transaction. Any gain or loss on a refunding was recognized in the period in which the refunding occurs.

Note 10 - Retirement Healthcare Plan

Plan Description. The District's Post-Retirement Healthcare Plan (the plan) is a single-employer defined benefit healthcare plan administered by the Blue Cross of Idaho, Ameritas Dental, Willamette Dental, and Ameritas Vision, and LifeMap. Blue Cross provides medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. Ameritas Dental and Willamette Dental provide dental insurance benefits to eligible retirees and their eligible dependents. Ameritas Vision provides vision insurance benefits to eligible retirees and their eligible dependents. LifeMap provides life insurance benefits to eligible retirees and their eligible dependents. A retiree who retires with the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the District's medical and/ or vision insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Dental benefits continue for life. Retirees and their spouses may also enroll in a life benefit until age 70. Retirement eligibility is determined based on a minimum of reaching age 55 with at least 5 years of membership service with a PERSI employer. The retiree is on the same medical, dental, and vision plans as the District's active employees.

Funding Policy. The contribution requirement of plan members is established by the District's insurance committee in conjunction with the District's insurance providers. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015 the District contributed approximately $949 thousand to the plan for current premiums or approximately 34% of total premiums. Plan members receiving benefits contributed approximately $1,873 thousand or approximately 66% of the total premiums. Retirees are required to pay 100% of the premiums based on the combined active and retiree pool for both the retiree and the dependent coverage.

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

Medical (under 65)		
Retiree Only	$	570
Retiree + Spouse	$	1,254
Retiree + Child	$	684
Retiree + Children	$	806
Retiree + Spouse + Child	$	1,368
Retiree + Spouse + Children	$	1,490
Vision		
Retiree Only	$	9
Retiree +1	$	13
Family	$	21
Ameritas Dental		
Retiree Only	$	42
Retiree +1	$	83
Family	$	149
Willamette Dental		
Retiree Only	$	49
Retiree +1	$	96
Family	$	172
LifeMap		
Term Life Insurance	$	27

Annual OPEB Cost and Net OPEB Obligation. The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the estimated amount actually contributed to the plan, and changes in the District's net OPEB obligation to Joint School District No. 2's Post-Retirement Healthcare Plan:

Annual required contribution	$ 2,914,842
Interest on net OPEB obligation	349,332
Adjustment to annual required contribution	(335,159)
Annual OPEB cost (expense)	2,929,015
Estimated contributions made	(949,446)
Increase in net OPEB obligation	1,979,569
Net OPEB obligation—beginning of year	10,125,552
Net OPEB obligation—end of year	$ 12,105,121

Three year trend disclosure information of the District's plan is as follows:

	Year Ended June 30,	Annual OPEB Expense (AOE)	Estimated Contributions	Estimated Contribution as a % of AOE	Net OPEB Obligation
OPEB	2013	$ 2,987,497	$ 1,137,005	38%	$ 8,237,551
	2014	$ 2,764,386	$ 884,604	32%	$ 10,125,552
	2015	$ 2,929,015	$ 949,446	32%	$ 12,105,121

Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) for benefits was $23.1 million. The District's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plan is unfunded, the AAL and UAAL are equal. The covered payroll (annual payroll of active employees covered by the plan) was $119.1 million and the ratio of the UAAL to the covered payroll was 19%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress represents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

The schedule of funding progress is as follows:

Valuation Date July 1,	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2009	$ -	$ 12,437,959	$ 12,437,959	0%	$125,872,618	10%
2011	-	$ 22,331,758	$ 22,331,758	0%	$120,423,206	19%
2013	-	$ 23,129,730	$ 23,129,730	0%	$119,124,308	19%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method was used. The actuarial assumptions included a 3.45% discount rate assuming the District will fund the retirement benefit on a pay-as-you-go basis. This is calculated based on the expected long-term rate of return on the District's general funds at the valuation date. A 3.0% implied inflation rate (CPI) assumption is used. The valuation assumes that 85% of eligible retirees will actually participate in the retiree medical and vision benefits and that 75% of eligible retirees will actually participate in the retiree dental benefits, that 45% of eligible retirees will participate in the vision benefit and that 50% of eligible retirees will participate in the life benefit. The valuation also assumes, 10% of future retirees enrolled in the medical plan will enroll dependents in the medical plan, 30% of future retirees enrolled in the dental plan will enroll dependents in the dental plan, 5% of future retirees enrolled in the vision plan will enroll dependents in the vision plan, and 10% of future retirees enrolled in the life plan will enroll a spouse in the life plan. The annual healthcare medical trend rates of 3.5% in the first valuation year, 4.3% in the second valuation year, between 5.8-6.1% through 2039, and decreasing gradually until an ultimate rate of 5.0%, starting in 2082 are used.

The annual healthcare dental trend rates of 6.8% in the first year, 2.8% in the second year and 5.0% thereafter. The annual healthcare vision trend rates of -1.7% in the first year, 2.9% in the second year and 5.0% thereafter. It was assumed salary increases will be 3.50% per annum. The UAAL is being amortized as a level percentage of projected payrolls over a thirty year time period.

Note 11 - Insurance and Self-Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. The District purchases insurance for property losses from independent carriers. The District has in effect property insurance coverage up to $620,000,000 with a $2,500 deductible per incident. The District maintains a $2,000,000 commercial general liability policy per occurrence and a $5,000,000 maximum aggregate.

Historically, workers' compensation insurance was purchased from the State of Idaho. Effective August 1, 2009, the District became self-insured for workers' compensation as authorized by the Idaho Industrial Commission. The program is administered by a third party, and the District purchases excess workers' compensation insurance (with per occurrence and aggregate indemnity limits of $1,000,000) to provide coverage for individual claims above the District's self-insured retention (SIR). The Districts SIR is the first $450,000 per occurrence.

Except as noted above concerning workers' compensation, there have been no significant reductions in insurance coverage from the previous year, and no settlements in excess of insurance coverage in any of the prior three fiscal years.

A liability for a claim for workers' compensation is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated based on the estimated ultimate cost of settling the claim, considering the effect of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Claim liabilities include any specific, incremental claim adjustment expense, and any material estimated recoveries are deducted from the liability for unpaid claims.

Changes in the balance of workers' compensation claim liabilities are as follows:

The District has restricted cash and investments of $150,362 segregated in the general fund to satisfy workers' compensation claim liabilities.

Unpaid claims at July 1, 2014	$ 1,920,846
Total incurred claims (including IBNRs) and and prior period changes in claim estimates	919,181
Total payments and recoveries	(474,846)
Unpaid claims as of June 30, 2015	$ 2,365,181

Note 12 - Commitments and Contingencies

The District had $1,214,435 in open purchase orders at June 30, 2015 that were budgeted expenditures in the 2014/2015 school year.

There were three uncompleted projects currently under contract. The projects, bids, and amounts paid as of June 30, 2015, were as follows:

Project	Contract Amount	Amount Paid as of June 30, 2015	(Memo Only) Balance
Meridian High School Remodel	$ 28,876,830	$ 4,426,829	$ 24,450,001
Willow Creek Elementary	2,479,437	2,179,437	300,000
Victory Middle School	28,153,903	2,688,619	25,465,284
	$ 59,510,170	$ 9,294,885	$ 50,215,285

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Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, could become a liability of the District. District management believes disallowances, if any, will be immaterial

The District has been named as defendant in various legal actions, the results of which are not presently determinable. However, in the opinion of the District's management and legal counsel, the amount of losses that might be sustained, if any, would not materially affect the District's financial position.

Note 13 - Pension Plan

Plan Description

The District contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI) 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
Total system members	118,503

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board with 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 assess to pay benefits when due.

The contribution rates for employees are set by stature at 60% of the employer rate. As of June 30, 2014 it was 6.79%. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The District’s contributions were $14,072,065 for 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, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the District’s portion was 4.64081690 percent.

For the year ended June 30, 2015, the District recognized pension expense (revenue) of ($10,431,947). At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions or other inputs	2,843,826	
Net difference between projected and actual earnings on pension plan investments	-	42,789,466
Changes in the employer's portion and differences between employer's contributions and the employer's proportionate contributions	-	4,240,893
District's contributions susbequent to the measurement date	14,072,065	-
Total	$ 16,915,891	$ 47,030,359

$14,072,065 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:

Year ended June 30,	
2016	$ (11,001,077)
2017	(11,001,077)
2018	(11,001,077)
2019	(11,001,077)

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 individuals 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.

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 expenses
Cost-of-living adjustments	1%

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

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

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

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are development 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.

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

	1% decrease (6.10%)	Current discount rate (7.10%)	1% increase (8.10%)
Employer's net pension liability (asset)	$ 118,640,456	$ 19,931,518	$ (36,061,166)

Pension plan fiduciary net position

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

PERSI issues a publicly available financial report that includes financial statements that the required supplement information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.
Payables to the pension plan

At June 30, 2015, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 14 - Professional Technical Center Agreement

The District has an agreement with the Boise School District (Boise) to participate in the education of Meridian students attending the Professional Technical Center owned and operated by Boise. The agreement provided for the District to contribute $1,600,000 to Boise to assist in the construction costs. This funding was spent during the 2000 fiscal year. District students are entitled to occupy 30% of the Professional Technical Center for a fifteen-year period at no cost. The agreement does provide for both entities to fund any operating deficits based on the percentage of students. In the event of termination of the agreement, Boise will reimburse the District on a declining basis $106,666 per year over the fifteen-year period. Boise has full operating and management responsibility.

Note 15 - Restatement

During the year ended June 30, 2015, the Charter implemented GASB Statement No. 68 “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date”. The adoption of this statement resulted in the restatement of the beginning Net Position of the Statement of Activities.

Beginning net position as previously reported at June 30, 2014	$ 233,340,708
Prior period adjustment - Implementation of GASB 68	
Net pension liability (measurement date)	(88,782,155)
Deferred Outflows - contributions made during fiscal year 2014	14,232,157
Total prior period adjustment	(74,549,998)
Net position as restated, July 1, 2014	$ 158,790,710

Note 16 - Subsequent Events

On August 25, 2015, the District completed the purchase of property located at 3467 W. Flint Drive, Eagle, Idaho, for a total cost of approximately $6 million. The location was formerly a private school, Fresco Arts Academy. In school year 2014-2015, the District took over operations and opened the doors to the public for what is now known as Idaho Fine Arts Academy.

Required Supplementary Information
June 30, 2015

Joint School District No. 2

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

	2015
Employer's proportionate share of the net pension liability	4.64081690%
Employer's proportion share of the net pension liability	$ 19,931,518
Employer's covered-employee payroll	$ 131,109,688
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	15.20%
Plan fiduciary net position as a percentage of the total pension liability	94.95%

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

Date reported is measured as of July 1, 2014 (measurement date)

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

	2015
Statutorily required contribution	$ 14,072,065
Contributions in relation to the statutorily required contribution	$ (14,072,065)
Contribution (deficiency) excess	$ -
Employer's covered - employee payroll	$ 129,321,123
Contributions as a percentage of the covered-employee payroll	10.88%

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

Data is reported is measured as of June 30, 2015.

	Budgeted Amounts			Variance with
	Original	Final	Actual	Positive
Revenue				
Local revenues				
Property taxes	$ 17,283,174	$ 15,804,576	$ 15,685,255	$ (119,321)
Earnings on investments	48,850	48,850	80,629	31,779
State revenue	159,514,487	160,876,475	161,969,424	1,092,949
Other revenue	1,501,150	1,348,650	2,255,906	907,256
Total revenue	178,347,661	178,078,551	179,991,214	1,912,663
Expenditures				
Instructional				
Elementary school programs	54,665,949	53,184,044	52,583,293	600,751
Secondary school programs	40,654,744	40,497,450	40,066,163	431,287
Alternative school programs	3,589,034	3,620,412	3,559,151	61,261
Exceptional school programs	14,113,991	15,135,513	14,391,287	744,226
Preschool school programs	964,879	921,211	898,209	23,002
Gifted and talented school programs	1,355,822	1,283,803	1,236,224	47,579
Interscholastic school programs	1,711,386	1,368,250	1,307,283	60,967
School activity programs	229,484	229,484	364,892	(135,408)
Summer school programs	376,287	376,287	312,207	64,080
Total instructional	117,661,576	116,616,454	114,718,709	1,897,745
Support services				
Attendance, guidance, health program	6,383,374	6,311,524	6,066,695	244,829
Ancillary program	6,357,292	6,222,734	6,076,885	145,849
Instructional improvement program	3,704,529	3,948,470	3,425,940	522,530
Instructional technology program	1,303,989	1,274,425	1,242,490	31,935
Media program	2,103,245	2,115,715	2,022,870	92,845
School administration program	12,864,882	12,342,768	12,018,076	324,692
Administration program	4,003,810	4,472,303	4,089,230	383,073
Administration technology program	2,334,976	2,395,420	2,257,056	138,364
Custodial program	12,300,378	12,290,381	9,158,219	3,132,162
Maintenance and warehouse programs	2,605,266	2,569,492	5,519,019	(2,949,527)
Grounds program	381,100	477,196	412,172	65,024
Security program	900,970	911,095	896,285	14,810
Transportation program	10,660,239	9,992,397	9,957,284	35,113
Total support services	65,904,050	65,323,920	63,142,221	2,181,699

	Budgeted Amounts			Variance with
	Original	Final	Actual	Positive
Expenditures (Continued)				
Non-instructional	189,810	189,810	211,569	(21,759)
Community program	224,747	224,072	158,655	65,417
Debt service program				
Principal	635,000	635,000	635,000	-
Interest and agent fees	56,238	56,238	56,187	51
Total expenditures	184,671,421	183,045,494	178,922,341	4,123,153
Excess (deficiency) of revenue over expenditures	(6,323,760)	(4,966,943)	1,068,873	6,035,816
Other financing sources (uses)				
Net interfund transfer	1,004,830	374,906	488,907	114,001
Unrealized loss on investments	-	-	4,170	4,170
	1,004,830	374,906	493,077	118,171
Excess (deficiency) of revenues and financing sources (uses) over expenditures and other financing sources (uses)	$ (5,318,930)	$ (4,592,037)	$ 1,561,950	$ 6,153,987

Note 1 - Basis of Budgeting

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

1. The District annually prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made (including interest and principal due on the bonded debt) and by itemizing and classifying the proposed expenditures by department, fund or service as nearly as may be practicable. To support such proposed expenditures, the District prepares an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared and classifies such receipts by source as nearly as may be possible and practicable.

2. The proposed budget is published in the local newspaper.

3. A public hearing is conducted to obtain citizen comments.

4. The budget is formally adopted through approval by the Board of Trustees and published in the local newspaper.

5. The District may, after school starts and actual enrollment figures are known, amend the budget using the same procedure that was used in adopting the original budget. A budget may be amended downward in any instance. However, amendment to a greater amount than adopted can only happen if the District receives additional revenues in that fiscal year as a result of an increase in non-property tax related receipts. Once the change is justified, the process for formal adoption is as described above. The original budget was amended for the fiscal year ended June 30, 2015.

6. Formal budgetary integration is employed as a management control device during the year for all funds. Legal budgetary control is established based upon total revenues and expenditures.

7. Budget for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The level of control (level at which expenditures may not exceed budget) is the fund.

All annual appropriations lapse at fiscal year-end.

Other Financial Information
June 30, 2015

Joint School District No. 2

	Beginning Balance June 30, 2014	Receipts	Expenditures	Ending Balance June 30, 2015
Assets				
Cash				
Meridian High School	$ 141,649	$ 1,001,001	$ 966,868	$ 175,782
Centennial High School	44,895	963,318	986,773	21,440
Eagle High School	63,215	1,137,695	1,195,147	5,763
Mountain View High School	83,612	1,196,912	1,273,015	7,509
Rocky Mountain High School	239,636	1,407,450	1,454,122	192,964
Renaissance High School	116,870	340,978	313,564	144,284
Meridian Middle School	4,730	185,142	184,925	4,947
Lowell Scott Middle School	11,833	238,518	240,894	9,457
Lake Hazel Middle School	13,699	199,674	208,120	5,253
Eagle Middle School	29,672	232,803	252,847	9,628
Lewis and Clark Middle School	24,710	152,178	146,662	30,226
Sawtooth Middle School	10,634	165,760	173,294	3,100
Heritage Middle School	14,177	203,671	217,250	598
Academies	73,055	129,079	141,028	61,106
Elementary Schools	845,174	2,507,570	2,490,667	862,077
Total cash	1,717,561	10,061,749	10,245,176	1,534,134
Investments				
Meridian High School	89,693	153	-	89,846
Centennial High School	252,590	348	-	252,938
Eagle High School	319,136	439	15,000	304,575
Mountain View High School	347,768	95,503	-	443,271
Rocky Mountain High School	96,714	100,176	-	196,890
Meridian Middle School	63,004	78	5,000	58,082
Lowell Scott Middle School	94,361	112	14,000	80,473
Lake Hazel Middle School	75,749	104	5,000	70,853
Eagle Middle School	87,309	140	5,000	82,449
Lewis and Clark Middle School	62,777	86	-	62,863
Sawtooth Middle School	67,959	87	5,000	63,046
Heritage Middle School	35,339	13,057	7,000	41,396
Total investments	1,592,399	210,283	56,000	1,746,682
Total assets	$ 3,309,960	$ 10,272,032	$ 10,301,176	$ 3,280,816

	Beginning Balance June 30, 2014	Receipts	Expenditures	Ending Balance June 30, 2015
Liabilities				
Accounts payable				
Meridian High School	$ 1,971	$ 21,571	$ 22,212	$ 1,330
Centennial High School	6,360	16,861	19,898	3,323
Eagle High School	7,967	34,095	32,932	9,130
Mountain View High School	23,160	30,118	28,815	24,463
Rocky Mountain High School	4,298	27,144	15,307	16,135
Renaissance High School	8,145	20,082	5,327	22,900
Meridian Middle School	3,691	58,199	57,922	3,968
Lowell Scott Middle School	6,866	3,090	9,934	22
Lake Hazel Middle School	6,016	18,820	18,043	6,793
Eagle Middle School	2,158	8,881	7,671	3,368
Lewis and Clark Middle School	1,424	3,922	4,891	455
Sawtooth Middle School	6,654	50,440	52,953	4,141
Heritage Middle School	3,841	31,988	34,539	1,290
Total accounts payable	82,551	325,211	310,444	97,318
Due to student groups				
Meridian High School	229,368	975,531	940,600	264,299
Centennial High School	291,125	942,383	962,453	271,055
Eagle High School	374,384	1,088,419	1,161,595	301,208
Mountain View High School	408,220	1,150,139	1,132,042	426,317
Rocky Mountain High School	332,052	1,379,168	1,337,501	373,719
Renaissance High School	108,725	335,695	323,036	121,384
Meridian Middle School	64,043	133,315	138,297	59,061
Lowell Scott Middle School	99,329	221,540	230,961	89,908
Lake Hazel Middle School	83,431	186,699	200,818	69,312
Eagle Middle School	114,823	218,166	244,280	88,709
Lewis and Clark Middle School	86,064	148,341	141,771	92,634
Sawtooth Middle School	71,941	108,712	118,648	62,005
Heritage Middle School	45,675	179,946	184,917	40,704
Academy Schools	73,055	129,079	141,028	61,106
Elementary Schools	845,174	2,507,570	2,490,667	862,077
Total due to student groups	3,227,409	9,704,703	9,748,614	3,183,498
Total liabilities	$ 3,309,960	$ 10,029,914	$ 10,059,058	$ 3,280,816

Single Audit and Government Auditing Standards Information
June 30, 2015

Joint School District No. 2

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
Joint School District No. 2
Meridian, 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 the Joint School District No. 2 (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 13, 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 District'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
October 13, 2015

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

To the Board of Trustees
Joint School District No. 2
Meridian, Idaho

Report on Compliance for the Major Federal Program

We have audited the Joint School District No. 2's (the District) 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 the of the District's major federal programs for the year ended June 30, 2015. The District's major federal program is 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 the of the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

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Report on Internal Control Over Compliance

Management of the District 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

Eide Bailly LLP

Boise, Idaho
October 13, 2015

Program Title	Pass through Number	Federal CFDA Number	Expenditures
U.S. Department of Agriculture			
Passed Through State Department of Agriculture			
National School Lunch Program	2013IN109947	10.555	$ 3,947,340
Commodities		10.555	659,900
School Breakfast Program	2014IN109947	10.553	821,607
Summer Food Service Program	2013IN109947	10.559	107,812
Special Milk Program	2013IN109947	10.556	43,945
Child Nutrition Cluster			5,580,604
Fresh Fruits and Vegetables	2013IL160347	10.582	22,357
			22,357
Total U.S. Department of Education			5,602,961
U.S. Department of Education			
Passed Through State Department of Education			
Title I Local Program	S010A110012	84.010	3,763,441
Title VI-B *	H027A120088	84.027	5,406,686
Title VI-B Preschool *	H173A130030	84.173	190,732
Education of Homeless	S196A120013	84.196	31,763
Emergency Immigrant Education	S365A120012	84.365	166,199
Title II Teacher Quality	S367A120011	84.367	559,839
Titile IV 21st Century CLC	S287C120012	84.287	128,316
Passed Through Idaho Division of Vocational			
Technical Education Carl Perkins	V048A110012	84.048	303,753
Total U.S. Department of Education			10,550,729
U.S. Department of Health and Human Services			
Passed Through State Department of Health and Welfare			
Refugee Grant	S19A100013	93.576	9,292
Total U.S. Department of Health and Human Services			9,292
Other Federal Financial Assistance			
Passed Through Idaho Commission for Libraries			
State Library Program	LS-00-13-0013-13	45.310	2,500
Total Other Federal Financial Assistance			2,500
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 16,165,482

* Title VI-B - Cluster

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the District, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The District received federal awards both directly from federal agencies and indirectly through pass-through entities.

Note 2 - Significant Accounting Policies

Governmental fund types account for the District's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The District's summary of significant accounting policies is presented in Note 1 in the District's basic financial statements.

Note 3 - Food Donation

Nonmonetary assistance is reported in the SEFA at the fair market value of the commodities received and disbursed.

Section I - Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weakness identified?	No
Significant deficiency	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No
Identification of major program:	
CFDA number	Name of Federal Program or Cluster
10.555, 10.553, 10.559, 10.556	Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs	$484,964
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

No prior year findings.