

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

FINANCIAL STATEMENTS

Year Ended June 30, 2011

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Table of Contents

	<u>PAGE (S)</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-2
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Assets.....	3
Statement of Activities.....	4
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	5-7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	8-10
Statement of Fiduciary Net Assets.....	11
Statement of Changes in Fiduciary Net Assets.....	12
Notes to Financial Statements.....	13-21
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Budgetary Comparison Schedule – General and Major Special Revenue Funds.....	22-23
<u>SUPPLEMENTARY INFORMATION</u>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	24-27
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	28-31
Schedule of Expenditures of Federal Awards.....	32
<u>OTHER REPORTS AND SCHEDULES</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33-34

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Table of Contents

	<u>PAGE (S)</u>
Independent Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	35-36
Schedule of Findings and Questioned Costs.....	37-38

FINANCIAL SECTION

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Independent Auditor's Report

Board of Trustees
New Plymouth School District No. 372

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Plymouth School District No. 372 (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 School as of June 30, 2011 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2011 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary information listed as required supplemental information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements as a whole. The accompanying combining fund financial statements, and the schedule of expenditures of federal awards (as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Folke CPAs, P.C.

July 19, 2011

BASIC FINANCIAL STATEMENTS

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Statement of Net Assets

June 30, 2011

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	\$566,001
Receivables:	
Local Sources	183,278
State Sources	566,852
Federal Sources	123,980
Inventory	26,680
Total Current Assets	<u>1,466,791</u>
Noncurrent Assets	
Nondepreciable Capital Assets	623,121
Depreciable Net Capital Assets	4,531,443
Total Noncurrent Assets	<u>5,154,564</u>
Total Assets	<u><u>\$6,621,355</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$0
Salaries & Benefits Payable	707,815
Deferred Revenue	17,146
Total Current Liabilities	<u>724,961</u>
Total Liabilities	<u>724,961</u>
Net Assets	
Invested in Capital Assets	5,154,564
Restricted:	
Special Programs	18,564
Debt Service	0
Capital Projects	13,820
Unrestricted	709,446
Total Net Assets	<u>5,896,394</u>
Total Liabilities and Net Assets	<u><u>\$6,621,355</u></u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Statement of Activities
Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue And Changes in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	
Governmental Activities				
Instructional Programs				
Elementary School	\$1,469,952		\$191,594	(\$1,278,358)
Secondary School	1,575,200		69,449	(1,505,751)
Exceptional Child	385,539		220,543	(164,996)
Preschool Exceptional	73,116		12,721	(60,395)
Gifted & Talented	0			0
School Activity	179,290			(179,290)
Summer School	1,211		1,211	0
Support Service Programs				
Attendance - Guidance - Health	273,869		12,868	(261,001)
Special Services	82,902		50,479	(32,423)
Instructional Improvement	194,921		212,345	17,424
Educational Media	93,628			(93,628)
District Administration	309,134			(309,134)
School Administration	355,578			(355,578)
Buildings - Care	527,524			(527,524)
Maintenance - Non-Student Occupied	0			0
Maintenance - Student Occupied	143,389			(143,389)
Security	0			0
Pupil-To-School Transportation	315,610			(315,610)
Pupil-Activity Transportation	18,834			(18,834)
Non-Instructional Programs				
Child Nutrition	391,056	\$74,268	308,085	(8,703)
Community Services	4,969		4,969	0
Capital Assets - Student Occupied	359,948			(359,948)
Capital Assets - Non-Student Occupied	0			0
Debt Service - Principal	0			0
Debt Service - Interest	1,901			(1,901)
Total	<u>\$6,757,571</u>	<u>\$74,268</u>	<u>\$1,084,264</u>	<u>\$0</u>
General Revenues				
Local Taxes				412,214
Other Local Revenues				88,553
State Revenues				4,973,448
Federal Revenues				32,780
Total				<u>5,506,995</u>
Change in Net Assets				(92,044)
Net Assets - Beginning				<u>5,988,438</u>
Net Assets - Ending				<u>\$5,896,394</u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Balance Sheet - Governmental Funds

June 30, 2011

	General Fund	Child Nutrition Fund	Debt Service Fund	Other Governmental Funds
Assets				
Cash & Investments	\$495,008	\$20,316		\$50,677
Receivables:				
Local Sources	172,117			11,161
State Sources	556,853			9,999
Federal Sources		19,846		104,134
Due From Other Funds	77,705			0
Inventory		26,680		0
Total Assets	<u>\$1,301,683</u>	<u>\$66,842</u>	<u>\$0</u>	<u>\$175,971</u>
Liabilities				
Accounts Payable				\$0
Due To Other Funds				77,705
Salaries & Benefits Payable	\$627,791	\$21,598		58,426
Deferred Revenue	243,809			26,020
Total Liabilities	<u>871,600</u>	<u>21,598</u>	<u>\$0</u>	<u>162,151</u>
Fund Balances				
Restricted:				
Special Programs		18,564		0
Debt Service				0
Capital Projects				13,820
Nonspendable		26,680		0
Unassigned	430,083			0
Total Fund Balances	<u>430,083</u>	<u>45,244</u>	<u>0</u>	<u>13,820</u>
Total Liabilities and Fund Balances	<u>\$1,301,683</u>	<u>\$66,842</u>	<u>\$0</u>	<u>\$175,971</u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Balance Sheet - Governmental Funds

June 30, 2011

	Total Governmental Funds
Assets	
Cash & Investments	\$566,001
Receivables:	
Local Sources	183,278
State Sources	566,852
Federal Sources	123,980
Due From Other Funds	77,705
Inventory	26,680
Total Assets	<u><u>\$1,544,496</u></u>
Liabilities	
Accounts Payable	\$0
Due To Other Funds	77,705
Salaries & Benefits Payable	707,815
Deferred Revenue	269,829
Total Liabilities	<u><u>1,055,349</u></u>
Fund Balances	
Restricted:	
Special Programs	18,564
Debt Service	0
Capital Projects	13,820
Nonspendable	26,680
Unassigned	430,083
Total Fund Balances	<u><u>489,147</u></u>
Total Liabilities and Fund Balances	<u><u>\$1,544,496</u></u>

Balance Sheet - Governmental Funds

June 30, 2011

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities**Total Governmental Fund Balances** \$489,147

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 5,154,564

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 252,683

Net Assets of Governmental Activities \$5,896,394

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2011

	General Fund	Child Nutrition Fund	Debt Service Fund	Other Governmental Funds
Revenues				
Local Taxes	\$400,883		\$18,898	\$0
Other Local Revenue	80,963	\$74,268	6,122	1,468
State Revenue	4,994,199			33,330
Federal Revenue	32,780	314,355		736,579
Total Revenues	5,508,825	388,623	25,020	771,377
Expenditures				
Instructional Programs				
Elementary School	1,278,358			191,594
Secondary School	1,505,751			69,449
Exceptional Child	164,996			220,543
Preschool Exceptional	60,395			12,721
Gifted & Talented				0
School Activity	179,290			0
Summer School				1,211
Support Service Programs				
Attendance - Guidance - Health	261,001			12,868
Special Services	32,423			50,479
Instructional Improvement	37,237			203,559
Educational Media	93,628			0
District Administration	309,134			0
School Administration	355,578			0
Buildings - Care	527,524			0
Maintenance - Non-Student Occupied				0
Maintenance - Student Occupied	143,389			0
Security				0
Pupil-To-School Transportation	286,351			0
Pupil-Activity Transportation	18,834			0
Non-Instructional Programs				
Child Nutrition	8,703	382,353		0
Community Services				4,969
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Debt Service - Principal			365,000	0
Debt Service - Interest			11,406	0
Total Expenditures	5,262,592	382,353	376,406	767,393
Excess (Deficiency) of Revenues Over Expenditures	246,233	6,270	(351,386)	3,984
Other Financing Sources (Uses)				
Transfers In	14,051	0	0	19,242
Transfers Out	(5,422)	(9,036)	(13,820)	(5,015)
Total Other Financing Sources (Uses)	8,629	(9,036)	(13,820)	14,227
Net Change in Fund Balances	254,862	(2,766)	(365,206)	18,211
Fund Balances - Beginning	175,221	48,010	365,206	(4,391)
Fund Balances - Ending	\$430,083	\$45,244	\$0	\$13,820

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2011

	<u>Total Governmental Funds</u>
Revenues	
Local Taxes	\$419,781
Other Local Revenue	162,821
State Revenue	5,027,529
Federal Revenue	1,083,714
Total Revenues	<u>6,693,845</u>
Expenditures	
Instructional Programs	
Elementary School	1,469,952
Secondary School	1,575,200
Exceptional Child	385,539
Preschool Exceptional	73,116
Gifted & Talented	0
School Activity	179,290
Summer School	1,211
Support Service Programs	
Attendance - Guidance - Health	273,869
Special Services	82,902
Instructional Improvement	240,796
Educational Media	93,628
District Administration	309,134
School Administration	355,578
Buildings - Care	527,524
Maintenance - Non-Student Occupied	0
Maintenance - Student Occupied	143,389
Security	0
Pupil-To-School Transportation	286,351
Pupil-Activity Transportation	18,834
Non-Instructional Programs	
Child Nutrition	391,056
Community Services	4,969
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
Debt Service - Principal	365,000
Debt Service - Interest	11,406
Total Expenditures	<u>6,788,744</u>
Excess (Deficiency) of Revenues Over Expenditures	(94,899)
Other Financing Sources (Uses)	
Transfers In	33,293
Transfers Out	(33,293)
Total Other Financing Sources (Uses)	<u>0</u>
Net Change in Fund Balances	(94,899)
Fund Balances - Beginning	<u>584,046</u>
Fund Balances - Ending	<u><u>\$489,147</u></u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2011

Page 3 of 3

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities**

Net Change in Fund Balances - Total Governmental Funds (\$94,899)

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays 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 excess of capital outlays over (under) depreciation expense in the current period. (343,332)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (28,318)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets. 365,000

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 9,505

Change in Net Assets of Governmental Activities (\$92,044)

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Statement of Fiduciary Net Assets

June 30, 2011

	Private Purpose Trust Funds - Scholarship	Agency Funds - Student Activity	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash & Investments	\$75,305	\$101,341	\$176,646
Total Assets	<u>\$75,305</u>	<u>\$101,341</u>	<u>\$176,646</u>
Liabilities			
Due to Student Groups		\$101,341	\$101,341
Total Liabilities	<u>\$0</u>	<u>101,341</u>	<u>101,341</u>
Net Assets			
Restricted:			
Scholarships	75,305		75,305
Total Net Assets	<u>75,305</u>	<u>0</u>	<u>75,305</u>
Total Liabilities and Net Assets	<u>\$75,305</u>	<u>\$101,341</u>	<u>\$176,646</u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Statement of Changes in Fiduciary Net Assets

Year Ended June 30, 2011

	<u>Private Purpose Trust Funds - Scholarship</u>
Additions	
Contributions	
Investment Income	\$218
Total Additions	<u>218</u>
Deductions	
Scholarships Awarded	1,000
Total Deductions	<u>1,000</u>
Change in Net Assets	(782)
Net Assets - Beginning	76,087
Net Assets - Ending	<u><u>\$75,305</u></u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – New Plymouth School District No. 372 (the School) provides public school educational services as authorized by Section 33 of Idaho Code. The School's boundaries for taxing and school enrollment purposes are located within Payette County.

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to school districts. The significant accounting policies of the School are described below.

Basic Financial Statements - Government-Wide Statements – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net assets, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School's net assets may be reported in three parts - invested in capital assets, net of related debt (when related debt exists), restricted net assets, and unrestricted net assets. The School first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net assets resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Notes to Financial Statements

for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures/expenses of the funds) for the determination of major funds. Major governmental funds of the School include:

General Fund – The general fund is the School’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

Debt Service Fund – The debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on long term debt.

Fiduciary funds of the School include:

Private Purpose Trust Funds – Private purpose trust funds are used to account for the assets, and related income producing and disbursement activities, for which the School acts as a scholarship trustee.

Agency Funds – Agency funds are used to account for assets held by the School on behalf of students.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide financial statements are presented on the accrual basis of accounting and are required to follow both governmental accounting standards board pronouncements and financial accounting standards board pronouncements issued through November 30, 1989. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Notes to Financial Statements

The School may report deferred revenue on its financial statements. For the fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the revenue is recognized. For both the government-wide and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are reported as deferred revenue.

Cash and Investments – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds in proportion to each fund's respective investment balance. Investments include monies invested in the local government investment pool and are stated at fair value using either quoted market prices or best available estimate. The reported value of the local government investment pool is materially the same as the fair value of its shares.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at cost using the first-in, first-out method.

Capital Assets and Depreciation – Significant capital asset acquisitions with an original cost of \$5,000 or more are recorded at cost if purchased or fair value if contributed. Minor repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method, except for certain transportation vehicles which use the declining balance method.

Compensated Absences and Post-Retirement Benefits – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded. Government accounting standards board statement 45 requires employers to accrue future estimated post-retirement benefits on the employer's government-wide financial statements when such benefits are deemed material to the employer. The future estimated post-retirement benefits are deemed immaterial to the School, and accordingly, are not reflected on the government-wide financial statements.

Net Assets – Net assets is the difference between assets and liabilities. Net assets invested in capital assets - net of related debt, are capital assets net of accumulated depreciation and reduced by any outstanding debt related to the financing of those assets. Restricted net assets are net assets less related debt that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net assets are reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that are not expected to be converted into cash. Committed portions

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Notes to Financial Statements

represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Assigned fund balance classifications are not actively used by the entity. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources.

Property Taxes – The School is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning concentrations of credit risk.

Risk Management – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Nonmonetary Transactions – Items received via food commodities programs are recognized at their stated fair market value.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Notes to Financial Statements

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

Cash - On Hand	\$100
Cash - Deposits	133,971
Investments - Local Government Investment Pool	608,576
Total	<u><u>\$742,647</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$133,971 and the bank balances were \$224,348. The bank balances were insured.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. Government accounting standards board statement 40 requires government entities to disclose credit quality ratings, concentration of credit risk, and interest rate risk on investment balances. Investments in the local government investment pool are, due to their nature, not required to be rated in terms of credit quality, and are excluded from the other disclosure requirements. These investments include insured or registered investments or investments for which the securities are held by the School or its agent in the School's name. Collateralized securities in the local government investment pool are held in trust by a safekeeping bank.

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Local Sources			
Local Taxes	\$172,117		\$11,161
Total	<u>\$172,117</u>		<u>\$11,161</u>
State Sources			
Foundation Program	\$126,647		
Transportation	212,249		
Special Programs	217,957	\$9,999	
Total	<u>\$556,853</u>	<u>\$9,999</u>	
Federal Sources			
Special Programs		\$123,980	
Total		<u>\$123,980</u>	

D. DEFERRED REVENUE

Deferred revenue consists of the following at year end:

<u>Description</u>	<u>Fund Financial Statements</u>	<u>Government Wide Financial Statements</u>
Property Taxes	\$40,434	
Grant Advances	17,146	\$17,146
Transportation Reimbursement	212,249	
Total	<u>\$269,829</u>	<u>\$17,146</u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Notes to Financial Statements

E. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$623,121			\$623,121
Total	<u>623,121</u>	<u>\$0</u>	<u>\$0</u>	<u>623,121</u>
Depreciable Capital Assets				
Buildings	8,810,009			8,810,009
Equipment	1,471,238	45,875		1,517,113
Transportation	779,289			779,289
Subtotal	<u>11,060,536</u>	<u>45,875</u>	<u>0</u>	<u>11,106,411</u>
Accumulated Depreciation				
Buildings	5,059,028	220,250		5,279,278
Equipment	539,225	139,698		678,923
Transportation	587,508	29,259		616,767
Subtotal	<u>6,185,761</u>	<u>389,207</u>	<u>0</u>	<u>6,574,968</u>
Total	<u>4,874,775</u>	<u>(343,332)</u>	<u>0</u>	<u>4,531,443</u>
Net Capital Assets	<u>\$5,497,896</u>	<u>(\$343,332)</u>	<u>\$0</u>	<u>\$5,154,564</u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$359,948
Pupil-To-School Transportation	29,259
Total	<u>\$389,207</u>

F. LONG-TERM DEBT

Changes in long-term debt are as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
1998 G.O. R. Bonds	\$365,000		\$365,000	\$0	
Total	<u>\$365,000</u>	<u>\$0</u>	<u>\$365,000</u>	<u>\$0</u>	<u>\$0</u>

Interest and related costs during the year amounted to \$1,901 and were charged to the debt service – interest program.

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Notes to Financial Statements

G. RETIREMENT PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available standalone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2011, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The School's employer contributions required and paid were \$459,101, \$464,902, and \$471,759, for the three years ended June 30, 2011, 2010, and 2009 respectively.

H. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	<u>Due From Fund</u>	
	<u>Governmental</u>	<u>Total</u>
<u>Due To Fund</u>		
General	\$77,705	\$77,705
Total	<u>\$77,705</u>	<u>\$77,705</u>

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Notes to Financial Statements

Interfund transfers during the year consist of the following:

Fund	Transfer In	Transfer Out	Purpose
General	\$14,051	\$5,422	Reimbursements; depreciation allowance
Child Nutrition		9,036	Reimbursements
Debt Service		13,820	Allocation
Nonmajor Governmental	19,242	5,015	Reimbursements; depreciation allowance; allocation
Total	\$33,293	\$33,293	

REQUIRED SUPPLEMENTAL INFORMATION

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2011

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance
	Original	Final		Positive (Negative)
Revenues				
Local Taxes	\$385,537	\$425,538	\$400,883	(\$24,655)
Other Local Revenue	41,000	41,000	80,963	39,963
State Revenue	4,686,317	4,665,566	4,994,199	328,633
Federal Revenue	0	0	32,780	32,780
Total Revenues	5,112,854	5,132,104	5,508,825	376,721
Expenditures				
Instructional Programs				
Elementary School	1,230,512	1,246,512	1,278,358	(31,846)
Secondary School	1,604,587	1,619,087	1,505,751	113,336
Exceptional Child	133,976	133,976	164,996	(31,020)
Preschool Exceptional	52,666	52,666	60,395	(7,729)
Gifted & Talented	0	0	0	0
School Activity	173,004	177,004	179,290	(2,286)
Summer School	0	0	0	0
Support Service Programs				
Attendance - Guidance - Health	262,295	262,383	261,001	1,382
Special Services	57,548	57,548	32,423	25,125
Instructional Improvement	2,000	2,000	37,237	(35,237)
Educational Media	95,574	96,874	93,628	3,246
District Administration	265,873	265,873	309,134	(43,261)
School Administration	310,205	310,205	355,578	(45,373)
Buildings - Care	499,864	520,986	527,524	(6,538)
Maintenance - Non-Student Occupied	0	0	0	0
Maintenance - Student Occupied	148,048	148,048	143,389	4,659
Security	0	0	0	0
Pupil-To-School Transportation	262,448	262,448	286,351	(23,903)
Pupil-Activity Transportation	15,497	15,497	18,834	(3,337)
Non-Instructional Programs				
Child Nutrition	8,500	8,500	8,703	(203)
Community Services	0	0	0	0
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	5,122,597	5,179,607	5,262,592	(82,985) *
Excess (Deficiency) of Revenues				
Over Expenditures	(9,743)	(47,503)	246,233	293,736
Other Financing Sources (Uses)				
Transfers In	15,000	15,000	14,051	(949)
Transfers Out	(5,257)	(5,422)	(5,422)	0
Total Other Financing Sources (Uses)	9,743	9,578	8,629	(949)
Net Change in Fund Balances	0	(37,925)	254,862	292,787
Fund Balances - Beginning	0	175,221	175,221	0
Fund Balances - Ending	\$0	\$137,296	\$430,083	\$292,787

*Total expenditures (over) under appropriations.

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2011

Child Nutrition Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Other Local Revenue	\$78,000	\$78,000	\$74,268	(\$3,732)
Federal Revenue	160,000	160,000	314,355	154,355
Total Revenues	238,000	238,000	388,623	150,623
Expenditures				
Non-Instructional Programs				
Child Nutrition	263,000	263,000	382,353	(119,353)
Total Expenditures	263,000	263,000	382,353	(119,353) *
Excess (Deficiency) of Revenues Over Expenditures	(25,000)	(25,000)	6,270	31,270
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	(9,036)	(9,036)
Total Other Financing Sources (Uses)	0	0	(9,036)	(9,036)
Net Change in Fund Balances	(25,000)	(25,000)	(2,766)	22,234
Fund Balances - Beginning	25,000	48,010	48,010	0
Fund Balances - Ending	\$0	\$23,010	\$45,244	\$22,234

**Total expenditures (over) under appropriations.*

SUPPLEMENTARY INFORMATION

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds			
	Professional Technical	Technology	Title I-A ESEA IBP	Title I-C ESEA EMC
Assets				
Cash & Investments				\$1,681
Receivables:				
Local Sources				
State Sources	\$9,999			
Federal Sources			\$64,442	
Due From Other Funds				
Inventory				
Total Assets	\$9,999	\$0	\$64,442	\$1,681
Liabilities				
Accounts Payable				
Due To Other Funds	\$9,999		\$38,168	
Salaries & Benefits Payable			21,327	\$1,681
Deferred Revenue			4,947	
Total Liabilities	9,999	\$0	64,442	1,681
Fund Balances				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Fund Balances	\$9,999	\$0	\$64,442	\$1,681

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds			
	Special Educ. IDEA Part B	Special Educ. IDEA Preschool	Perkins III Professional Technical Act	Title II-A Improving Teacher Quality
Assets				
Cash & Investments	\$32,510	\$2,908		
Receivables:				
Local Sources				
State Sources				
Federal Sources			\$29,538	
Due From Other Funds				
Inventory				
Total Assets	<u>\$32,510</u>	<u>\$2,908</u>	<u>\$29,538</u>	<u>\$0</u>
Liabilities				
Accounts Payable				
Due To Other Funds			\$29,538	
Salaries & Benefits Payable	\$32,510	\$2,908		
Deferred Revenue				
Total Liabilities	<u>32,510</u>	<u>2,908</u>	<u>29,538</u>	<u>\$0</u>
Fund Balances				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$32,510</u>	<u>\$2,908</u>	<u>\$29,538</u>	<u>\$0</u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2011

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	
	<u>Title IV-A</u>	<u>Title II-D</u>	<u>Plant</u>	<u>Bus</u>
	<u>ESEA</u>	<u>ESEA</u>		
	<u>S&DFS/C</u>	<u>Technology</u>	<u>Facilities</u>	<u>Depreciation</u>
Assets				
Cash & Investments		\$2,045	\$11,533	
Receivables:				
Local Sources			11,161	
State Sources				
Federal Sources		10,154		
Due From Other Funds				
Inventory				
Total Assets	<u>\$0</u>	<u>\$12,199</u>	<u>\$22,694</u>	<u>\$0</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable				
Deferred Revenue		\$12,199	\$8,874	
Total Liabilities	<u>\$0</u>	<u>12,199</u>	<u>8,874</u>	<u>\$0</u>
Fund Balances				
Restricted:				
Special Programs				
Debt Service				
Capital Projects			13,820	
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>13,820</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$0</u>	<u>\$12,199</u>	<u>\$22,694</u>	<u>\$0</u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2011

	Total
Assets	
Cash & Investments	\$50,677
Receivables:	
Local Sources	11,161
State Sources	9,999
Federal Sources	104,134
Due From Other Funds	0
Inventory	0
Total Assets	\$175,971
 Liabilities	
Accounts Payable	\$0
Due To Other Funds	77,705
Salaries & Benefits Payable	58,426
Deferred Revenue	26,020
Total Liabilities	162,151
 Fund Balances	
Restricted:	
Special Programs	0
Debt Service	0
Capital Projects	13,820
Nonspendable	0
Unassigned	0
Total Fund Balances	13,820
Total Liabilities and Fund Balances	\$175,971

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds			
	Professional Technical	Technology	Title I-A ESEA IBP	Title I-C ESEA EMC
Revenues				
Local Taxes				
Other Local Revenue		\$718		
State Revenue	\$33,330			
Federal Revenue			\$295,269	\$22,917
Total Revenues	<u>33,330</u>	<u>718</u>	<u>295,269</u>	<u>22,917</u>
Expenditures				
Instructional Programs				
Elementary School		595	187,197	3,802
Secondary School	33,330	1,904	4,677	
Exceptional Child				
Preschool Exceptional				
Gifted & Talented				
School Activity				
Summer School				1,211
Support Service Programs				
Attendance - Guidance - Health			309	12,559
Special Services				
Instructional Improvement			94,127	4,649
Educational Media				
District Administration				
School Administration				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services			4,539	101
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>33,330</u>	<u>2,499</u>	<u>290,849</u>	<u>22,322</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	(1,781)	4,420	595
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	(4,420)	(595)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(4,420)</u>	<u>(595)</u>
Net Change in Fund Balances	<u>0</u>	<u>(1,781)</u>	<u>0</u>	<u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>1,781</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2011

	Special Revenue Funds			
	Special Educ. IDEA Part B	Special Educ. IDEA Preschool	Perkins III Professional Technical Act	Title II-A Improving Teacher Quality
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$267,183	\$16,560	\$29,538	\$62,482
Total Revenues	<u>267,183</u>	<u>16,560</u>	<u>29,538</u>	<u>62,482</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School			29,538	
Exceptional Child	220,543			
Preschool Exceptional		12,721		
Gifted & Talented				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Services	46,640	3,839		
Instructional Improvement				62,482
Educational Media				
District Administration				
School Administration				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>267,183</u>	<u>16,560</u>	<u>29,538</u>	<u>62,482</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds		Capital Projects Funds	
	Title IV-A	Title II-D	Plant Facilities	Bus Depreciation
	ESEA S&DFS/C	ESEA Technology		
Revenues				
Local Taxes				
Other Local Revenue				\$750
State Revenue				
Federal Revenue	\$329	\$42,301		
Total Revenues	329	42,301	\$0	750
Expenditures				
Instructional Programs				
Elementary School				
Secondary School				
Exceptional Child				
Preschool Exceptional				
Gifted & Talented				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement		42,301		
Educational Media				
District Administration				
School Administration				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services	329			
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	329	42,301	0	0
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	750
Other Financing Sources (Uses)				
Transfers In	0	0	13,820	5,422
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	13,820	5,422
Net Change in Fund Balances	0	0	13,820	6,172
Fund Balances - Beginning	0	0	0	(6,172)
Fund Balances - Ending	\$0	\$0	\$13,820	\$0

NEW PLYMOUTH SCHOOL DISTRICT NO. 372
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2011

	Total
Revenues	
Local Taxes	\$0
Other Local Revenue	1,468
State Revenue	33,330
Federal Revenue	736,579
Total Revenues	771,377
Expenditures	
Instructional Programs	
Elementary School	191,594
Secondary School	69,449
Exceptional Child	220,543
Preschool Exceptional	12,721
Gifted & Talented	0
School Activity	0
Summer School	1,211
Support Service Programs	
Attendance - Guidance - Health	12,868
Special Services	50,479
Instructional Improvement	203,559
Educational Media	0
District Administration	0
School Administration	0
Buildings - Care	0
Maintenance - Non-Student Occupied	0
Maintenance - Student Occupied	0
Security	0
Pupil-To-School Transportation	0
Pupil-Activity Transportation	0
Non-Instructional Programs	
Child Nutrition	0
Community Services	4,969
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
Debt Service - Principal	0
Debt Service - Interest	0
Total Expenditures	767,393
Excess (Deficiency) of Revenues	
Over Expenditures	3,984
Other Financing Sources (Uses)	
Transfers In	19,242
Transfers Out	(5,015)
Total Other Financing Sources (Uses)	14,227
Net Change in Fund Balances	18,211
Fund Balances - Beginning	(4,391)
Fund Balances - Ending	\$13,820

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture			
<i>Passed Through Idaho Dept of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	10.553	\$89,949
ARRA - National School Lunch Program	10.555	10.555	204,560
Summer Food Service Program for Children	10.559	10.559	19,846
Total Child Nutrition Cluster			<u>314,355</u>
Total US Dept of Agriculture			<u>314,355</u>
US Dept of Education			
<i>Passed Through Idaho Dept of Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	84.010	212,828
ARRA - Title I Grants to Local Educational Agencies	84.389	84.389	82,441
Total Title I, Part A Cluster			<u>295,269</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	84.027	179,542
Special Education - Preschool Grants	84.173	84.173	12,721
ARRA - Special Education - Grants to States	84.391	84.391	87,641
ARRA - Special Education - Preschool Grants	84.392	84.392	3,839
Total Special Education Cluster			<u>283,743</u>
Migrant Education - State Grant Program	84.011	84.011	22,917
Career & Technical Education - Basic Grants to States	84.048	84.048	29,538
Safe & Drug-Free Schools & Communities - State Grants	84.186	84.186	329
Improving Teacher Quality State Grants	84.367	84.367	62,482
ARRA - Education Technology State Grants	84.386	84.386	42,301
Education Jobs Fund	84.410	84.410	32,780
Total US Dept of Education			<u>769,359</u>
Total Expenditures of Federal Awards			<u>\$1,083,714</u>

NOTES:

Basis of Presentation - This schedule includes the federal grant activity of the School 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Nonmonetary Assistance - Included in the National School Lunch Program award is USDA food commodities stated at a fair market value of \$31,227.

OTHER REPORTS AND SCHEDULES

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Trustees
New Plymouth School District No. 372

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Plymouth School District No. 372 (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated July 19, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as B-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Folke CPAs, P.C.

July 19, 2011

**Independent Auditor's Report on Compliance With Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

Board of Trustees
New Plymouth School District No. 372

Compliance

We have audited New Plymouth School District No. 372's (the School's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2011. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

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. 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 School'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. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose

of expressing our opinion on compliance 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 School's internal control over compliance.

A deficiency in internal control over compliance 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, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the management, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Folke CPAs, P.C.

July 19, 2011

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the School.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*. The deficiency is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the School were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133. Due to additional monitoring and other oversight by the board, management, and others, the significant deficiency relating to segregation of duties does not extend to, or include, major federal programs.
5. The auditor's report on compliance for the major federal award programs for the School expresses an unqualified opinion on all major federal programs.
6. Audit findings, if any, that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in part C. of this schedule.
7. The programs tested as major programs include:
 - a. Child Nutrition Cluster – CFDA #10.553, 10.555, 10.559
 - b. Title I, Part A Cluster – CFDA #84.010, 84.389
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. The School did not qualify as a low-risk auditee.

NEW PLYMOUTH SCHOOL DISTRICT NO. 372

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Significant Deficiency

1. *Segregation of Duties*

Condition – Although the School has implemented various checks and balances in internal control to the degree possible given available staff, it does not have a complete segregation of duties over assets.

Criteria – Inherent in an ideal internal control structure is a complete segregation of duties over assets.

Cause – This situation is due to staffing limitations common to an entity this size.

Effect – The lack of a complete segregation of duties may increase the risk that a loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation and Response – It is requested that the School take note that this situation exists. Management has taken steps to improve in this area insofar as is possible with an entity this size. However, substantial changes cannot be expected until the benefits are deemed to outweigh the costs of hiring additional staff.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.