



Comprehensive Annual Financial Report for Piute County School District

*500 North Main
Junction, UT 84740
(435) 577-2912*

For Fiscal Year Ended June 30, 2015

Board of Education

Erin Jensen: Board President
Marty Morgan: Board Vice-President
Rickey Dalton: Board Member
Joyce Sudweeks: Board Member
Teresa Morgan: Board member
Superintendent: Shane Erickson
Business Administrator: Koby Willis

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Introductory Section

Pages 1 - 7

Letter of Transmittal:1-4
This executive letter is a narrative introduction to the report. The letter describes the profile of the district, major initiatives, the current economic background and relevant financial policies.

Organizational Chart:5
This chart provides a general view of the District organizational structure.

Elected and Appointed Officials:6
This list provides the names, positions and terms of elected and appointed officials within the District.

Precincts of the Board of Education:7
This map provides the boundaries and precinct numbers of the five precincts for members of the Board of Education in the District.

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November 30, 2015

To the Members of the Piute County School District Board of Education and the Citizens of Piute County:

We are pleased to present Piute County School District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This report is published to provide citizens, entities and other interested parties with both financial and non-financial information. This report is also intended to support the District's mission to develop responsible, productive citizens through a progressive education system that emphasizes self-worth and expectations of social and academic excellence while preserving community values.

Utah law requires that Piute County School District (the District) publish within 5 months of the close of each fiscal year a complete set of financial statements. These statements are to be presented in conformity with generally accepted accounting principals (GAAP) in the United States of America, and are audited by a licensed firm of certified public accountants 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 of the United States.

Internal Controls

Management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a framework of internal controls to protect the District's assets from loss, theft, or misused to compile sufficiently reliable information for the preparation of the District's financial statements in conformity with GAAP.

The cost of internal controls should not outweigh their benefits, and consequently, the District's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit

Gilbert & Stewart, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the year ended June 30, 2015, are free of material misstatement.

The independent auditor's report can be found as the first component of the *Financial Section* of this CAFR. The independent audit of the the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards

governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of the Office of Management and Budget authoritative standards governing Single Audit engagements. These reports are available in the compliance section of this report.

District Profile

Piute County School District is one of 41 school districts in the state of Utah. Student enrollment for the 2014-2015 school year was 302. The district provides educational services for those within the boundaries of the district's schools. As of June 2015 Piute County School District services a 7 -12 high school and two K - 6 elementary schools.

The district also offers several educational alternatives outside the traditional school setting. These alternatives include preschool training at both elementary schools, an adult education program, a comprehensive career and technical education program and concurrent enrollment classes that allow students to earn both high school and college credits. The district offers a music program and special education program at all three schools. In addition, the district offers a variety of other programs both extra curricular and curriculum related.

Piute County School District is a legally spirit entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The district is fiscally independent. Policy making and legislative authority are vested in the Board of Education, which in accordance with Utah Code 20A-14-202-1a, is comprised of five members. The Board of Education represents the Piute County citizenry and is elected from precincts which have been independently determined by Piute County. A map of the precinct boundaries is included in this report, on page 7. The Board of Education is elected locally on a non-partisan basis. Board members serve four-year terms on a staggered basis.

The Board of Education is responsible, among other things, for developing policy, adopting the annual budget, levying property taxes, incurring bonded debt, and appointing both superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and overseeing the day-to-day operations of the District.

The District employs 30+ full time employees and 60+ part time employees including 28 Classroom Teachers, 4 Administrators & Directors, 5 Custodial & Maintenance, 5 Secretaries, 5 Transportation Services, 18 Paraprofessionals, 6 Child Nutrition Services, 20+ Coaches & Substitutes.

Economic Indicators

State Economy: The Utah Governor's Office of Management Budget recently reported that Utah ranks first in job growth. Between September 2014 and September 2015 Utah saw an increase of 52,000 jobs or 3.9%. The national growth over the same period was only 1.9%. Utah also recorded the 6th lowest unemployment rate of 3.6% in September 2015 beating the national rate of 5.1%.

Utah ranks 7th in the nation for population growth between 2013 and 2014 where Utah experienced growth of 1.4%. Utah's 2013 population was 2,900,872 and is projected to reach 3.3 million in 2020. For 2013 Utah ranked 13th in Median Household Income at \$59,877.

Utah received several economic recognitions in 2015 including a AAA Bond Rating, a #1 ranking as Best State For Business 2015 by Forbes, and a #1 Fundamentally Sound 2015 recognition by the U.S. Chamber of Commerce Foundation.

On October 1, 2014, there were an estimated 622,153 students in Utah's public education system; an increase of 9,602 students, or 1.6%, over October 1, 2013.

Local Economy: Between 2012 and 2013 Piute County experienced an estimated 0.6% decrease in population. In the 2010 U.S Census Piute County had a population of 1,556. In June of 2015 Piute County had a reported unemployment rate of 6.4%.

Student Enrollment

Piute County School District fall enrollment for the 2014-2015 school year was 302. That's down only 2 students from 2013-2014, and 6 students from 2012-2013.

Revenues

The District is heavily reliant of State aid with as it provided 77.6% of general fund revenue for 2014-2015. Over the past 10 years the percentage of State aid has been as high as 85.9% and as low as 73.7%. The \$3,405,951 of State aid in 2015 represents a 6.3% increase from the \$3,192,357 in 2014. That is the greatest percentage increase since 2008. Between 2009 and 2014 the average change in State aide was -0.9%.

The State's fiscal year 2015 school finance program is designed to provide every school district with a basic operation program of \$3,092 per weighted pupil unit (WPU). This amount increased from \$2,899 in 2014. The Utah State Uniform Fund was constitutionally established in 1938 and is used to allocate funding for statewide public education programs. Since 1947, all Utah taxes based on income have been required to be used for public education. In 1996, voters in Utah approved a change providing that these revenues could also be used for higher education. Additionally, a statewide property tax rate is levied to finance the Uniform School Fund and is applied against the taxable value of real and personal property.

Local property taxes were 9.8% of general fund revenue in 2015 which is down 0.7% from 2014 and 1.7% from 2013. Local property taxes were at the 10-year low in 2009. In 2010 a General Obligation bond was passed for the remodel and reconstruction of Piute High School.

Bugetary Control

The District adopts an annual budget for revenues and expenditures. This budget serves as the financial operating plan for the entire fiscal year. Revisions may be implemented during the year. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve.

Each June, the District Business Administrator submits to the board a proposed operating budget for the next fiscal year, commencing July 1st. This budget includes proposed expenditures and the means of financing them.

On or before June 22nd of each year, the Board of Education legally adopts, by resolution, its budget for the next fiscal year, after receiving taxpayer input. If the District exceed the certified tax rate, a revised budget is adopted in August through the truth-in-taxation process.

In developing it's budget, the District strives to estimate revenues and expenditures as accurately as possible. The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted revenue of a given fund.

Major Initiatives / Capital Projects

All three current school buildings were constructed during the 1960's and Piute High School underwent a significant remodel and reconstruction in 2010. Though the elementary school buildings are generally old they have been kept in good repair and District staff strives to maintain the buildings at a high level. The District continually makes needed repairs and renovations with annual reviews and requests of capital projects. Procurement of capital projects above \$50,000 are approved by the Board of Education as required by state law and District policy.

Though there were no capital projects of more than \$50,000 during the 2015 fiscal year there were a seris of smaller capital projects to Oscarson Elementary School including new carpet, replacement of half the membrane roof, two new roof top furnaces, new gymnasium lighting, and new cabinets for the teacher work room and secretaries office.

Long Term Financial Planning

The District has been successful in planning for and implementing significant budget decreases, which have occurred over the past five years. We do not expect revenues to increase significantly in the near future and subsequently continue to be conservative in all budgeting processes and inasmuch as possible, to not use one-time funding sources for on-going expenditures.

The District holds a quarterly finance and internal audit committee meeting to discuss long term and short term financial goals for the school district. The committee reviews building capital project needs and student enrollment projections to make recommendations for possible budget changes.

Acknowledgments

We would like to acknowledge school administrators, secretaries, and the many other employees in the district who play a vital role in the management, accurate processing, and timely closing of the District's financial records.

Respectfully submitted.



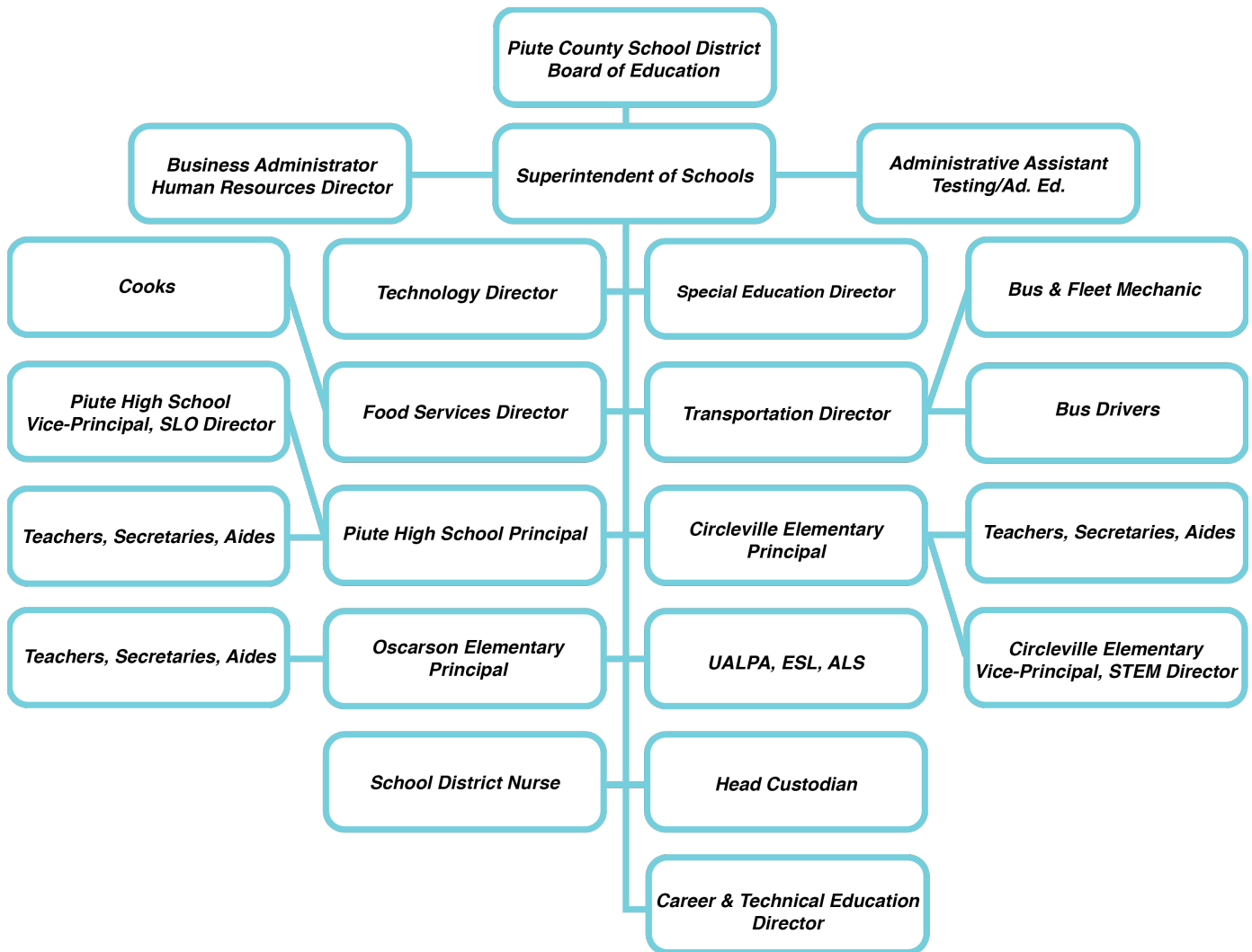
Shane Erickson, Superintendent



Koby Willis, Business Administrator



Organizational Chart



Piute County School District
Elected & Appointed Officials
 June 30, 2015

Elected Officials*

Board of Education	Current Term Start Date	Current Term End Date	Initial Appointment
Erin Jensen <i>Board President</i> Precinct #1	January 5, 2015	January 7, 2019	January 1, 2007
Teresa Morgan Precinct #2	January 5, 2015	January 7, 2019	January 5, 2015
Rick Dalton Precinct #3	January 5, 2015	January 7, 2019	January 2, 1995
Joyce Sudweeks Precinct #4	January 7, 2013	January 2, 2017	January 7, 2013
Marty Morgan <i>Board Vice-President</i> Precinct #5	January 7, 2013	January 2, 2017	January 7, 2013

Appointed Officials**

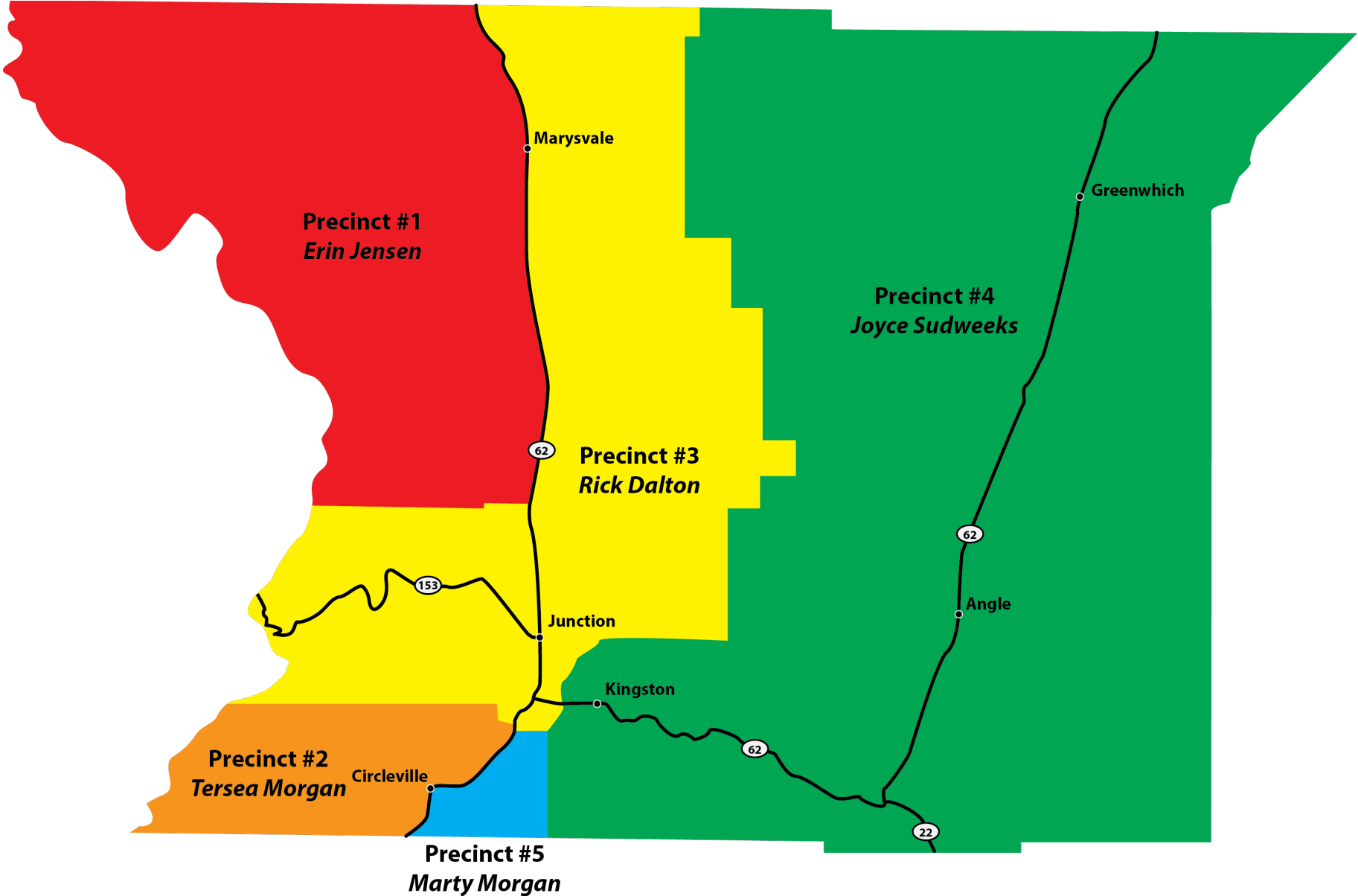
Shane Erickson <i>Superintendent</i>	July 2014	July 2016	July 2012
Koby Willis <i>Business Administrator</i>	July 2014	July 2016	July 2014

*The term of office for a board member is four years, beginning on the first Monday in January following the November election.

**The term of office of the Superintendent and Business Administrator is two years

Piute County School District

School Board Member Precincts



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Financial Section

Pages 8 - 64

Independent Auditor’s Report:8-9

This independent auditor’s report describes the audit, the nature and scope of the audit, and the auditor’s opinion.

Management’s Decision and Analysis:.....10-16

This information provides management’s explanations regarding the District’s overall financial performance throughout the fiscal year and it’s fiscal position.

The Basic Financial Statements:17-24

These financial statements provide required detailed information regarding the District’s financial performance and position.

Notes to the Basic Financial Statements:25-48

Detailed explanations to further clarify information contained in the basic financial statements.

Combining and Individual Fund Financial Statements: 49-64

These financial statements and schedules are supplementary information intended to clarify information presented in the basic financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Piute County School District
Junction, Utah

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 Piute County School District, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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 Piute County School District, as of June 30, 2015 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, in 2015, the District adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and schedules related to pensions on pages 10-16 and on pages 50-53, 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 introductory section, combining and individual nonmajor fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Introductory and statistical sections have not been subjected to the auditing procedures applied to the audit of the basic financial statements, and accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 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.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
November 23, 2015

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

As management of the Piute County School District (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2015. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the *statement of net position* and the *statement of activities*.

The *statement of net position* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 18 through 19 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories, governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, *capital projects fund*, and *debt service fund*, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund statements can be found on pages 20 to 24 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The District uses a fiduciary fund to account for resources held for other groups. Currently the District does not use this fund.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 25 to 48 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 55 to 61 of this report.

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,670,326 at June 30, 2015. Below is a summary of the District's assets, liabilities, deferred inflows of resources and net position.

PIUTE COUNTY SCHOOL DISTRICT'S NET POSTION

	Governmental Activities		Change 2015-14
	2015	2014	
Current and other assets	\$ 5,577,386	\$ 5,336,085	\$ 241,301
Capital assets	8,111,910	8,238,551	(126,641)
Total assets	<u>13,689,296</u>	<u>13,574,636</u>	<u>114,660</u>
Deferred Outflows of Resources	<u>239,068</u>	<u>184,402</u>	<u>54,666</u>
Current and other liabilities	535,948	475,548	60,400
Noncurrent liabilities	<u>7,928,905</u>	<u>7,878,205</u>	<u>50,700</u>
Total liabilities	<u>8,464,853</u>	<u>8,353,753</u>	<u>111,100</u>
Deferred Inflows of Resources	<u>793,184</u>	<u>587,312</u>	<u>205,872</u>
Net Postion:			
Net investment in capital assets	2,363,173	2,430,566	(67,393)
Restricted	2,856,479	2,158,025	698,454
Unrestricted	<u>(549,326)</u>	<u>229,381</u>	<u>(778,707)</u>
Total net postion	<u>\$ 4,670,326</u>	<u>\$ 4,817,972</u>	<u>\$ (147,646)</u>

A portion of the District's positive net position (45%) reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students and consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the District's positive net position (55%) represent resources that are subject to external restrictions on how they may be used. The remainder of net position is a negative balance. If positive, it may be used to meet the District's ongoing obligations to students, employees, and creditors. However, the unrestricted net asset amount has been earmarked for the following purposes:

- Committed to Undistributed Reserve

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

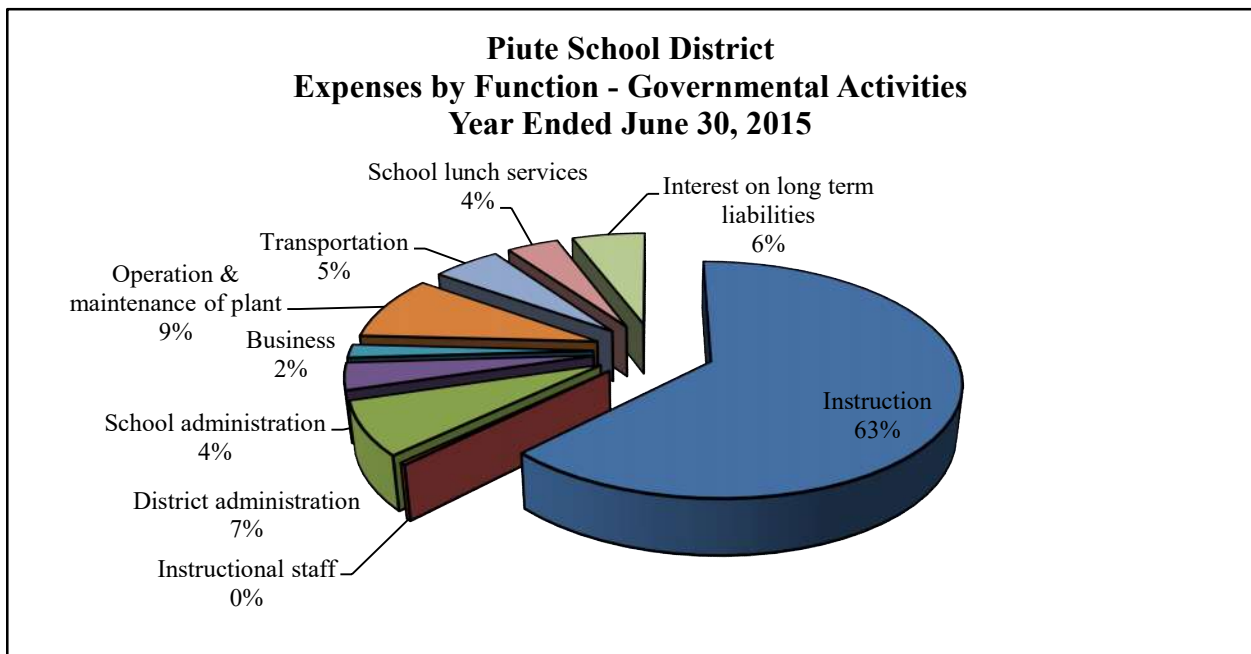
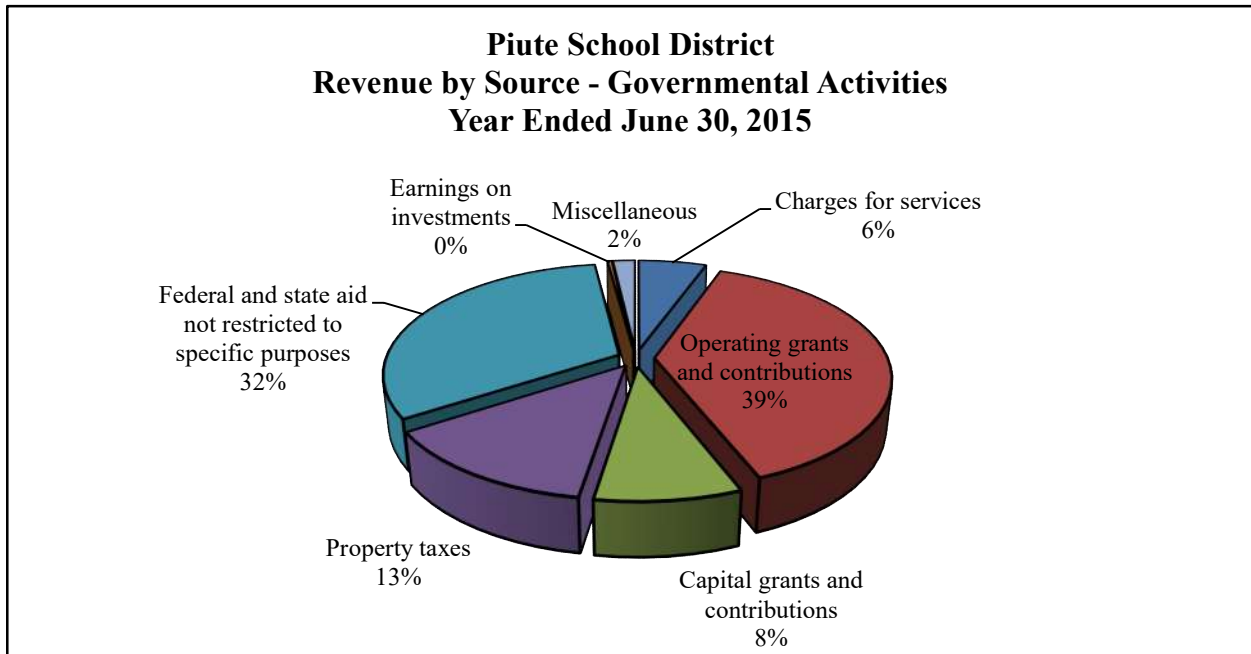
As allowed by law, the District has established an *undistributed reserve* of \$175,000 of general fund budgeted revenues within the general fund which is set aside for contingencies or possible reductions in state funding and not to be used in negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's bond rating.

As of June 30, 2015, the District is able to report positive balances in all three categories of net position, both for the District as a whole and for its separate governmental activities. The same situation held true for the prior fiscal period.

PIUTE COUNTY SCHOOL DISTRICT'S CHANGES IN NET POSTION

	Governmental Activities		Increase (Decrease)
	2015	2014	
Revenues:			
Program revenues:			
Charges for services	\$ 322,473	\$ 265,444	\$ 57,029
Operating grants and contributions	2,243,184	1,992,549	250,635
Capital grants and contributions	492,171	492,195	(24)
General Revenues:			
Property taxes	771,636	770,714	922
Federal and state aid not restricted to specific purposes	1,867,839	1,777,436	90,403
Earnings on investments	19,668	22,665	(2,997)
Miscellaneous	105,410	90,508	14,902
Total revenues	<u>5,822,381</u>	<u>5,411,511</u>	<u>410,870</u>
Expenses:			
Instruction	3,732,328	3,479,891	252,437
Support services:			
Instructional staff	19,527	9,977	9,550
District administration	443,890	415,306	28,584
School administration	222,747	219,548	3,199
Business	110,352	112,983	(2,631)
Operation & maintenance of plant	540,346	546,406	(6,060)
Transportation	317,989	356,657	(38,668)
School lunch services	241,512	245,418	(3,906)
Interest on long term liabilities	341,336	356,608	(15,272)
Total expenses	<u>5,970,027</u>	<u>5,742,794</u>	<u>227,233</u>
Changes in net position	(147,646)	(331,283)	183,637
Net position, beginning (as restated)	<u>4,817,972</u>	<u>5,149,255</u>	<u>(331,283)</u>
Net position, ending	<u>\$ 4,670,326</u>	<u>\$ 4,817,972</u>	<u>\$ (147,646)</u>

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities that are not recognized in the governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

The *general fund* is the chief operating fund of the District. At June 30, 2015, unassigned fund balance was \$1,065,751 while the total fund balance was \$1,540,876. The unassigned fund balance decreased by \$495,978 while the total fund balance decreased by \$574,324 during the fiscal year. Annual expenditures in the general fund were \$19,036 more than the final budgeted amounts, and resources available for appropriation were \$19,393 more than final budgeted amounts.

The *capital projects fund* has a total fund balance of \$612,498, of which \$612,498 is restricted for acquisition of capital assets and related expenditures. The fund balance increased by \$426,668 during the fiscal year.

The *debt service fund* has a total fund balance of \$1,837,396, all of which is reserved for the payment of debt service. The fund balance increased by \$306,127 during the fiscal year.

The *non K-12 programs special revenue fund* has a total fund balance of \$0 at the end of the year. The fund is no longer in use by the District. All previous activity in the non K-12 fund is now accounted for in the general fund.

The *school lunch special revenue fund* has a total fund balance of \$9,449. This balance is within the total allowed by state guidelines and is restricted to food service programs. The fund balance decreased by \$2,276 during the fiscal year.

The *student activity special revenue fund* has a total fund balance of \$63,930. This balance is within the total allowed by state guidelines and is restricted for student activity and other programs at the school level. The fund balance decreased during the year by \$26,034.

The *scholarship fund* has a total fund balance of \$82,514. This balance increased during the year by \$4,854.

The municipal building authority special revenue fund has an ending fund balance of \$313,758. The fund balance increased during the year by \$62,795.

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The capital projects fund is used primarily to account for costs incurred in acquiring, maintaining, and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

The primary class of capital assets used by the District to provide educational services to the public is school buildings. The District continually evaluates the cost efficiency of its buildings as part of its on-going capital improvements plan.

Capital assets at June 30, 2015 are outlined below:

**PIUTE COUNTY SCHOOL DISTRICT'S CAPITAL ASSETS
(net of accumulated depreciation)**

	2015	2014
Land	\$ 125,000	\$ 125,000
Construction in progress	-	-
Buildings & Improvements	7,419,595	7,609,312
Furniture and Equipment	567,315	504,239
	\$ 8,111,910	\$ 8,238,551

Debt Administration

The general obligation bond debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2015 was approximately \$4,440,000 while the general obligation debt at that date was \$4,435,000 resulting in a legal debt margin of approximately \$5,000.

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Piute County School District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions concerning this report or need additional financial information, please contact the Business Administrator, Piute County School District, County Courthouse, Junction, Utah 84740.

BASIC FINANCIAL STATEMENTS

PIUTE COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 3,019,300
Cash and investments-restricted	1,620,380
Receivables:	
Property taxes	683,056
Other governments	249,598
Inventories	4,275
Net pension asset	777
Capital assets:	
Land and construction in progress	125,000
Other capital assets, net of accumulated depreciation	<u>7,986,910</u>
Total assets	<u>13,689,296</u>
Deferred outflows of resources:	
Deferred outflows related to pensions	<u>239,068</u>
Liabilities:	
Accounts payable	240,883
Accrued interest	63,066
Accrued salaries	206,999
Unearned revenue:	
Other governments	-
Noncurrent liabilities:	
Due within one year	40,818
Due in more than one year	<u>7,888,087</u>
Total liabilities	<u>8,439,853</u>
Deferred inflows of resources:	
Deferred inflows related to pensions	149,878
Property taxes levied for a future year	<u>668,306</u>
Total deferred inflows of resources	<u>818,184</u>
Net Position:	
Net investment in capital assets	2,363,173
Restricted for:	
School lunch	9,449
Student activity fund	63,930
Scholarship fund	82,514
Debt service	2,088,088
Capital projects	612,498
Unrestricted	<u>(549,326)</u>
Total net position	<u>\$ 4,670,326</u>

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2015

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Instructional services	\$ 3,732,328	\$ 292,494	\$ 1,414,623	\$ 200,000	\$ (1,825,211)
Supporting services:					
Instructional staff	19,527	-	-	-	(19,527)
District administration	443,890	-	282,340	-	(161,550)
School administration	222,747	-	157,715	-	(65,032)
Central	110,352	-	-	-	(110,352)
Operation and maintenance of facilities	540,346	-	-	-	(540,346)
Transportation	317,989	-	215,294	-	(102,695)
School lunch services	241,512	29,979	173,212	-	(38,321)
Interest on long-term liabilities	341,336	-	-	292,171	(49,165)
Total school district	<u>\$ 5,970,027</u>	<u>\$ 322,473</u>	<u>\$ 2,243,184</u>	<u>\$ 492,171</u>	<u>(2,912,199)</u>
General revenues:					
Property taxes levied for:					
					430,428
					320,847
					20,361
					1,867,839
					19,668
					105,410
					<u>2,764,553</u>
					(147,646)
					<u>4,817,972</u>
					<u>\$ 4,670,326</u>

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Assets:					
Cash and investments	\$ 1,747,161	\$ 514,246	\$ 611,449	\$ 146,444	\$ 3,019,300
Cash and investments-Restricted	-	1,306,622	-	313,758	1,620,380
Receivables:					
Property taxes	406,098	259,128	17,830	-	683,056
Other governments	241,297	-	-	8,301	249,598
Other receivables	-	-	-	-	-
Inventory				4,275	4,275
Due from other funds	3,127	-	-	-	3,127
Total assets	<u>\$ 2,397,683</u>	<u>\$ 2,079,996</u>	<u>\$ 629,279</u>	<u>\$ 472,778</u>	<u>\$ 5,579,736</u>
Liabilities:					
Liabilities:					
Accounts payable	\$ 240,883	\$ -	\$ -	\$ -	\$ 240,883
Accrued salaries	206,999	-	-	-	206,999
Due to other funds	-	-	-	3,127	3,127
Unearned revenue:					
Other governments	-	-	-	-	-
Total liabilities	<u>447,882</u>	<u>-</u>	<u>-</u>	<u>3,127</u>	<u>451,009</u>
Deferred inflows of resources:					
Property taxes levied for a future year	<u>408,925</u>	<u>242,600</u>	<u>16,781</u>		<u>668,306</u>
Fund Balances:					
Non spendable:					
Inventories	-	-	-	4,275	4,275
Restricted for:					
Capital outlay	-	-	612,498	-	612,498
Food services	-	-	-	5,174	5,174
Debt service	-	1,837,396	-	313,758	2,151,154
Other	-	-	-	82,514	82,514
Committed to:					
Economic Stabalization	175,000	-	-	-	175,000
Schools	-	-	-	63,930	63,930
Assigned to:					
Program Balances	300,125	-	-	-	300,125
Unassigned:					
General fund	<u>1,065,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,065,751</u>
Total fund balances	<u>1,540,876</u>	<u>1,837,396</u>	<u>612,498</u>	<u>469,651</u>	<u>4,460,421</u>
Total liabilities and fund balances	<u>\$ 2,397,683</u>	<u>\$ 2,079,996</u>	<u>\$ 629,279</u>	<u>\$ 472,778</u>	<u>\$ 5,579,736</u>

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

June 30, 2015

Total fund balances for governmental funds \$ 4,460,421

Total net assets reported for governmental activities in the statement of net assets is different because:

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

Land	\$ 124,999	
Construction in progress	-	
Buildings and improvements, net of \$2,474,057 accumulated depreciation	7,419,595	
Furniture and equipment, net of \$1,784,419, accumulated depreciation	567,315	8,111,909

The net pension asset is not an available resource and therefore is not reported in the governmental funds. 777

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds and lease revenue bonds is \$61,511 and accrued interest for obligations under capital leases is \$1,555 (63,066)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:

Bonds payable	(5,500,000)	
Obligations under capital leases	(61,235)	
Notes payable	(187,501)	
Net pension liability	(1,599,079)	
Deferred inflows of resources pension related	(149,878)	
Deferred outflows of resources pension related	239,068	
Accrued vacation and sick leave	(108,000)	
Post employment benefits	(473,090)	(7,839,715)

Total net position of governmental activities \$ 4,670,326

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 430,428	\$ 320,847	\$ 20,361	\$ -	\$ 771,636
Earnings on investments	7,699	5,676	-	6,293	19,668
School lunch sales	-	-	-	29,979	29,979
Other local sources	100,410	-	5,000	292,494	397,904
State aid	3,405,951	-	200,000	70,131	3,676,082
Federal aid	442,812	234,879	-	249,421	927,112
Total revenues	<u>4,387,300</u>	<u>561,402</u>	<u>225,361</u>	<u>648,318</u>	<u>5,822,381</u>
Expenditures:					
Current:					
Instructional services	2,841,536	-	-	444,038	3,285,574
Supporting services:					
Instructional staff	20,979	-	-	-	20,979
District administration	434,397	-	-	-	434,397
School administration	227,914	-	-	-	227,914
Central	112,407	-	-	-	112,407
Operation and maintenance					
of facilities	505,903	-	-	-	505,903
Transportation	280,324	-	-	-	280,324
School lunch services	-	-	-	240,467	240,467
Capital outlay	-	-	189,702	-	189,702
Debt service:					
Principal retirement	38,415	-	20,833	-	59,248
Interest and fiscal charges	3,727	255,275	-	84,029	343,031
Total expenditures	<u>4,465,602</u>	<u>255,275</u>	<u>210,535</u>	<u>768,534</u>	<u>5,699,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(78,302)</u>	<u>306,127</u>	<u>14,826</u>	<u>(120,216)</u>	<u>122,435</u>
Other financing sources (uses):					
Transfers	(496,022)	-	411,842	84,180	-
Execution of a capital lease	-	-	-	-	-
Total other financing sources (uses)	<u>(496,022)</u>	<u>-</u>	<u>411,842</u>	<u>84,180</u>	<u>-</u>
Net change in fund balances	(574,324)	306,127	426,668	(36,036)	122,435
Fund balances - beginning	<u>2,115,200</u>	<u>1,531,269</u>	<u>185,830</u>	<u>505,687</u>	<u>4,337,986</u>
Fund balances - ending	<u>\$ 1,540,876</u>	<u>\$ 1,837,396</u>	<u>\$ 612,498</u>	<u>\$ 469,651</u>	<u>\$ 4,460,421</u>

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2015

Net change in fund balances-total governmental funds \$ 122,435

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 167,627	
Depreciation expense	<u>(294,268)</u>	(126,641)

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net assets.

Other financing source - proceeds from execution of a capital lease	-	
Interest expense - capital leases	1,695	
Principal payments of capital leases	<u>59,248</u>	60,943

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Interest expense - bonds		(0)
--------------------------	--	-----

In the statement of activities, certain operating expenses - compensated absences (vacations), special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, accrued sick leave decreased by \$44,910 post retirement benefits payable increased by \$394,525 and net negative pension expense was \$145,232.

(204,383)

Change in net position of governmental activities		<u><u>\$ (147,646)</u></u>
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PIUTE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 400,000	\$ 442,444	\$ 430,428	\$ (12,016)
Earnings on investments	12,000	8,500	7,699	(801)
Other local sources	62,000	85,223	100,410	15,187
State aid	3,373,784	3,380,029	3,405,951	25,922
Federal aid	298,338	451,711	442,812	(8,899)
Total revenues	<u>4,146,122</u>	<u>4,367,907</u>	<u>4,387,300</u>	<u>19,393</u>
Expenditures:				
Current:				
Instructional services	2,550,800	2,835,863	2,841,536	(5,673)
Supporting services:				
Instructional staff	23,100	19,946	20,979	(1,033)
District administration	371,000	399,759	434,397	(34,638)
School administration	212,000	215,583	227,914	(12,331)
Central	104,850	112,007	112,407	(400)
Operation and maintenance of facilities	460,700	543,937	505,903	38,034
Transportation	385,086	319,471	322,466	(2,995)
Total expenditures	<u>4,107,536</u>	<u>4,446,566</u>	<u>4,465,602</u>	<u>(19,036)</u>
Excess of revenues over expenditures	38,586	(78,659)	(78,302)	357
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
Transfer in	77,907	38,391	38,978	587
Transfer out	(40,000)	(535,000)	(535,000)	-
Net change in fund balances	(1,414)	(575,268)	(574,324)	944
Fund balances - beginning	<u>2,115,200</u>	<u>2,115,200</u>	<u>2,115,200</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,113,786</u>	<u>\$ 1,539,932</u>	<u>\$ 1,540,876</u>	<u>\$ 944</u>

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Piute County School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. 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.

- **Reporting Entity** - The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The Board establishes District policies, approves budgets, appoints a Superintendent with responsibilities for administering all educational activities of the District, and appoints a Business Administrator with responsibilities for fiscal matters. The Board is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government. As required by GAAP, these basic financial statements present the activities of the District. The District is not a component unit of any other primary government.

Government-wide and fund financial statements – The *government-wide financial statements* (i.e., the statement of net position and the statement of changes in net position) display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line.

Program revenues include 1) fees and charges paid by students and other recipients of goods or services, offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY (Continued)

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

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.
- The *debt service fund* accounts for resources (primarily taxes) accumulated and payments made for retirement of general obligation debt and for payment of associated interest and fees on that debt.

The District reports the following nonmajor special revenue funds that receive revenues which are restricted to expenditures for specified purposes:

- The *school food services fund* accounts for preparation and service of school lunches and breakfasts.
- The *non K-12 fund* accounts for preschool, adult education, recreation and other non K-12 programs.
- The *student activity fund* accounts for fees and revenues associated with student activities at the school level.
- The *scholarship fund* accounts for a perpetual scholarship fund.
- The *municipal building authority fund* is a blended component unit and is used to account for lease payments and debt payments on the lease revenue bonds.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY (Continued)

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and post-employment healthcare benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the student activities agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During June of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY (Continued)

- Copies of the proposed budget are made available for public inspection and review by the District's patrons.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the tax rates.

- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2015, have been included in the final budget approved by the Board, as presented in the financial statements. Budgets were amended at year end.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds and the internal service fund. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY (Continued)

Cash and Cash Equivalents – The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers’ Investment Fund (PTIF).

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either “due to/from other funds” (i.e., current portion of interfund loans) or “advances from/to other funds” (i.e., the noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resource.

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. The consumption method of accounting is applied to the inventories of all funds.

Inventories of donated United States Department of Agriculture (USDA) commodities on hand at year-end are reported on the balance sheet at fair market value on the date received as inventory. Commodities used during the year are reported as revenues and expenditures on the operating statement.

Capital Assets – Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, furniture and equipment and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY (Continued)

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Furniture	15
Portable Classrooms	15
Machinery and Tools	15
Buses	15
Laboratory Equipment	10
Musical Instruments	10
Licensed Vehicles	10
Computers	5

Compensated Absences – Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated sick days to a maximum of 120 days at \$60 per day. No reimbursement or accrual is made for unused vacation leave.

All sick pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY** (*Continued*)

Pensions—For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah State Retirement Systems (URS) and additions to/deductions from URS’s fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are at fair value.

Deferred Outflows/Inflows of Resources—In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following sources that qualify for reporting in this category:

- Deferred charge on refunding – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District has no items in the category.
- Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments and b) District contributions subsequent to the measurement date of December 31, 2014.

The following items arises only under a modified accrual basis of accounting and is reported in the governmental funds balance sheet; these items are deferred and recognized as an inflow of resources in the period that the amounts becomes available.

- Deferred inflow of resources related to pensions – includes a) differences between expected and actual experience and b) changes of assumptions in the measurement of the net pension liability/asset.

The following sources are reported in both the statement of net position and the governmental funds balance sheet.

- Property taxes levied for future year – property taxes levied on January 1, 2015 for the following school year.

Net Position/Fund Balances—The residual of all other elements presented in a statement of net position is *net position* on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt less unspent bond proceeds), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY (Continued)

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.
- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues for specific purposes (capital projects, debt service, student transportation, K-3 reading program, and community recreation).
 - b) Remaining fund balances in the School Lunch Fund.
- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the District's Board of Education. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amounts for the following purposes:
 - a) As defined in Utah law as an "undistributed reserve," the District maintains for economic stabilization up to five percent of General Fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e. reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used "in the negotiation or settlement of contract salaries for school district employees."
 - b) Resources held by schools in the other governmental funds.
 - c) Employee obligations related to the phase out of early retirement stipends.
- **Assigned.** This category includes General Fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY (Continued)

expressed by written approval of the District's administration comprised of superintendent, assistant superintendents, and business administrator. This category also includes the remaining positive fund balance for other governmental funds. The District has assigned General Fund resources that are to be used for textbooks, supplies, and other unrestricted school programs.

- **Unassigned.** Residual balances in the General Fund are classified as unassigned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use committed resources first, followed by assigned resources, then unassigned resources as they are needed.

Comparative Data and Reclassifications – Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year’s presentation.

Use of Estimates - Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues and expenses. Actual results may vary from these estimates.

1. DEPOSITS AND INVESTMENTS

A. Deposits

Deposits – Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The district follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. District funds are deposited in qualified depositories as defined by the Act. The District does not have a deposit policy for custodial credit risk. As of June 30, 2015, the District’s custodial credit risk for deposits was as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2015</u>
Regular Checking Account	Insured	\$ 250,300
Regular Checking Account	Uninsured and collateralized	<u>2,362,521</u>
		<u>\$2,612,821</u>

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The District's investments are managed through participation in the state Public Treasurer's Investment Fund and through a repurchase agreement arrangement with a local bank. As of June 30, 2015, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Utah Public Treasurers' Investment Fund	Less than one year	<u>\$2,056,093</u>

Investments – Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance to the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk – The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-trade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The District has no investment policy that would further limit its investment choices.

Investments – Custodial Credit Risk – For an investment, 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 investments or collateral securities that are in the possession of an outside party.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Piute County treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%. The interest rate period is from January 1 until the date paid.

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market value statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an “age-based” fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when the County collects it.

As of June 30, 2015, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2015 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 125,000	\$ -	\$ -	\$ 125,000
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Capital assets, being depreciated:				
Buildings and improvements	9,888,452	5,200	-	9,893,652
Furniture and equipment	2,189,307	162,427	(97,023)	2,254,711
Total capital assets, being depreciated	<u>12,077,759</u>	<u>167,627</u>	<u>(97,023)</u>	<u>12,148,363</u>
Accumulated depreciation for:				
Buildings and improvements	(2,279,140)	(194,917)	-	(2,474,057)
Furniture and equipment	(1,685,068)	(99,351)	97,023	(1,687,396)
Total accumulated depreciation	<u>(3,964,208)</u>	<u>(294,268)</u>	<u>97,023</u>	<u>(4,161,453)</u>
Total capital assets, being depreciated, net	<u>8,113,551</u>	<u>(126,641)</u>	<u>-</u>	<u>7,986,910</u>
Governmental activities capital assets, net	<u>\$ 8,238,551</u>	<u>\$ (126,641)</u>	<u>\$ -</u>	<u>\$ 8,111,910</u>

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

Governmental activities:	
Instructional services	\$ 188,696
Supporting services:	
District administration	13,850
School administration	6,100
Central	850
Operation and maintenance of facilities	38,800
Transportation	42,022
School lunch services	3,950
Total depreciation expense, governmental activities	<u>\$ 294,268</u>

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

5. STATE RETIREMENT PLANS AND OPEB

Description of plans – Eligible employees of the District are provided with the following plans through the Utah Retirement Systems (the URS) administered by the URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System)
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

- 401(k) Plan
- 457 Plan and other individual plans

Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms to the Utah State Retirement Board, whose members are appointed by the Governor. The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

Benefits provided – The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits are determined from 1.5% to 2.0% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan. Employees are eligible to retire based on years of service and age.

Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

Contributions – As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Defined benefit pension plan contribution rates for the year ended December 31, 2014 were from 18.27% to 22.70%. Defined contribution plan contribution rates for the year ended December 31,

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

5. STATE RETIREMENT PLANS AND OPEB (Continued)

2014 were from 1.50% to 10.00%. Employees can make additional contributions to defined contribution plans subject to limitations.

For the year ended December 31, 2014, District and employee contributions to the plans were as follows:

	<u>District Contributions</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 385,951	\$ -
Tier 2 Contributory System	10,585	-
401(k) Plan	38,045	37,424
457 Plan and other individual plans	-	2,400

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2015, the District reported a net pension asset of \$999 and a net pension liability of \$1,599,079. The net pension asset and liability were measured as of December 31, 2014, and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2014. The District’s proportion of the net pension asset and liability were based on a projection of the District’s long-term share of contributions to the defined benefit pension plans relative to the projected contributions of all participating employers. At December 31, 2014, the District’s proportionate shares in the defined benefit pension plans were as follows:

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	0.0636442%	\$ -	\$ 1,599,079
Tier 2 Contributory System	0.0256555%	<u>777</u>	<u>-</u>
Total		<u>\$ 777</u>	<u>\$ 1,599,079</u>

For the year ended December 31, 2014, the District recognized pension expense of \$282,535 for the defined benefit pension plans. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

5. STATE RETIREMENT PLANS AND OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 96,462
Changes of assumptions	-	53,416
Net difference between projected and actual earnings on pension plan investments	27,556	-
District contributions subsequent to the measurement date	211,512	-
Total	\$ 239,068	\$ 149,878

The \$211,512 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2016	\$ (31,714)
2017	(31,714)
2018	(31,714)
2019	(26,328)
2020	(136)
Thereafter	(716)

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

5. STATE RETIREMENT PLANS AND OPEB (Continued)

Actuarial assumptions – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% 10.50%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates for retired educators were developed from actual experience, based on gender, occupation, and age, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2013.

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Total	<u>100%</u>		5.23%
Inflation			<u>2.75%</u>
Expected arithmetic nominal return			<u><u>7.98%</u></u>

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

5. STATE RETIREMENT PLANS AND OPEB (Continued)

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75% and a real return of 4.75% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension (asset) liability	\$ 3,191,619	\$ 1,598,302	\$ 264,438

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued URS financial report.

Separation Payments Plan OPEB – The District has a separation payments plan for all eligible employees who retire after meeting certain criteria. To be eligible for the plan employees must meet certain requirements as set forth in the plan as amended by District policy #2053 “Retirement Incentive Policy”. The liability under this plan at June 30, 2015 was \$473,090.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined with other public entities in a common risk management and insurance program operated by the State of Utah Division of Risk Management. The District pays premiums to this risk pool, the Utah State Risk Management Fund, for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of specified amounts for certain types of risks. The District is subject to a minimal deductible for claims of the risk pool. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 4,435,000	\$ -	\$ -	\$ 4,435,000	\$ -
Lease revenue bonds	1,065,000	-	-	1,065,000	-
Total bonds payable, net	<u>5,500,000</u>	<u>-</u>	<u>-</u>	<u>5,500,000</u>	<u>-</u>
Obligations under capital leases	99,650		(38,415)	61,235	19,985
Notes payable	208,334	-	(20,833)	187,501	20,833
Net pension liability	1,838,746		(239,667)	1,599,079	
Accrued vacation or sick pay	152,910	-	(44,910)	108,000	-
Post employment benefits	<u>78,565</u>	<u>394,525</u>		<u>473,090</u>	
Total governmental activity long-term liabilities	<u>\$ 7,878,205</u>	<u>\$ 394,525</u>	<u>\$ (343,825)</u>	<u>\$ 7,928,905</u>	<u>\$ 40,818</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. Lease revenue bonds are paid from a tax levy in the capital projects fund. The obligations under capital leases are paid by the capital projects fund or general fund depending on the lease type. Vacation, sick leave, and early retirement benefits will be paid by the fund in which the employee worked.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. LONG-TERM DEBT (Continued)

General Obligation Bonds – During 2010 the District issued General Obligation QSCB School Building bonds in the amount of \$4,435,000. The proceeds are to be used for the remodel and construction of Piute High School located in Junction, Utah. The bonds will mature on April 15, 2027. However, the District is required to make annual deposits to a sinking fund account to be held by the paying agent. These bonds carry an annual interest rate of 5.71%. The District is required to make annual interest payments on the outstanding bonds; however, it is anticipated that annually the District will receive a subsidy from the Federal government to cover the interest payment. The required debts service schedule is as follows:

Fiscal Year Ending June 30	\$4,435,000 Series 2010		Federal Interest Subsidy (1)	Estimated Annual Contributions to Sinking Fund (2)	Total Payment Required for Debt Service (2)
	Principal	Interest			
2016	\$ -	\$ 253,239	\$ (253,239)	\$ 260,882	\$ 260,882
2017	-	253,239	(253,239)	260,882	260,882
2018	-	253,239	(253,239)	260,882	260,882
2019	-	253,239	(253,239)	260,882	260,882
2020	-	253,239	(253,239)	260,882	260,882
2021	-	253,239	(253,239)	260,882	260,882
2022	-	253,239	(253,239)	260,882	260,882
2023	-	253,239	(253,239)	260,882	260,882
2024	-	253,239	(253,239)	260,882	260,882
2025	-	253,239	(253,239)	260,882	260,882
2026	-	253,239	(253,239)	260,882	260,882
2027	4,435,000	253,239	(253,239)	260,882	260,882
Totals	\$ 4,435,000	\$3,038,868	\$ (3,038,868)	\$ 3,130,584	\$ 3,130,584

(1) Assumes all interest due will be paid from the federal interest rate subsidy.

(2) The District will contribute \$260,882 annually to a sinking fund account.

The balance in the sinking fund account at June 30, 2015 is \$1,306,622.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. LONG-TERM DEBT (Continued)

MBA Lease Revenue Bonds – During 2010 the Municipal Building Authority of the District issued \$1,065,000 QSCB School Building Lease Revenue Bonds. The proceeds of these bonds are to be used in connection with the remodel and construction of Piute High School located in Junction, Utah. The bonds will mature on April 15, 2027. However, the District is required to make annual deposits to a sinking fund account to be held by the paying agent. These bonds carry an annual interest rate of 7.89%. The District is required to make annual interest payments on the outstanding bonds; however, it is anticipated that annually the District will receive a subsidy from the Federal government to cover the interest payments up to 5.80%. The required debts service schedule is as follows:

Fiscal Year Ending June 30	\$1,065,000 Series 2010		Federal Interest Subsidy (1)	Estimated Annual Contributions to Sinking Fund (2)	Total Payment Required for Debt Service (2)
	Principal	Interest			
2016	\$ -	\$ 84,029	\$ (61,770)	\$ 62,647	\$ 84,906
2017	-	84,029	(61,770)	62,647	84,906
2018	-	84,029	(61,770)	62,647	84,906
2019	-	84,029	(61,770)	62,647	84,906
2020	-	84,029	(61,770)	62,647	84,906
2021	-	84,029	(61,770)	62,647	84,906
2022	-	84,029	(61,770)	62,647	84,906
2023	-	84,029	(61,770)	62,647	84,906
2024	-	84,029	(61,770)	62,647	84,906
2025	-	84,029	(61,770)	62,647	84,906
2026	-	84,029	(61,770)	62,647	84,906
2027	1,065,000	84,029	(61,770)	62,648	84,907
Totals	<u>\$ 1,065,000</u>	<u>\$ 1,008,348</u>	<u>\$ (741,240)</u>	<u>\$ 751,765</u>	<u>\$ 1,018,873</u>

(1) Assumes interest due will be paid from the federal interest rate subsidy upto 5.8%.

(2) The District will contribute \$62,647 annually to a sinking fund account.

The balance in the sinking fund account at June 30, 2015 is \$313,758

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. LONG-TERM DEBT (Continued)

Note Payable – During the year ending June 30, 2012 the District obtained a loan from the Utah State Department of Finance for energy improvements made on the remodel of the high school. The note does not bear interest and is payable over a 12 year period. Debt service requirements are as follows:

Fiscal Year Ending June 30	\$250,000 Note Payable		Total Payment Required for Debt Service
	Principal	Fee	
2016	\$ 20,833	\$ 125	\$ 20,958
2017	20,833	125	20,958
2018	20,833	125	20,958
2019	20,833	125	20,958
2020	20,833	125	20,958
2021	20,833	125	20,958
2022	20,833	125	20,958
2023	20,833	125	20,958
2024	20,837	125	20,962
Totals	<u>\$ 187,501</u>	<u>\$ 1,125</u>	<u>\$ 188,626</u>

Obligations Under Capital Lease – The District obtained equipment and buses under capital lease arrangements. Annual payments are funded either through the capital projects fund or from transportation. The future minimum lease payments are as follows:

	Principal	Interest	Total
2016	\$ 19,985	\$ 1,695	\$ 21,680
2017	20,535	1,145	21,680
2018	20,715	965	21,680
Totals	<u>\$ 61,235</u>	<u>\$ 3,805</u>	<u>\$ 65,040</u>

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

8. COMMITTED FOR ECONOMIC STABILIZATION

Utah State law allows for the establishment of an undistributed reserve. The Board of Education must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5% of the current fiscal year's total general fund budgeted revenues. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with Utah State Board of Education and State Auditor.

9. GRANTS

The District receives significant financial assistance from Federal and State governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

10. INTER FUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end the District had an inter fund loan in the amount of \$3,127 between the General Fund and the School Lunch Fund. This inter fund loan has been eliminated at the government-wide level.

The following fund transfers occurred during the year:

Fund	Transfer Out	Transfer In
General Fund	\$ (535,000)	\$ 38,978
Food Service Fund	-	35,000
Capital Projects Fund	(88,158)	500,000
Non K-12 Fund	(38,978)	-
Municipal Building Fund	-	88,158
Total Fund Transfers	\$ (662,136)	\$ 662,136

The above transfers were made in the general course of annual operations.

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

10. INTER FUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Governmental funds report revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year the various components of deferred inflows of resources and unearned revenue reported in the governmental funds consisted of the following:

Type	Unavailable	Unearned
Property Tax Receivable - General Fund	\$ -	\$ 408,925
Property Tax Receivable - Debt Service Fund	-	242,600
Property Tax Receivable - Capital Projects Fund	-	16,781
Total deferred/unearned revenue for govtl funds	<u>\$ -</u>	<u>\$ 668,306</u>

11. RESTATEMENT

In 2015, the District adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*.

The new standards require the District to recognize a liability in its government-wide financial statements for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plans as administered by Utah Retirement Systems)—the collective net pension liability. The District is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. District contributions to the pension plans subsequent to the measurement date (December 31) of the collective net pension liability also are required to be reported as deferred outflows of resources related to pensions.

The governmental fund financial statements of the District are not affected by these new standards. Pension expenditures in the governmental funds continue to be recognized equal to the total of a) amounts paid by the District to the pension plans and b) the change between the beginning and ending balances of amounts of contributions currently payable to the pensions.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

11. RESTATEMENT (Continued)

The beginning net position reported in the government-wide financial statements of the District has been restated to reflect the new standards as follows:

Beginning net position, as previously stated	\$ 6,472,316
Net pension liability	(1,838,746)
Deferred outflows of resources related to pensions	<u>184,402</u>
Beginning net position, as restated	<u><u>\$ 4,817,972</u></u>

The notes to the basic financial statements now include additional information about the defined benefit pension plans. Also, the District will be presenting in required supplementary information 10-year schedules containing a) the net pension liability and certain related ratios and b) information about statutorily required contributions, contributions to the pension plans, and related ratios. Because this is the first year such information is unavailable, only one year of required supplementary information is presented with these financial statements; information for additional years will be presented in future reports as it becomes available.

The District's unrestricted net position at June 30, 2015 is a deficit balance of (\$549,326). This balance includes the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by URS as described in Note 5 to the basic financial statements. The existence of an unrestricted net position deficit indicates the District's overall economic net position, but it does not necessarily reflect positively or negatively on the District's ability to meet its obligations as they come due.

12. LEGAL COMPLIANCE

All fund balances were positive at June 30, 2015. Total expenditures exceeded budgeted amounts in the General Fund by \$19,036 or .04% of expenditures in the fund, and in the School Lunch Fund by \$8,788 or 4.3% of the expenditures in the fund, and in the Student Activity Fund by \$50,878 or 18.1% of the expenditures in the fund. In all fund revenues were available for coverage of the expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

PIUTE COUNTY SCHOOL DISTRICT
Required Supplementary Information
Year Ended June 30, 2015

District Separation Payments Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
07/01/2006	\$ -	\$ 241,671	\$ 241,671	0.00%	\$ 1,902,169	12.71%

PIUTE COUNTY SCHOOL DISTRICT
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Utah Retirement Systems
December 31, 2014

	Tier 1	Tier 2
	Noncontributory	Contributory
	System	System
	<hr/>	<hr/>
District's proportion of the net pension liability (asset)	0.0636442%	0.0256555%
District's proportion share of the net pension liability (asset)	\$ 1,599,079	\$ (777)
District's covered employee payroll	\$ 1,769,266	\$ 125,991
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	90.4%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	103.5%

Note: The schedule only presents information for 2014; prior-year information is not available.

PIUTE COUNTY SCHOOL DISTRICT
Schedule of District Contributions
Utah Retirement Systems
Year Ended December 31, 2014

	Tier 1 Noncontributory System	Tier 2 Contributory System
Contractually required contribution	\$ 385,951	\$ 10,585
Contributions in relation to the contractually required contribution	(385,951)	(10,585)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,769,266	\$ 125,991
Contributions as a percentage of covered-employee payroll	21.8%	8.4%

Notes: The schedule only presents information for 2014; prior-year information is not available.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

PIUTE COUNTY SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended December 31, 2014

Changes of Assumptions:

None

Other information that is not required as part of RSI

This information below is not required as part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1-December 31.

	Employee Paid Contributions	Employer Paid Contributions
	<hr/>	<hr/>
401(k) Plan	\$ 37,424	\$ 38,045
457 Plan and other individual plans	-	-
Roth IRA Plan	2,400	-
Traditional IRA Plan	-	-

The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

School Lunch Fund – This fund is used to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the U.S. Government to help ensure that students receive low-cost, nutritionally balanced meals.

Non K-12 Programs Fund – This fund is used to account for programs that are not part of the basic educational program of kindergarten, elementary and secondary students. These areas include adult education and preschool for disabled students. This fund is also used to account for costs to provide community educational and recreational activities. Financing is provided primarily through grants and student fees.

Scholarship Fund – This fund is used to account for a perpetual scholarship fund for graduating seniors.

Student Activity Fund – This fund is used to account for fees, revenues, and expenditures related to student activity funds at the school level.

Municipal Building Authority – This fund is used to account for lease revenue payments from the District that are paid to the MBA and are in turn used to service the debt associated with the lease revenue bonds issued in 2010.

PIUTE COUNTY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue</u>					Total Nonmajor Governmental Funds
	School Lunch	Non K-12 Programs	Scholarship Fund	Municipal Building Authority	Student Activity Fund	
Assets:						
Cash and investments	\$ -	\$ -	\$ 82,514	\$ -	\$ 63,930	\$ 146,444
Cash and investments-restricted	-	-	-	313,758	-	313,758
Receivables:						
Other governments	8,301	-	-	-	-	8,301
Inventory	4,275	-	-	-	-	4,275
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 12,576</u>	<u>\$ -</u>	<u>\$ 82,514</u>	<u>\$ 313,758</u>	<u>\$ 63,930</u>	<u>\$ 472,778</u>
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,127	-	-	-	-	3,127
Unearned revenue:						
Other governments	-	-	-	-	-	-
Total liabilities	<u>3,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,127</u>
Fund balances:						
Non Spendable:						
Inventories	4,275	-	-	-	-	4,275
Restricted for:						
Debt service	-	-	-	313,758	-	313,758
Food services	5,174	-	-	-	-	5,174
Other	-	-	82,514	-	-	82,514
Committed to:						
Schools	-	-	-	-	63,930	63,930
Other	-	-	-	-	-	-
Unassigned:	-	-	-	-	-	-
Total fund balances	<u>9,449</u>	<u>-</u>	<u>82,514</u>	<u>313,758</u>	<u>63,930</u>	<u>469,651</u>
Total liabilities and fund balances	<u>\$ 12,576</u>	<u>\$ -</u>	<u>\$ 82,514</u>	<u>\$ 313,758</u>	<u>\$ 63,930</u>	<u>\$ 472,778</u>

PIUTE COUNTY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	<u>Special Revenue</u>					Total Nonmajor Governmental Funds
	School Lunch	Non K-12 Programs	Scholarship Fund	Municipal Building Authority	Student Activity Fund	
Revenues:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student fees	-	37,650	-	-	254,844	292,494
Lunch sales	29,979	-	-	-	-	29,979
Earnings on investments	-	65	4,854	1,374	-	6,293
Other local revenues	-	-	-	-	-	-
State aid	31,107	39,024	-	-	-	70,131
Federal aid	142,105	50,024	-	57,292	-	249,421
Total revenues	<u>203,191</u>	<u>126,763</u>	<u>4,854</u>	<u>58,666</u>	<u>254,844</u>	<u>648,318</u>
Expenditures:						
Current:						
Instructional services	-	163,160	-	-	280,878	444,038
Supporting services:						
Other services	-	-	-	-	-	-
Debt Service:						
Interest payments	-	-	-	84,029	-	84,029
Principal retirements	-	-	-	-	-	-
School lunch services	240,467	-	-	-	-	240,467
Total expenditures	<u>240,467</u>	<u>163,160</u>	<u>-</u>	<u>84,029</u>	<u>280,878</u>	<u>768,534</u>
Excess of revenues over expenditures	(37,276)	(36,397)	4,854	(25,363)	(26,034)	(120,216)
Other financing sources:						
Transfer in (out)	35,000	(38,978)	-	88,158	-	84,180
Net change in fund balances	(2,276)	(75,375)	4,854	62,795	(26,034)	(36,036)
Fund balances - beginning	11,725	75,375	77,660	250,963	89,964	505,687
Fund balances - ending	<u>\$ 9,449</u>	<u>\$ -</u>	<u>\$ 82,514</u>	<u>\$ 313,758</u>	<u>\$ 63,930</u>	<u>\$ 469,651</u>

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
School Lunch
Nonmajor Special Revenue Fund
Year Ended June 30, 2015
With Comparative Totals for 2014

	2015		Variance with Final Budget - Positive (Negative)	2014
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Lunch sales - children	\$ 24,392	\$ 24,392	\$ -	\$ 27,765
Lunch Sales - adult	5,587	5,587	-	4,841
Other local sales	-	-	-	-
Total local sources	<u>29,979</u>	<u>29,979</u>	<u>-</u>	<u>32,606</u>
State sources:				
State lunch program	36,000	31,107	(4,893)	28,734
Total state sources	<u>36,000</u>	<u>31,107</u>	<u>(4,893)</u>	<u>28,734</u>
Federal sources:				
Federal lunch program	16,500	27,167	10,667	14,732
Free and reduced assistance	96,000	84,501	(11,499)	92,306
Breakfast program	33,500	30,437	(3,063)	30,776
Other	-	-	-	12,452
Total federal sources	<u>146,000</u>	<u>142,105</u>	<u>(3,895)</u>	<u>150,266</u>
Total revenues	<u>211,979</u>	<u>203,191</u>	<u>(8,788)</u>	<u>211,606</u>
Expenditures:				
Current:				
Salaries	81,622	81,689	(67)	81,036
Employee benefits	22,617	23,199	(582)	20,938
Purchased services	1,169	1,169	-	3,288
Supplies	950	11,542	(10,592)	442
Food	122,000	118,586	3,414	134,645
Other	4,059	4,282	(223)	1,119
Total expenditures	<u>232,417</u>	<u>240,467</u>	<u>(8,050)</u>	<u>241,468</u>
Excess (deficiency) of revenues over expenditures	(20,438)	(37,276)	(16,838)	(29,862)
Other financing sources and (uses)				
Transfers in	35,000	35,000	-	35,000
Transfers out	-	-	-	-
Net change in fund balances	<u>14,562</u>	<u>(2,276)</u>	<u>(16,838)</u>	<u>5,138</u>
Fund balances - beginning	<u>11,725</u>	<u>11,725</u>	<u>-</u>	<u>6,587</u>
Fund balances - ending	<u>\$ 26,287</u>	<u>\$ 9,449</u>	<u>\$ (16,838)</u>	<u>\$ 11,725</u>

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2015
With Comparative Totals for 2014

	2015		Variance with Final Budget - Positive (Negative)	2014
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	
Community school fees	37,650	37,650	-	36,657
Earnings on investments	500	65	(435)	-
Total local sources	<u>38,150</u>	<u>37,715</u>	<u>(435)</u>	<u>36,657</u>
State sources:				
Adult high school completion	21,549	21,549	-	20,688
Preschool	17,475	17,475	-	4,433
Total state sources	<u>39,024</u>	<u>39,024</u>	<u>-</u>	<u>25,121</u>
Federal sources:				
Special education preschool grant	25,060	25,060	-	24,793
UPSTART	25,000	24,964	(36)	
Total federal sources	<u>50,060</u>	<u>50,024</u>	<u>(36)</u>	<u>24,793</u>
Total revenues	<u>127,234</u>	<u>126,763</u>	<u>(471)</u>	<u>86,571</u>
Expenditures:				
Current:				
Salaries	113,433	112,006	1,427	76,233
Employee benefits	33,074	34,285	(1,211)	25,914
Purchased services	1,642	1,642	-	96
Supplies	14,950	14,109	841	3,361
Equipment	1,118	1,118	-	-
Total expenditures	<u>164,217</u>	<u>163,160</u>	<u>1,057</u>	<u>105,604</u>
Excess (deficiency) of revenues over (under) expenditures	(36,983)	(36,397)	586	(19,033)
Other financing sources and (uses):				
Transfers in	(38,391)	(38,978)	(587)	-
Transfers out	-	-	-	-
Net change in fund balances	<u>(75,374)</u>	<u>(75,375)</u>	<u>(1)</u>	<u>(19,033)</u>
Fund balances - beginning	<u>75,375</u>	<u>75,375</u>	<u>-</u>	<u>94,408</u>
Fund balances - ending	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 75,375</u>

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2015
With Comparative Totals for 2014

	2015			2014
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Student fees	230,000	254,844	24,844	196,181
Total local sources	230,000	254,844	24,844	196,181
Expenditures:				
Current:				
Fees and Supplies	230,000	280,878	(50,878)	196,358
Total expenditures	230,000	280,878	(50,878)	196,358
Excess (deficiency) of revenues over (under) expenditures	-	(26,034)	(26,034)	(177)
Other financing sources:				
Transfer in	-	-	-	-
Net change in fund balances	-	(26,034)	(26,034)	(177)
Fund balances - beginning	89,964	89,964	-	90,141
Fund balances - ending	\$ 89,964	\$ 63,930	\$ (26,034)	\$ 89,964

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Municipal Building Authority Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2015

	<u>2015</u>		Variance with Final Budget - Positive (Negative)	<u>2014</u>
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Earnings on investments	\$ -	\$ 1,374	\$ 1,374	\$ 1,034
Federal interest subsidy	-	57,292	57,292	56,859
Total revenues	<u>-</u>	<u>58,666</u>	<u>58,666</u>	<u>57,893</u>
Expenditures:				
Debt service:				
Bond principal	-	-	-	-
Bond interest	84,029	84,029	-	84,029
Total expenditures	<u>84,029</u>	<u>84,029</u>	<u>-</u>	<u>84,029</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,029)</u>	<u>(25,363)</u>	<u>58,666</u>	<u>(26,136)</u>
Other financing sources (uses):				
Transfers in	88,858	88,158	(700)	88,833
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>88,858</u>	<u>88,158</u>	<u>(700)</u>	<u>88,833</u>
Net change in fund balances	4,829	62,795	57,966	62,697
Fund balance - beginning	<u>250,963</u>	<u>250,963</u>	<u>-</u>	<u>188,266</u>
Fund balance - ending	<u><u>\$ 255,792</u></u>	<u><u>\$ 313,758</u></u>	<u><u>\$ 57,966</u></u>	<u><u>\$ 250,963</u></u>

PIUTE COUNTY SCHOOL DISTRICT
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
Scholarship Fund
Nonmajor Special Revenue Fund
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Local sources:		
Contributions	\$ -	\$ -
Earnings on investments	4,854	8,169
Total revenues	<u>4,854</u>	<u>8,169</u>
Expenditures:		
Current:		
Scholarships and other expenditures	-	-
Total expenditures	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	4,854	8,169
Other financing sources (uses):		
Transfers in	-	-
Net change in fund balances	4,854	8,169
Fund balances - beginning	<u>77,660</u>	<u>69,491</u>
Fund balances - ending	<u><u>\$ 82,514</u></u>	<u><u>\$ 77,660</u></u>

MAJOR GOVERNMENTAL FUNDS

General Fund – This fund services primary on-going operation of the District. It is used to account for activity and financial resources that are not required to be accounted for in other funds.

Debt Service Fund - The Debt Service Fund is used to account for the receipt of property taxes levied for retirement of general obligation debt. The expenditures are for principal retirement and for payment of interest and fees.

Capital Projects Fund - The Capital Projects Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. Financing is provided by an annual property tax levy. Also, state funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid.

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2015

	2015		Variance with Final Budget - Positive (Negative)	2014
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Property tax	\$ 329,803	\$ 320,847	\$ (8,956)	\$ 324,462
Federal interest subsidy	233,107	234,879	1,772	233,106
Earnings on investments	5,000	5,676	676	4,252
Total revenues	<u>567,910</u>	<u>561,402</u>	<u>(6,508)</u>	<u>561,820</u>
Expenditures:				
Debt service:				
Bond principal	-	-	-	-
Bond interest	276,245	255,275	20,970	257,758
Total expenditures	<u>276,245</u>	<u>255,275</u>	<u>20,970</u>	<u>257,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>291,665</u>	<u>306,127</u>	<u>14,462</u>	<u>304,062</u>
Other financing sources (uses):				
Proceeds of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	291,665	306,127	14,462	304,062
Fund balance - beginning	<u>1,531,269</u>	<u>1,531,269</u>	<u>-</u>	<u>1,227,207</u>
Fund balance - ending	<u><u>\$ 1,822,934</u></u>	<u><u>\$ 1,837,396</u></u>	<u><u>\$ 14,462</u></u>	<u><u>\$ 1,531,269</u></u>

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2015
With Comparative Totals for 2014

	2015		Variance with Final Budget - Positive (Negative)	2014
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 20,930	\$ 20,361	\$ (569)	\$ 19,584
Earnings on investments	-	-	-	-
Other local revenues	61,859	5,000	(56,859)	-
Total local sources	82,789	25,361	(57,428)	19,584
State sources:				
Capital outlay foundation	200,000	200,000	-	200,000
Other	-	-	-	-
Total state sources	200,000	200,000	-	200,000
Total revenues	282,789	225,361	(57,428)	219,584
Expenditures:				
Instructional Services:				
Supplies	-	-	-	2,930
Total instructional services	-	-	-	2,930
Land and buildings:				
Land improvements	194,196	189,577	4,619	127,653
Building improvements	-	-	-	-
Total land and buildings	194,196	189,577	4,619	127,653
Equipment:				
Equipment	56,859	-	56,859	40,073
Debt principal paid and fees	22,000	20,958	1,042	20,958
Buses	-	-	-	-
Total equipment	78,859	20,958	57,901	61,031
Total expenditures	273,055	210,535	62,520	191,614
Excess (deficiency) of revenues over (under) expenditures	9,734	14,826	5,092	27,970
Other Financing Sources (Uses):				
Transfer in	500,000	500,000	-	-
Transfer out	(88,858)	(88,158)	700	(88,833)
Equipment capital lease or other loan proceeds	-	-	-	-
Total other financing sources (uses)	411,142	411,842	700	(88,833)
Net change in fund balances	420,876	426,668	5,792	(60,863)
Fund balance - beginning	185,830	185,830	-	246,693
Fund balance - ending	\$ 606,706	\$ 612,498	\$ 5,792	\$ 185,830



Statistical Section

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These schedules contain trend information to help the reader understand how the Districts financial performance and well-being have changed over time.

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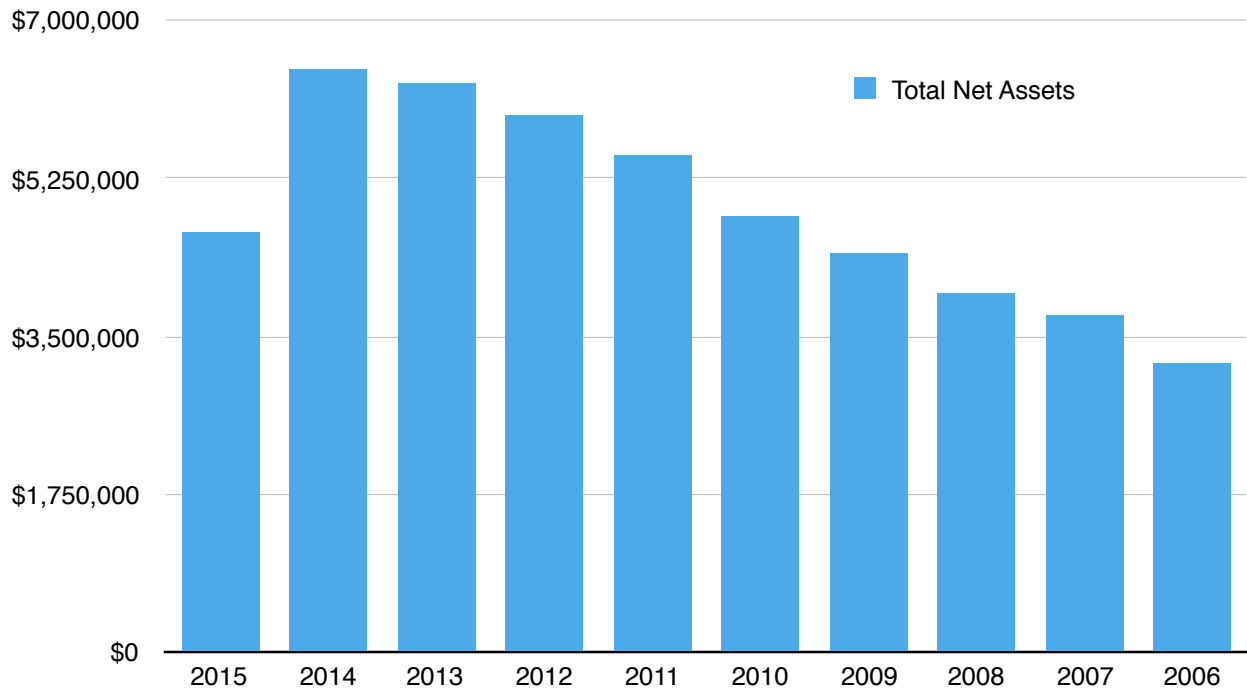
Piute County School District
Comparative Statements of Net Position
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assets										
Cash and Investments	\$ 3,019,300	\$ 3,257,668	\$ 3,206,476	\$ 3,125,969	\$ 3,923,643	\$ 7,510,501	\$ 2,780,565	\$ 2,235,774	\$ 1,982,333	\$ 1,660,898
Cash and Investments Restricted	\$ 1,620,380	\$ 1,296,061	\$ 972,138	\$ 647,610						
Receivables										
Property Taxes	\$ 683,056	\$ 648,602	\$ 580,739	\$ 574,909	\$ 567,498	\$ 298,695	\$ 316,479	\$ 335,446	\$ 348,349	\$ 305,110
Other Governments	\$ 249,598	\$ 94,260	\$ 145,580	\$ 77,528	\$ 40,823	\$ 443,592	\$ 16,072	\$ 12,069		\$ 6,600
Prepaid Expenses	\$ 0	\$ 35,344	\$ 35,344	\$ 35,344	\$ 35,344	\$ 35,344				
Inventories	\$ 4,275	\$ 4,150	\$ 3,050	\$ 3,310	\$ 2,990	\$ 2,780	\$ 2,505	\$ 2,755	\$ 3,063	\$ 2,643
Net Pension Asset	\$ 777									
Net Bond Issuance Costs				\$ 141,152	\$ 150,732	\$ 160,312		\$ 2,468	\$ 4,932	\$ 7,396
Capital Assets (Net of Accumulated Depreciation)										
Land and Construction Progress	\$ 125,000	\$ 125,000	\$ 125,000	\$ 6,207,222	\$ 5,480,821	\$ 820,797	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Other Capital Assets*	\$ 7,986,910	\$ 8,113,551	\$ 8,338,166	\$ 2,365,191	\$ 2,494,707	\$ 2,635,304	\$ 2,252,622	\$ 2,151,893	\$ 2,160,873	\$ 2,178,006
Total Assets	\$ 13,689,296	\$ 13,574,636	\$ 13,406,493	\$ 13,178,235	\$ 12,696,558	\$ 11,907,325	\$ 5,493,243	\$ 4,865,405	\$ 4,624,550	\$ 4,285,653
Deferred Outflows Related to Pensions	\$ 239,068									
Liabilities										
Accounts Payable	\$ 240,883	\$ 181,576	\$ 176,799	\$ 292,801	\$ 517,770	\$ 645,038	\$ 181,131	\$ 68,563	\$ 12,200	\$ 152,743
Accrued Interest	\$ 63,066	\$ 64,761	\$ 51,564	\$ 50,695	\$ 51,074	\$ 45,476	\$ 2,536	\$ 3,046	\$ 3,022	\$ 3,145
Accrued Salaries	\$ 206,999	\$ 204,211	\$ 183,852	\$ 252,601	\$ 260,022	\$ 254,862	\$ 253,863	\$ 163,598	\$ 153,046	\$ 133,510
Unearned Revenue										
Other Governments	\$ 0	\$ 25,000		\$ 24,816	\$ 24,496	\$ 49,791	\$ 53,192	\$ 52,238	\$ 56,032	\$ 65,697
Noncurrent Liabilities										
Due Within One Year	\$ 40,818	\$ 58,863	\$ 57,715	\$ 38,079	\$ 16,580	\$ 34,131	\$ 32,767	\$ 85,974	\$ 80,378	\$ 122,708
Due In More Than One Year	\$ 7,888,087	\$ 5,980,596	\$ 6,027,224	\$ 5,973,592	\$ 5,750,324	\$ 5,755,957	\$ 253,336	\$ 180,246	\$ 265,740	\$ 280,080
Total Liabilities	\$ 8,439,853	\$ 6,515,007	\$ 6,497,154	\$ 6,632,584	\$ 6,620,266	\$ 6,785,255	\$ 776,825	\$ 553,665	\$ 570,418	\$ 757,883
Deferred Inflows of Resources										
Deferred Inflows Related to Pensions	\$ 149,878									
Property Taxes Levied for Future Year	\$ 668,306	\$ 587,312	\$ 580,739	\$ 574,909	\$ 567,498	\$ 298,695	\$ 298,695	\$ 322,023	\$ 316,886	\$ 305,110
Total Deferred Inflows of Resources	\$ 818,184	\$ 587,312	\$ 580,739	\$ 574,909	\$ 567,498	\$ 298,695	\$ 298,695	\$ 322,023	\$ 316,886	\$ 305,110
Net Position:										
Net Investment in Capital Assets	\$ 2,363,173	\$ 2,430,566	\$ 2,597,466	\$ 2,768,634	\$ 2,405,169	\$ 2,495,402	\$ 2,256,840	\$ 2,156,612	\$ 2,085,214	\$ 2,045,297
Restricted for:										
School Lunch	\$ 9,449	\$ 11,725	\$ 6,587	\$ 4,462	\$ 4,176	\$ 4,019	\$ 4,028	\$ 4,049	\$ 3,815	\$ 2,925
Non-K12 Programs	\$ 0	\$ 75,375	\$ 94,408	\$ 77,044	\$ 112,801	\$ 135,916	\$ 133,458	\$ 132,548	\$ 132,548	\$ 106,081
Student Activity Fund	\$ 63,930	\$ 89,964	\$ 90,141	\$ 76,985	\$ 86,866	\$ 70,271	\$ 82,038	\$ 77,344		
Scholarship Fund	\$ 82,514	\$ 77,660	\$ 69,491	\$ 59,689	\$ 60,029	\$ 40,546	\$ 36,013	\$ 40,375		
Debt Service	\$ 2,088,088	\$ 1,717,471	\$ 1,363,909	\$ 955,458	\$ 591,122	\$ 251,079	\$ 293,392	\$ 265,769	\$ 235,601	\$ 202,332
Capital Projects	\$ 612,498	\$ 185,830	\$ 246,693	\$ 244,813	\$ 539,825	\$ 250,251	\$ 358,177	\$ 202,511	\$ 178,341	\$ 222,113
Unrestricted	\$ (549,326)	\$ 1,883,725	\$ 1,859,904	\$ 1,783,656	\$ 1,708,805	\$ 1,575,890	\$ 1,253,776	\$ 1,110,508	\$ 1,101,727	\$ 643,911
Total Net Position	\$ 4,670,326	\$ 6,472,316	\$ 6,328,599	\$ 5,970,741	\$ 5,508,793	\$ 4,823,374	\$ 4,417,722	\$ 3,989,716	\$ 3,737,246	\$ 3,222,659

Source: Information taken from the District's audited financial statements. This summary itself has not been audited.

Piute County School District Net Position by Component Last Ten Fiscal Years

Fiscal Year Ended	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Assets
2015	\$ 2,363,173	\$ 2,856,479	\$ (549,326)	\$ 4,670,326
2014	\$ 2,430,566	\$ 2,158,025	\$ 1,883,725	\$ 6,472,316
2013	\$ 2,597,466	\$ 1,871,229	\$ 1,859,904	\$ 6,328,599
2012	\$ 2,768,634	\$ 1,418,451	\$ 1,783,656	\$ 5,970,741
2011	\$ 2,405,169	\$ 1,394,819	\$ 1,708,805	\$ 5,508,793
2010	\$ 2,495,402	\$ 752,082	\$ 1,575,890	\$ 4,823,374
2009	\$ 2,256,840	\$ 907,106	\$ 1,253,776	\$ 4,417,722
2008	\$ 2,156,612	\$ 722,596	\$ 1,110,508	\$ 3,989,716
2007	\$ 2,085,214	\$ 550,305	\$ 1,101,727	\$ 3,737,246
2006	\$ 2,045,297	\$ 533,451	\$ 643,911	\$ 3,222,659



Source: District Data

Piute County School District
Changes in Net Position
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Instruction	\$ 3,732,328	\$ 3,004,891	\$ 2,861,866	\$ 3,121,625	\$ 2,945,445	\$ 3,053,980	\$ 2,902,999	\$ 2,871,047	\$ 2,559,077	\$ 2,387,977
Support Services:										
Instructional Staff	\$ 19,527	\$ 9,977	\$ 15,248	\$ 21,048	\$ 25,191	\$ 23,326	\$ 24,453	\$ 30,298	\$ 22,040	\$ 24,728
District Administration	\$ 443,890	\$ 415,306	\$ 369,035	\$ 309,241	\$ 258,386	\$ 250,833	\$ 271,282	\$ 279,957	\$ 298,937	\$ 267,808
School Administration	\$ 222,747	\$ 219,548	\$ 211,112	\$ 128,184	\$ 128,114	\$ 126,846	\$ 345,937	\$ 243,148	\$ 320,770	\$ 428,015
Business	\$ 110,352	\$ 112,983	\$ 94,216	\$ 101,800	\$ 94,847	\$ 86,274	\$ 101,902	\$ 78,480	\$ 68,794	\$ 66,775
Operation & Maintenance of Plant	\$ 540,346	\$ 546,406	\$ 440,660	\$ 576,263	\$ 465,523	\$ 441,213	\$ 423,077	\$ 383,898	\$ 405,136	\$ 361,019
Transportation	\$ 317,989	\$ 356,657	\$ 437,023	\$ 313,690	\$ 311,874	\$ 294,580	\$ 406,448	\$ 343,802	\$ 247,384	\$ 243,444
School Lunch Services	\$ 241,512	\$ 245,418	\$ 238,872	\$ 237,944	\$ 220,809	\$ 211,475	\$ 217,987	\$ 198,142	\$ 174,965	\$ 183,198
Interest on Long Term Liabilities	\$ 341,336	\$ 356,608	\$ 341,821	\$ 340,016	\$ 328,184	\$ 45,150	\$ 5,860	\$ 10,131	\$ 12,640	\$ 16,298
Total Assets	\$ 5,970,027	\$ 5,267,794	\$ 5,009,853	\$ 5,149,811	\$ 4,778,373	\$ 4,533,677	\$ 4,699,945	\$ 4,438,903	\$ 4,109,743	\$ 3,979,262
Program Revenues										
Charges For Services	\$ 322,473	\$ 265,444	\$ 75,296	\$ 74,997	\$ 43,486	\$ 93,247	\$ 94,681	\$ 90,856	\$ 78,791	\$ 56,316
Operating Grants and Contributions	\$ 2,243,184	\$ 1,992,549	\$ 1,892,881	\$ 1,898,129	\$ 1,864,248	\$ 1,972,303	\$ 1,837,861	\$ 1,621,973	\$ 1,505,227	\$ 1,429,250
Capital Grants & Contributions	\$ 492,171	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 202,265	\$ 206,628	\$ 52,348	\$ 52,348	\$ 79,880
Total Program Revenues	\$ 3,057,828	\$ 2,457,993	\$ 2,168,177	\$ 2,173,126	\$ 2,107,734	\$ 2,267,815	\$ 2,139,170	\$ 1,765,177	\$ 1,636,366	\$ 1,565,446
General Revenues										
Property Taxes	\$ 771,636	\$ 770,714	\$ 827,955	\$ 712,297	\$ 628,253	\$ 366,574	\$ 437,251	\$ 438,366	\$ 455,862	\$ 401,432
Federal & State Aid Not Restricted To Specific Purposes	\$ 1,867,839	\$ 2,069,631	\$ 2,186,765	\$ 2,419,862	\$ 2,352,156	\$ 1,987,597	\$ 2,154,297	\$ 2,175,820	\$ 2,320,715	\$ 1,963,240
Earnings On Investments	\$ 19,668	\$ 22,665	\$ 26,637	\$ 15,965	\$ 35,951	\$ 23,394	\$ 27,480	\$ 53,892	\$ 55,799	\$ 31,810
Micellaneous	\$ 105,410	\$ 90,508	\$ 299,329	\$ 290,509	\$ 339,698	\$ 293,948	\$ 369,754	\$ 258,118	\$ 155,588	\$ 98,879
Total General Revenues	\$ 2,764,553	\$ 2,953,518	\$ 3,340,686	\$ 3,438,633	\$ 3,356,058	\$ 2,671,513	\$ 2,988,782	\$ 2,926,196	\$ 2,987,964	\$ 2,495,361
Total Revenues	\$ 5,822,381	\$ 5,411,511	\$ 5,508,863	\$ 5,611,759	\$ 5,463,792	\$ 4,939,328	\$ 5,127,952	\$ 4,691,373	\$ 4,624,330	\$ 4,060,807
Change In Net Position	\$ (147,646)	\$ 143,717	\$ 499,010	\$ 461,948	\$ 685,419	\$ 405,651	\$ 428,007	\$ 252,470	\$ 514,587	\$ 81,545
Net Position Beginning*	\$ 4,817,972	\$ 6,328,599	\$ 5,829,589	\$ 5,367,641	\$ 4,823,374	\$ 4,417,723	\$ 3,989,716	\$ 3,737,246	\$ 3,222,659	\$ 3,141,114
Net Position Ending	\$ 4,670,326	\$ 6,472,316	\$ 6,328,599	\$ 5,829,589	\$ 5,508,793	\$ 4,823,374	\$ 4,417,723	\$ 3,989,716	\$ 3,737,246	\$ 3,222,659

Source: District Data

Piute County School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years

General Fund *

Fiscal Year Ended June 30,	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2015	\$ 0	\$ 0	\$ 175,000	\$ 300,125	\$ 1,065,751	1,540,876
2014	\$ 0	\$ 0	\$ 510,500	\$ 42,971	\$ 1,561,729	2,115,200
2013	\$ 0	\$ 0	\$ 510,500	\$ 88,137	\$ 1,480,505	2,079,142
2012	\$ 0	\$ 0	\$ 566,983	\$ 97,694	\$ 1,185,720	1,850,397
2011	\$ 0	\$ 0	\$ 175,000	\$ 97,694	\$ 1,481,925	1,754,619

All Other Governmental Funds *

Fiscal Year Ended June 30,	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2015	\$ 4,275	\$ 2,851,340	\$ 63,930	\$ 0	\$ 0	2,919,545
2014	\$ 4,150	\$ 2,053,297	\$ 165,339	\$ 0	\$ 0	2,222,786
2013	\$ 3,050	\$ 1,735,194	\$ 184,549	\$ 0	\$ 0	1,922,793
2012	\$ 0	\$ 1,315,117	\$ 154,029	\$ 0	\$ 0	1,469,146
2011	\$ 0	\$ 1,246,226	\$ 199,667	\$ 0	\$ 0	1,445,893

General Fund (2010 and Prior) *

Fiscal Year Ended June 30,	Reserved	Unreserved	Total
2010	\$ 0	\$ 1,601,077	1,601,077
2009	\$ 0	\$ 1,419,098	1,419,098
2008	\$ 0	\$ 1,253,980	1,253,980
2007	\$ 0	\$ 1,242,255	1,242,255
2006	\$ 0	\$ 781,595	781,595

All Other Governmental Funds (2010 and Prior) *

Fiscal Year Ended June 30,	Reserved	Unreserved Special Revenue	Unreserved Capital Projects	Unreserved Debt Service	Total
2010	\$ 296,555	\$ 250,752	\$ 4,894,142	\$ 0	5,441,449
2009	\$ 295,928	\$ 255,537	\$ 358,177	\$ 0	909,642
2008	\$ 268,815	\$ 254,316	\$ 202,511	\$ 0	725,642
2007	\$ 238,622	\$ 136,363	\$ 178,341	\$ 0	553,326
2006	\$ 205,477	\$ 109,006	\$ 222,113	\$ 0	536,596

* GASB Statement 54 changed the required components of fund balance to: Nonspendable, Restricted, Committed, Assigned & Unassigned. Prior to GASB 54, the components of fund balance were: Reserved and Unreserved.

Source: District Data

Piute County School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Property Taxes	\$ 771,636	\$ 770,714	\$ 827,955	\$ 712,297	\$ 628,253	\$ 366,574	\$ 437,251	\$ 438,366	\$ 455,862	\$ 401,432
Earnings On Investments	\$ 19,668	\$ 22,665	\$ 26,637	\$ 15,965	\$ 35,951	\$ 23,394	\$ 27,480	\$ 53,892	\$ 55,799	\$ 31,810
School Lunch Sales	\$ 29,979	\$ 32,606	\$ 32,834	\$ 32,819	\$ 37,426	\$ 40,527	\$ 41,961	\$ 50,467	\$ 41,835	\$ 38,703
Other Local Sources	\$ 397,904	\$ 323,346	\$ 341,791	\$ 332,687	\$ 345,758	\$ 346,668	\$ 422,474	\$ 298,507	\$ 192,544	\$ 116,492
State Aid	\$ 3,676,082	\$ 3,446,212	\$ 3,374,429	\$ 3,350,928	\$ 3,424,522	\$ 3,358,253	\$ 3,425,131	\$ 3,495,855	\$ 3,096,466	\$ 2,835,887
Federal Aid	\$ 927,112	\$ 815,968	\$ 905,217	\$ 1,167,063	\$ 991,882	\$ 803,912	\$ 773,655	\$ 354,286	\$ 781,824	\$ 636,483
Total Revenues	\$ 5,822,381	\$ 5,411,511	\$ 5,508,863	\$ 5,611,759	\$ 5,463,792	\$ 4,939,328	\$ 5,127,952	\$ 4,691,373	\$ 4,624,330	\$ 4,060,807
Expenditures:										
Current:										
Instructional Services	\$ 3,285,574	\$ 2,739,048	\$ 2,716,193	\$ 2,862,977	\$ 2,868,018	\$ 2,957,400	\$ 2,861,682	\$ 2,853,240	\$ 2,375,480	\$ 2,223,395
Support Services:										
Instructional Staff	\$ 20,979	\$ 9,977	\$ 15,248	\$ 21,048	\$ 25,191	\$ 23,326	\$ 24,453	\$ 30,298	\$ 22,040	\$ 24,728
District Administration	\$ 434,397	\$ 401,456	\$ 355,385	\$ 295,591	\$ 244,736	\$ 237,183	\$ 258,632	\$ 267,302	\$ 286,334	\$ 255,458
School Administration	\$ 227,914	\$ 209,856	\$ 201,530	\$ 121,602	\$ 121,832	\$ 121,764	\$ 341,015	\$ 239,917	\$ 317,710	\$ 425,295
Business	\$ 112,407	\$ 112,133	\$ 93,566	\$ 101,150	\$ 94,197	\$ 85,624	\$ 101,192	\$ 77,540	\$ 67,869	\$ 65,850
Operation and Maintenance of Facilities	\$ 505,903	\$ 507,606	\$ 405,854	\$ 544,457	\$ 433,717	\$ 419,408	\$ 402,372	\$ 363,643	\$ 385,281	\$ 342,814
Transportation	\$ 280,324	\$ 284,941	\$ 395,998	\$ 279,579	\$ 278,443	\$ 254,616	\$ 373,762	\$ 314,448	\$ 212,409	\$ 210,805
School Lunch Services	\$ 240,467	\$ 241,468	\$ 235,300	\$ 234,372	\$ 217,737	\$ 208,902	\$ 215,316	\$ 195,592	\$ 172,510	\$ 180,743
Capital Outlay	\$ 189,702	\$ 167,851	\$ 128,364	\$ 924,977	\$ 4,665,118	\$ 1,398,917	\$ 194,541	\$ 144,553	\$ 237,493	\$ 121,159
Debt Service:										
Principal Retirement	\$ 59,248	\$ 57,715	\$ 38,079	\$ 16,580	\$ 34,231	\$ 16,192	\$ 85,974	\$ 80,378	\$ 122,708	\$ 115,526
Interest and Fiscal Charges	\$ 343,031	\$ 343,411	\$ 340,952	\$ 340,395	\$ 322,586	\$ 2,210	\$ 6,370	\$ 10,107	\$ 12,764	\$ 17,093
Total Expenditures	\$ 5,699,946	\$ 5,075,462	\$ 4,926,469	\$ 5,742,728	\$ 9,305,806	\$ 5,725,542	\$ 4,865,309	\$ 4,577,018	\$ 4,212,598	\$ 3,982,866
Excess (Deficiency) of Revenues	\$ 122,435	\$ 336,049	\$ 582,394	\$ (130,969)	\$ (3,842,014)	\$ (786,214)	\$ 262,643	\$ 114,355	\$ 411,732	\$ 77,941
Other Financing Sources:										
Transfers	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,686	\$ 0	\$ 0
Bond Proceeds	\$ 0	\$ 0	\$ 0	\$ 250,000	\$ 0	\$ 5,500,000	\$ 0	\$ 0	\$ 0	\$ 0
Execution of a Capital Lease	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 86,475	\$ 0	\$ 65,658	\$ 0
Total Other Financing	\$ 0	\$ 0	\$ 100,000	\$ 250,000	\$ 0	\$ 5,500,000	\$ 86,475	\$ 69,686	\$ 65,658	\$ 0
Net Change In Fund Balances	\$ 122,435	\$ 336,049	\$ 682,394	\$ 119,031	\$ (3,842,014)	\$ 4,713,786	\$ 349,118	\$ 184,041	\$ 477,390	\$ 77,941
Net Beginning Balances	\$ 4,337,986	\$ 4,001,937	\$ 3,319,543	\$ 3,200,512	\$ 7,042,526	\$ 2,328,740	\$ 1,979,622	\$ 1,795,581	\$ 1,318,191	\$ 1,240,250
Net Ending Balances	\$ 4,460,421	\$ 4,337,986	\$ 4,001,937	\$ 3,319,543	\$ 3,200,512	\$ 7,042,526	\$ 2,328,740	\$ 1,979,622	\$ 1,795,581	\$ 1,318,191

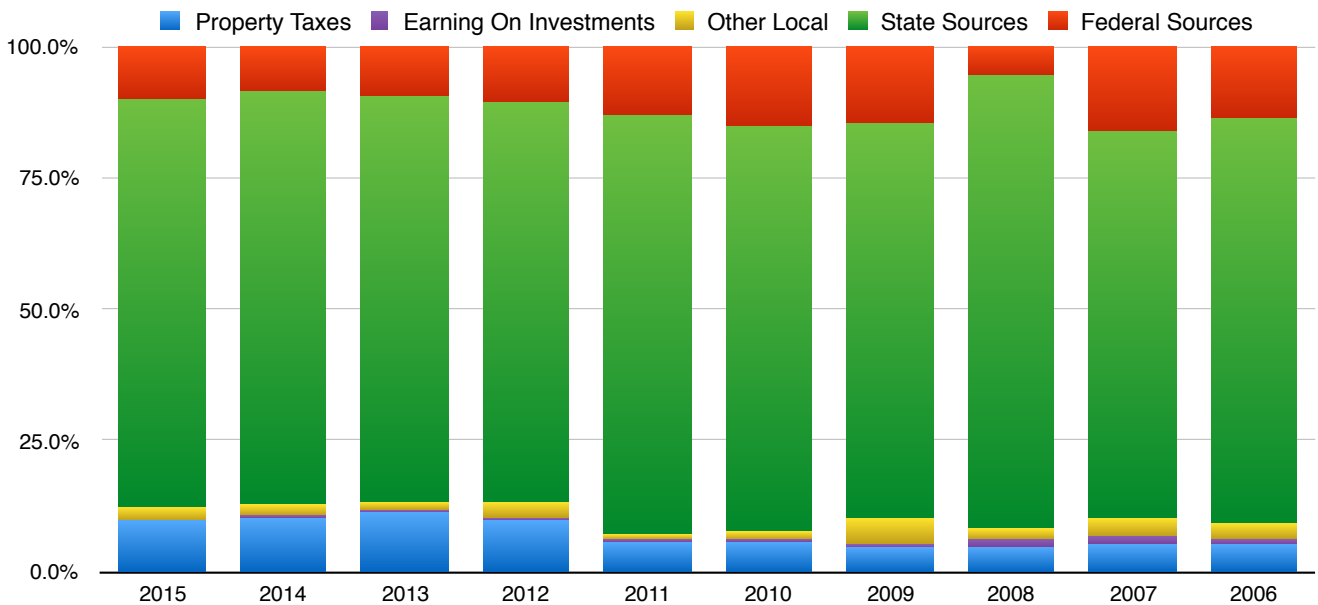
Source: Information taken from the District's audited financial statements. This summary itself has not been audited.

**Piute County School District
Revenues by Source
General Fund
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Property Taxes	Earning On Investments	Other Local	State Sources	Federal Sources	Total Revenue
2015	\$ 430,428	\$ 7,699	\$ 100,410	\$ 3,405,951	\$ 442,812	\$ 4,387,300
2014	\$ 426,668	\$ 9,210	\$ 90,508	\$ 3,192,357	\$ 350,944	\$ 4,069,687
2013	\$ 463,718	\$ 11,472	\$ 60,522	\$ 3,120,173	\$ 393,464	\$ 4,049,349
2012	\$ 393,966	\$ 12,209	\$ 123,272	\$ 3,080,627	\$ 427,395	\$ 4,037,469
2011	\$ 227,576	\$ 11,765	\$ 40,378	\$ 3,162,176	\$ 531,564	\$ 3,973,459
2010	\$ 232,445	\$ 14,280	\$ 58,447	\$ 3,137,824	\$ 624,981	\$ 4,067,977
2009	\$ 192,617	\$ 27,480	\$ 203,627	\$ 3,164,494	\$ 621,853	\$ 4,210,071
2008	\$ 192,814	\$ 50,995	\$ 87,767	\$ 3,365,596	\$ 222,827	\$ 3,919,999
2007	\$ 206,366	\$ 55,799	\$ 150,221	\$ 2,974,094	\$ 646,514	\$ 4,032,994
2006	\$ 184,897	\$ 31,810	\$ 110,304	\$ 2,708,025	\$ 483,732	\$ 3,518,768

Revenues By Source As A Percentage Of Total General Fund Revenue

Fiscal Year Ended June 30,	Property Taxes	Earning On Investments	Other Local	State Sources	Federal Sources	Total Revenue
2015	9.8%	0.2%	2.3%	77.6%	10.1%	100.0%
2014	10.5%	0.2%	2.2%	78.4%	8.6%	100.0%
2013	11.5%	0.3%	1.5%	77.1%	9.7%	100.0%
2012	9.8%	0.3%	3.1%	76.3%	10.6%	100.0%
2011	5.7%	0.3%	1.0%	79.6%	13.4%	100.0%
2010	5.7%	0.4%	1.4%	77.1%	15.4%	100.0%
2009	4.6%	0.7%	4.8%	75.2%	14.8%	100.0%
2008	4.9%	1.3%	2.2%	85.9%	5.7%	100.0%
2007	5.1%	1.4%	3.7%	73.7%	16.0%	100.0%
2006	5.3%	0.9%	3.1%	77.0%	13.7%	100.0%



Source: District Data

Piute County School District
Expenditures By Function
General Fund
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Instruction	Instructional Staff	District Leadership	School Leadership	Business	Operation & Maintenance	Transportation	Debt Service	Total
2015	\$ 2,841,536	\$ 20,979	\$ 434,397	\$ 227,914	\$ 112,407	\$ 505,903	\$ 280,324	\$ 42,142	\$ 4,465,602
2014	\$ 2,434,156	\$ 9,977	\$ 401,456	\$ 209,856	\$ 112,133	\$ 507,606	\$ 284,941	\$ 38,506	\$ 3,998,631
2013	\$ 2,365,195	\$ 15,248	\$ 355,385	\$ 201,530	\$ 93,566	\$ 405,854	\$ 395,998	\$ 18,930	\$ 3,851,706
2012	\$ 2,545,200	\$ 21,048	\$ 295,591	\$ 121,602	\$ 101,150	\$ 542,257	\$ 279,579	\$ 18,264	\$ 3,924,691
2011	\$ 2,561,355	\$ 25,191	\$ 244,736	\$ 121,832	\$ 94,197	\$ 433,717	\$ 278,443	\$ 36,446	\$ 3,795,917
2010	\$ 2,662,925	\$ 23,326	\$ 237,183	\$ 121,764	\$ 85,624	\$ 419,408	\$ 254,616	\$ 18,402	\$ 3,823,248
2009	\$ 2,595,962	\$ 24,453	\$ 258,632	\$ 341,015	\$ 101,192	\$ 398,010	\$ 373,762	\$ 18,402	\$ 4,111,428
2008	\$ 2,561,648	\$ 30,298	\$ 267,302	\$ 239,917	\$ 77,540	\$ 363,643	\$ 314,448	\$ 0	\$ 3,854,796
2007	\$ 2,268,691	\$ 22,040	\$ 286,334	\$ 317,710	\$ 67,869	\$ 385,281	\$ 212,409	\$ 0	\$ 3,560,334
2006	\$ 2,134,845	\$ 24,728	\$ 255,458	\$ 425,295	\$ 65,850	\$ 342,814	\$ 210,805	\$ 0	\$ 3,459,795

Fiscal Year Ended June 30,	Instruction	Instructional Staff	District Leadership	School Leadership	Business	Operation & Maintenance	Transportation	Debt Service	Total
2015	63.6%	0.5%	9.7%	5.1%	2.5%	11.3%	6.3%	0.9%	100.0%
2014	60.9%	0.2%	10.0%	5.2%	2.8%	12.7%	7.1%	1.0%	100.0%
2013	61.4%	0.4%	9.2%	5.2%	2.4%	10.5%	10.3%	0.5%	100.0%
2012	64.9%	0.5%	7.5%	3.1%	2.6%	13.8%	7.1%	0.5%	100.0%
2011	67.5%	0.7%	6.4%	3.2%	2.5%	11.4%	7.3%	1.0%	100.0%
2010	69.7%	0.6%	6.2%	3.2%	2.2%	11.0%	6.7%	0.5%	100.0%
2009	63.1%	0.6%	6.3%	8.3%	2.5%	9.7%	9.1%	0.4%	100.0%
2008	66.5%	0.8%	6.9%	6.2%	2.0%	9.4%	8.2%	0.0%	100.0%
2007	63.7%	0.6%	8.0%	8.9%	1.9%	10.8%	6.0%	0.0%	100.0%
2006	61.7%	0.7%	7.4%	12.3%	1.9%	9.9%	6.1%	0.0%	100.0%

Source: District Data

Piute County School District
Property Taxes (Per \$1) - Direct and Overlapping Governments
Last Ten Tax (Calendar) Years

Calendar Tax Year	2014	2013	2012*	2011	2010	2009	2008	2007	2006	2005
Fiscal Year	2014 - 15	2013 - 14	2012 - 13	2011 - 12	2010 - 11	2009 - 10	2008 - 09	2007 - 08	2006 - 07	2005 - 06
School District Rates:										
Basic School Levy ⁽¹⁾	0.001419	0.001535	0.001651	0.001591	0.001495	0.001433	0.001250	0.001311	0.001515	0.001720
Voted Local Levy ⁽²⁾	0.000299	0.000307	0.000303	0.000300	0.000301	0.000299	0.000314	0.000328	0.000330	0.000332
Board Local Levy ⁽³⁾	0.001770	0.001840	0.001819							
K-3 Reading Levy				0.000109	0.000109	0.000108	0.000113	0.000118	0.000119	0.000120
Transportation Levy				0.000286	0.000288	0.000286	0.000300	0.000083	0.000084	0.000085
Capital Local Levy ⁽⁴⁾	0.000165	0.000169	0.000163	0.000160	0.000352	0.000349	0.000366	0.000382	0.000385	0.000388
10% of Basic Levy				0.001107	0.000918	0.000911	0.000956	0.001229	0.001238	0.001247
Debt Service Levy ⁽⁵⁾	0.002600	0.002800	0.002800	0.002824	0.003121	0.000000	0.001086	0.001150	0.001252	0.001397
Total District Rates	0.006253	0.006651	0.006736	0.006377	0.006584	0.003386	0.004385	0.004601	0.004923	0.005289
Overlapping Rates:										
Piute County	0.003740	0.003827	0.003821	0.003796	0.003675	0.003614	0.003778	0.003943	0.003970	0.002237
Circleville Town	0.002062	0.002023	0.002034	0.002041	0.002144	0.002193	0.002296	0.000641	0.000643	0.000650
Junction Town	0.001985	0.002010	0.002004	0.002046	0.002026	0.002266	0.002414	0.002453	0.002524	0.002502
Kingston Town	0.001382	0.001389	0.001393	0.001488	0.001493	0.001473	0.001520	0.001560	0.001618	0.001635
Marysville Town	0.002009	0.002024	0.002032	0.000617	0.000606	0.000618	0.000684	0.000715	0.000726	0.000725
Water Conservancy	0.000034	0.000035	0.000035	0.000035	0.000033	0.000035	0.000035	0.000036	0.000042	0.000045

Limitations per Utah State Statute:

(1) Rate Established Annually by the Utah State Legislature and the Utah State Tax Commission

(2) Maximum Rate is 0.001600 and Must be Voted on by Public, certified rate has floated above maximum as approved by Utah State Tax Commission

(3) Maximum Rate is 0.002500

(4) Maximum Rate is 0.002400

(5) No Maximum Rate, But Must Have Votor Approval for General Obligation Bonds Issued

** Tax rates were consolidated by Utah law for the 2012 tax year. The K-3 Reading, Transportation, Tort Liability, and 10% of Basic levies were rolled into the Board Local Levy.*

The tax rates shown on this table represent the tax rates that are effective for each entity on the date the taxes are due to the County, which is 11/30 of each year

Source: Utah State Tax Commission, Property Tax Division



Compliance Section

Pages 73 - 86

Schedule of Expenditures of Federal Awards.....73
This schedule provides detailed categorical information regarding each Federal award expended during the fiscal year.

Notes to Schedule of Expenditures of Federal Awards.....74
These notes provide clarifying explanations to the schedule of Federal awards.

Independent Auditor’s Report on Internal Control:.....75
This report describes the auditor’s consideration of internal controls in the District.

Independent Auditor’s Report on Compliance with OMB Circular A-133:.....77
This report describes the auditor’s review of the District’s compliance with the standards required by the Circular A-133 Compliance Supplement issued by the United States Office of Management and Budget.

Schedule of Prior Year Findings79
This schedule reviews prior audit findings and the measures taken to correct the findings.

Schedule of Findings and Questioned Costs.....81
This schedule summarizes the auditor’s opinions related to the single audit compliance.

Independent Auditor’s Report in Accordance with the State Compliance Audit Guide and on Internal Control Over Compliance:.....83
This report describes the auditor’s consideration of compliance with State of Utah guidelines regarding both major and non-major State funded programs.

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PIUTE COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Thru Grantor's Number	District's Program Number	Disbursements or Expenditures
<u>U.S. Department of Education</u>				
<i>Passed Through Utah State Department of Education</i>				
<i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States	84.027	19	7524	\$ 80,159
Special Education Preschool Grants	84.173	52	7522	25,060
<i>Total Special Education Cluster (IDEA)</i>				<u>105,219</u>
Title I Grants to Local Educational Agencies (Title I, A)	84.010	08	7801	140,939
Rural Education	84.358		7390	21,934
Improving Teacher Quality (Title II, A)	84.367	74	7860	15,821
Migrant Education_Coordination Program	84.144	16	7830	12,179
Migrant Education_State Grant Program	84.011	15	7830	33,521
VOED Basic GT	84.048	21	6047	27,268
<i>Total Passed Through Utah State Department of Education</i>				<u>356,881</u>
<i>Passed Through Waterford Institute</i>				
UPSTART Grant	84.411	N/A		<u>24,964</u>
Total U.S. Department of Education				<u>381,845</u>
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Utah State Department of Education</i>				
<i>Child Nutrition Cluster</i>				
Federal School Lunch Program	10.555	42	8001	100,901
Federal Special Assistance Program - Non Cash (Commodity)	10.555	N/A	8001	10,767
Federal School Breakfast Program	10.553	44	8001	30,437
<i>Total Child Nutrition Cluster</i>				<u>142,105</u>
<i>Passed Through State of Utah</i>				
P.L. 110-343 Secure Rural Schools Act	10.665	N/A	1050	132,301
Total U.S. Department of Agriculture				<u>274,406</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS				<u><u>\$656,251</u></u>

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of Federal awards is a summary of activities related to the District expenditure of Federal awards. The schedule has been prepared on the same basis as the general purpose financial statements. Most of the awards are reimbursement based. Therefore, as expenditures of Federal funds are made, revenue is recognized.

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Ending inventory is reflected in the financial statements as non spendable fund balance.

NOTE C - ACCOUNTS RECEIVABLE

The financial statements include accounts receivable from Federal programs. These receivables are accrued according to the accrual basis of accounting. The receivables reflect Federal awards that have been expended by yearend and not yet reimbursed.

NOTE D – RELATIONSHIP TO THE DISTRICT’S FINANCIAL STATEMENTS

A reconciliation of Federal revenue reported on the District’s basic financial statements and the schedule of expenditures of Federal awards for the year ended June 30, 2015 is as follows:

General Fund	\$	442,812
Debt Service Fund		234,879
Special Revenue Funds		
Non K-12 Programs		50,024
Municipal Bld Authority		57,292
School Food Services		142,105
		927,112
Total Governmental Funds		927,112
Less amounts not reported on SEFA		(270,861)
		656,251
Amount Reported on SEFA	\$	656,251



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A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

Board of Education
Piute County School District
Junction, Utah

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 Piute County School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Piute County School District's basic financial statements, and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [15-1].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Piute County School 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.

Piute County School District's Response to Findings

Piute County School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Piute County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
November 23, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Piute County School District
Junction, Utah

Report on Compliance for Each Major Federal Program

We have audited Piute County School District'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 Piute County School District's major federal programs for the year ended June 30, 2015. Piute County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Piute County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Piute County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the of Piute County School District, as of and for the year ended June 30, 2015. We issued our report thereon dated November 23, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related 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 to 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gilbert & Stewart

Gilbert & Stewart
Certified Public Accountants
November 23, 2015

PIUTE COUNTY SCHOOL DISTRICT
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Internal Control Findings:

14-1 Draft Financial Statements

Finding: The District does not have an employee with certain expertise to draft the District's basic financial statements and related footnotes. The auditor, with oversight from management, drafts the financial statements and footnotes. Management then reviews and accepts responsibility for the financial statements.

Recommendation: Management should make efforts to gain as much expertise as possible regarding the preparation of the basic financial statements and footnotes to ensure that they are qualified to review, approve and accept responsibility for the financial statements.

Current Status: Management now has the expertise to draft the financial statements.

14-2 Adjustments to Accrual Basis of Accounting

Finding: The District does not currently post year-end adjusting journal entries necessary to adjust the financial statements to the accrual basis of accounting. The auditor, with oversight from management, recommends adjusting journal entries to the District to adjust the financial statements to the accrual basis of accounting.

Recommendation: Management should receive training regarding posting of year-end accrual basis adjusting entries.

Current Status: Management now has the expertise to make yearend adjusting journal entries.

14-3 Segregation of Duties

Finding: During the course of our audit we found that the proper segregation of duties does not exist to provide for a proper internal control structure. Inherent staff limitations placed on small districts make it difficult to provide for these separations in a cost effective manner.

Recommendation: We recommend that, when feasible, the District provide for proper segregation of duties. However, because in so many instances it is not feasible to provide for these separations, the school board should continue to constantly be aware of the need for administrative review of transactions and activities of the District.

Current Status: See current finding 15-1.

14-4 Bank Reconciliations

Finding: During our audit we noted that bank reconciliations were not being performed in a timely manner. Bank reconciliations need to be completed on a monthly basis to ensure any errors or adjustments be identified and remedied in a timely manner.

Recommendation: We recommend that the bank reconciliations be completed on a monthly basis.

Current Status: Bank reconciliations are now performed in a timely manner.

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PIUTE COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

-Material weaknesses indentified? ___ Yes X No

-Significant deficiencies identified that are not considered to be material weaknesses?

 X Yes ___ No

Noncompliance material to the financial statements noted? ___ Yes X No

Federal Awards:

Internal control over major programs:

-Material weaknesses indentified? ___ Yes X No

-Significant deficiencies indentified that are not considered to be material weaknesses?

 ___ Yes X No

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

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

Identification of major programs:

School Lunch Cluster:

CFDA 10.555 National School Lunch Program
CFDA 10.553 School Breakfast Program

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

Auditee qualified as a low-risk auditee? X Yes ___ No

2. FINANCIAL STATEMENT FINDINGS

Internal Control Findings:

15-1 Segregation of Duties

Finding: During the course of our audit we found that the proper segregation of duties does not exist to provide for a proper internal control structure. Inherent staff limitations placed on small districts makes it difficult to provide for these separations in a cost effective manner.

Recommendation: We recommend that, when feasible, the District provide for proper segregation of duties. However, because in so many instances it is not feasible to provide for these separations, the school board should continue to constantly be aware of the need for administrative review of transactions and activities of the District.

Districts Response: We concur and we will make all efforts to have a proper segregation of duties. The District's board will continue to monitor transactions and activities of the district.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

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**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE *STATE COMPLIANCE*
AUDIT GUIDE ON:
**COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
COMPLIANCE FOR EACH MAJOR STATE PROGRAM
INTERNAL CONTROL OVER COMPLIANCE
AND SCHEDULE OF EXPENDITURES OF STATE AWARDS****

To the Board of Education, and Audit Committee
Piute School District
Junction, Utah

Report on Compliance with General State Compliance requirements and for Each Major State Program

We have audited Piute School District's compliance with applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Piute School District or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- School District Tax Levies
- Open and Public Meetings
- Cash Management
- Nepotism

Piute School District received state funding from the following programs classified as major programs for the year ended June 30, 2015:

- Minimum School Program (USOE)

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Piute School District's compliance based on our audit of the 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 the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the District and its major state programs 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 with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Piute School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District or on its major state programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are in our letter to management dated *November 23, 2015* as items 2015-1 and 2015-2. Our opinion on compliance is not modified with respect to these matters.

Piute School District's response to the noncompliance findings identified in our audit is described in the letter to management. Piute School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report of Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the compliance requirements that could have a direct and material effect on the District or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, 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 general state or major state program compliance requirement 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 general state or major state program compliance requirement 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 general state or major state program compliance requirement 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, as defined above. 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 and compliance and the results of that testing based on the requirements of the State Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards as Required by the *State Compliance Audit Guide*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated November 23, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic 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 to 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 schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

GILBERT & STEWART, CPA, PC

Gilbert & Stewart

Provo, Utah 84601
November 23, 2015

Piute County School District
Schedule of Expenditures of State Grants, Contracts, and Loan Funds
For the Year Ended June 30, 2015

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
<u>Utah State Office of Education</u>			
State Appropriations			\$ 56,179
State Drivers Training			22,703
Job Enhancement			6,501
State School Lunch			31,107
Minimum School Program		2015	3,375,667
Total Utah State Office of Education			<u>\$ 3,492,157</u>
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			<u>\$ 3,492,157</u>