

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2008**

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

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**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**DISTRICT OFFICIALS**

**At June 30, 2008**

**Address:** Administrative Office  
324 North 2<sup>nd</sup> Avenue  
Hagerman, Idaho 83332

**Board of Trustees:**

Mark Henslee	Chair
Mark Daily	Vice-Chair
Harry DeWolfe	Treasurer
Karl Emerson	Member
Becci Tupper	Member

**Administrators:**

Ron Echols	Superintendent
Bette Reed	District Clerk

**FINANCIAL SECTION**

**Timothy S. Folke**  
**FOLKE CPAs, P.C.**  
**Kurt R. Folke**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Hagerman Joint School District No. 233  
Hagerman, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hagerman Joint School District No. 233 (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2008 and the respective change in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2008 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary information listed as required supplemental information in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees  
Hagerman Joint School District No. 233  
Page 2 of 2

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements listed as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The District has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

***Folke CPAs, P.C.***

Payette, Idaho  
August 7, 2008

## **BASIC FINANCIAL STATEMENTS**



**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008**

Page 1 of 2

	General Fund	Child Nutrition Fund	Debt Service Fund	Plant Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Local Taxes	\$6,980		\$294,776			\$301,756
Other Local Revenue	138,356	\$33,236	4,731	\$8,909	\$3,016	188,248
State Sources	2,633,001				124,973	2,757,974
Federal Sources	8	108,788			212,637	321,433
Total Revenues	<u>2,778,345</u>	<u>142,024</u>	<u>299,507</u>	<u>8,909</u>	<u>340,626</u>	<u>3,569,411</u>
<b>EXPENDITURES</b>						
Instructional Programs						
Elementary School	815,915				79,073	894,988
Secondary School	794,863				60,837	855,700
Exceptional Child	108,283				77,948	186,231
Preschool Exceptional Child	47,571				2,760	50,331
Interscholastic	53,757					53,757
Summer School					2,542	2,542
Support Service Programs						
Attendance, Guidance & Health Care	56,691					56,691
Special Services	34,197					34,197
Instruction - Improvement	1,585				28,796	30,381
Educational Media	66,134					66,134
Instruction-Related Technology	52,384				40,921	93,305
Board of Education	15,122					15,122
District Administration	115,709					115,709
School Administration	174,567					174,567
Business Operations	60,171					60,171
Building Care	201,611					201,611
Maintenance	87,563					87,563
Transportation	109,895					109,895
Non-Instructional Programs						
Child Nutrition	13,255	140,528				153,783
Capital Assets				75,192		75,192
Debt Service			274,165			274,165
Total Expenditures	<u>2,809,273</u>	<u>140,528</u>	<u>274,165</u>	<u>75,192</u>	<u>292,877</u>	<u>3,592,035</u>
Excess Of Revenues Over (Under)						
Expenditures	(30,928)	1,496	25,342	(66,283)	47,749	(22,624)
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfers In	35,000	0	0	0	0	35,000
Operating Transfers Out	0	0	0	0	(35,000)	(35,000)
Excess Of Revenues Over (Under)						
Expenditures & Other Financing						
Sources (Uses)	4,072	1,496	25,342	(66,283)	12,749	(22,624)
FUND BALANCES - Beginning of Year	<u>583,728</u>	<u>17,222</u>	<u>306,335</u>	<u>183,482</u>	<u>23,323</u>	<u>1,114,090</u>
FUND BALANCES - End of Year	<u>\$587,800</u>	<u>\$18,718</u>	<u>\$331,677</u>	<u>\$117,199</u>	<u>\$36,072</u>	<u>\$1,091,466</u>

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**      **Page 2 of 2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008**

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

Net Change in Fund Balances - Total Governmental Funds (\$22,624)

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

Governmental funds report capital outlays as expenditures. However, (96,619)  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation expense. This is excess of  
capital outlays over (under) depreciation expense in the current period.

Property tax revenues are deferred and not recognized in the funds (5,200)  
until they are available to pay for current period expenditures. In the  
statement of activities, however, they are recognized when levied.  
This is the difference between the amount deferred at the beginning  
and end of the current period.

The transportation apportionment is deferred and not recognized in the (6,761)  
funds until it is available to pay for current period expenditures. In the  
statement of activities, however, it is recognized when earned. This  
is the difference between the amount deferred at the beginning and  
end of the current period.

Repayment of bond principal is an expenditure in the governmental funds, 160,000  
but the repayment reduces long-term debt in the statement of net assets.

In the statement of activities, interest is accrued on outstanding bonds, 2,899  
but the expenditure is reported when due in the governmental funds.

Change in Net Assets of Governmental Activities \$31,695

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
June 30, 2008

	Private Purpose Trust - Scholarship	Agency Fund - Student Activity	TOTAL
<b>ASSETS</b>			
Cash in Bank	\$3,967	\$40,470	\$44,437
Investments	194,413	44,818	239,231
Interest Receivable	433		433
<b>Total Assets</b>	<b>\$198,813</b>	<b>\$85,288</b>	<b>\$284,101</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts Payable	\$14,000		\$14,000
Due to Student Groups		\$85,288	85,288
<b>Total Liabilities</b>	<b>\$14,000</b>	<b>85,288</b>	<b>99,288</b>
<b>Net Assets</b>			
Restricted for Scholarships	184,813		184,813
<b>Total Net Assets</b>	<b>184,813</b>	<b>0</b>	<b>184,813</b>
<b>Total Liabilities and Net Assets</b>	<b>\$198,813</b>	<b>\$85,288</b>	<b>\$284,101</b>

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**For the Year Ended June 30, 2008**

	<u>Private Purpose Trust - Scholarship</u>
<b>ADDITIONS</b>	
Contributions	\$150
Investment Income	<u>8,375</u>
Total Additions	<u>8,525</u>
<b>DEDUCTIONS</b>	
Scholarships Awarded	14,000
Disqualified Scholarships Returned	<u>(800)</u>
Total Deductions	<u>13,200</u>
Net Increase (Decrease)	(4,675)
Net Assets - Beginning of Year	<u>189,488</u>
Net Assets - End of Year	<u><u>\$184,813</u></u>

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

## **HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008**

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#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Hagerman Joint School District No. 233 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to school districts. The significant accounting policies of the District are described below.

##### **A. Reporting Entity**

Hagerman Joint School District No. 233 provides public school educational services as authorized by Section 33 of the Idaho Code. The District's boundaries for taxing and school enrollment purposes are located within Gooding and Twin Falls Counties.

Factors used in defining the reporting entity were as follows: Hagerman Joint School District No. 233 was established under the laws of the State of Idaho which designates the Board of Trustees as the governing authority. Members of the Board of Trustees are elected by the public. The Board of Trustees has control over the superintendent and management, and also has the authority to purchase equipment and other capital assets, and to levy taxes. The Board of Trustees has the power to establish annual budgets subject to public input from patrons, is responsible for funding deficits and operating deficiencies, and has the authority to borrow funds or issue bonded indebtedness.

The conclusion of the above criteria is that Hagerman Joint School District No. 233 is an independent school district in the State of Idaho, operating under an autonomous Board of Trustees constituting a Local Educational Agency form of government.

In the evaluation of how to define the District, for the financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in the accounting principles generally accepted in the United States of America. All funds and activities of Hagerman Joint School District No. 233 are included in the basic financial statements. Using the above criteria, the District has no component units.

##### **B. Basis of Presentation**

###### **Basic Financial Statements - Government-Wide Statements**

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation (continued)**

**Basic Financial Statements - Government-Wide Statements (continued)**

In the government-wide Statement of Net Assets, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt (when related debt exists), restricted for other purposes, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds is eliminated in the government-wide Statement of Activities.

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

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

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

**Basic Financial Statements - Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements, which may include Governmental Funds, Proprietary Funds, and Fiduciary Funds. For governmental and proprietary funds, the focus on the funds financial statements is on major funds, which represent the District's most important funds as based on a percentage of assets, liabilities, revenues, and expenditures/expenses. Currently, the District has no proprietary funds. Governmental and Fiduciary Funds of the District are as follows:

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation (continued)**

**Basic Financial Statements - Fund Financial Statements (continued)**

**General Fund**

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Thus, it is considered a major governmental fund.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Child Nutrition Fund, which serves to account for providing nutritional meals to students (including subsidized meals), is considered a major governmental fund.

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, long-term bonded debt principal, interest, and related costs. It is considered a major governmental fund.

**Capital Projects Fund**

The Plant Facilities Fund is used to account for the acquisition and betterment of major capital assets. It is considered a major governmental fund.

**FIDUCIARY FUNDS**

**Private Purpose Trust Funds**

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

**Agency Funds**

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

**Basis of Accounting**

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation (continued)**

**Basis of Accounting (continued)**

Activities in the government-wide and fiduciary funds financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (thirty days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due and payable. Those revenues susceptible to accrual are property taxes, State and Federal assistance and earnings on investments. Penalties and interest on delinquent property taxes are not susceptible to accrual because generally they are not measurable until received in cash.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the revenue is recognized. Additionally, for both the government-wide and funds financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are thus reported as deferred revenue.

**C. Budgets**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all governmental fund types.

**D. Cash and Investments**

The District pools cash of all governmental fund types into a common bank account. The accounting records of each fund reflect the equity in pooled cash. Investments include monies invested with the State under the Joint Exercise of Powers Act. The investments earn interest at a variable rate and are available upon demand.



## **HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008**

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#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **E. Property Taxes**

In accordance with Idaho law, property taxes are levied in September for each calendar year. Levies are made on or before the 2nd Monday of September. One-half of the property taxes are due on or before the 20th of December. The remaining one-half is due on or before June 20th of the following year. A lien is filed on real property three years from the date of delinquency. Gooding and Twin Falls Counties bill and collect property taxes for the District.

##### **F. Inventories**

School operating supplies, maintenance supplies, and food and other food service supplies are stated at cost. Inventory items are charged to expenditures at the time when used.

##### **G. Capital Assets and Depreciation**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets (exclusive of land) is provided on the straight-line (SL) method over the following estimated useful lives:

Equipment, Furniture & Fixtures (SL method)	7 years
Buildings (SL method)	40 years

##### **H. Net Assets**

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legally enforceable limitations that are, or may be, imposed on their use through enabling legislation by external parties such as citizens, public interest groups, the judiciary, other governments, creditors or grantors. Accordingly, the restricted net assets reported in the Government-wide Statement of Net Assets are classified as such by enabling legislation. When expenses are incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Fund Balance Reserves**

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally or contractually segregated for a specific future use.

**J. Teachers Contracts**

Contracts for teachers' salaries are payable in twelve monthly installments beginning in September. At June 30, the liability for the remaining two months of the current contracts and associated contracted benefits is accrued.

**K. Nonmonetary Transactions**

Items received via the federal Food Commodities Program are recognized at their stated fair market value.

**2. LEGAL COMPLIANCE - BUDGETS**

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

1. The District annually prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made and by itemizing and classifying the proposed expenditures as nearly as may be practicable. To support such proposed expenditures, the District prepares an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared and classifies such receipts by source as nearly as may be possible and practicable.
2. The proposed budget is published.
3. A public hearing is conducted to obtain citizen comments.
4. The budget is formally adopted through approval by the board of trustees.
5. The District may, after school starts and actual enrollment figures are known, amend the budget using the same procedures which were used in adopting the original budget. A budget may be amended downward in any instance. However, amendment to a greater amount than adopted can only happen if the District receives additional revenues in that fiscal year as a result of an increase in non-property tax related receipts. Once the change is justified, the process for formal adoption is as described above.

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**2. LEGAL COMPLIANCE - BUDGETS (continued)**

6. Budgetary integration is employed as a management control device during the year for all funds. Legal budgetary control is established based upon total revenues and expenditures.
7. The level of control (level at which expenditures may not exceed budget) is the fund.
8. All annual appropriations lapse at fiscal year end.

**3. CASH AND INVESTMENTS**

Cash and investments for all funds consist of the following at year end:

Cash - demand deposits (Net of Overdrafts)	\$127,530
Investments - State Investment Pool	<u>1,483,930</u>
<b>TOTAL</b>	<b><u>\$1,611,460</u></b>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. At year end, the carrying amounts of the District's deposits were \$127,530 and the bank balances were \$136,995. Of the bank balances, \$103,818 was covered by federal depository insurance.

**Investments**

Idaho statutes authorize school districts to invest in obligations of the United States or its agencies/instrumentalities, repurchase agreements, interest-bearing bonds of certain Idaho local governments, tax anticipation notes, time deposit accounts in state depositories, accounts in financial institutions, and the State of Idaho's Joint Exercise of Powers Act Investment Pool. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The District's investment policy complies with state statutes.

The Joint Exercise of Powers Act Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. Interest income earned on pooled investments is allocated to the various funds of the District in proportion to each fund's respective investment balances.

Statement 40 of the Government Accounting Standards Board requires government entities to disclose credit quality ratings, concentration of credit risk and interest rate risk on

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**3. CASH AND INVESTMENTS (continued)**

**Investments**

investment balances. Investments in the Joint Exercise of Powers Act Investment Pool are, due to their nature, not required to be rated in terms of credit quality, and are excluded from the other disclosure requirements. These investments include insured or registered investments or investments for which the securities are held by the District or its agent in the District's name.

**Fair Values of Financial Instruments**

The District's financial instruments, none of which are held for trading purposes, include cash and investments. The District estimates that the fair value of all financial instruments at year end, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and investments reported in the financial statements approximate fair values because of the short maturities (when applicable) of those instruments.

**4. RECEIVABLES**

Receivables at year end consist of the following:

	<b><u>General Fund</u></b>	<b><u>Special Revenue Funds</u></b>	<b><u>Debt Service Fund</u></b>
<b><u>LOCAL SOURCES:</u></b>			
Local Taxes	\$2,332		\$98,948
Other Local Sources	2,206	\$1,613	518
<b>Total Local</b>	<b><u>\$4,538</u></b>	<b><u>\$1,613</u></b>	<b><u>\$99,466</u></b>
<b><u>STATE SOURCES:</u></b>			
Foundation Program	\$30,852		
Transportation	77,845		
Special Programs		\$12,469	
<b>Total State</b>	<b><u>\$108,697</u></b>	<b><u>\$12,469</u></b>	
<b><u>FEDERAL SOURCES:</u></b>			
Special Programs		<b><u>\$143,758</u></b>	

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**5. INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables**

Individual fund interfund receivable and payable balances at year end consisted of \$4,140 due to the General Fund from the Child Nutrition Fund and \$35,000 due to the General Fund from the School Facilities Maintenance Fund.

**Interfund Transfers**

Interfund transfers for the fiscal year consisted of \$35,000 transferred to the General Fund from the School Facilities Maintenance Fund (nonmajor fund) for qualified maintenance costs.

**6. CAPITAL ASSETS**

A summary of capital assets is as follows:

	<b>Balance 7/1/07</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/08</b>
Depreciable Assets:				
Buildings	\$4,809,450	\$ 8,030		\$4,817,480
Equipment, Furniture & Fixtures	1,725,612	52,359		1,777,971
Subtotal - Cost	6,535,062	60,389	\$-0-	6,595,451
Accumulated Depreciation:				
Buildings	2,045,056	108,359		2,153,415
Equipment, Furniture & Fixtures	1,613,460	48,649		1,662,109
Subtotal - Accumulated Depreciation*	3,658,516	157,008	-0-	3,815,524
Net Depreciable Assets	2,876,546	(96,619)	-0-	2,779,927
Land	287,237	-0-	-0-	287,237
Net Capital Assets	<b>\$3,163,783</b>	<b>(\$96,619)</b>	<b>\$-0-</b>	<b>\$3,067,164</b>

Depreciation expense was charged to direct expenses in the statement of activities in the capital assets program.

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**7. BONDED DEBT**

The District's bonded debt is as follows:

	<b>Principal Due at Year End</b>
1999 General Obligation Bonds due in annual principal installments through July 31, 2018. Interest at 4.35% to 6.50% is payable semi-annually.	
	<u>\$2,375,000</u>
<b>Total</b>	<u><u>\$2,375,000</u></u>

The future debt service requirements for the bonds of the District are scheduled as follows:

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
6/30/09	\$ 170,000	\$106,146	\$ 276,146
6/30/10	175,000	98,556	273,556
6/30/11	185,000	90,588	275,588
6/30/12	195,000	82,085	277,085
6/30/13	205,000	73,034	278,034
6/30/14	215,000	63,425	278,425
6/30/15	225,000	53,249	278,249
6/30/16	235,000	42,495	277,495
6/30/17	245,000	31,154	276,154
6/30/18	255,000	19,215	274,215
6/30/19	270,000	6,547	276,547
	<u><u>\$2,375,000</u></u>	<u><u>\$666,494</u></u>	<u><u>\$3,041,494</u></u>

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**8. CHANGES IN LONG-TERM DEBT**

Changes in the District's long term debt for the year are summarized below:

<b>Description</b>	<b>Balance 7/1/07</b>	<b>Reductions</b>	<b>Balance 6/30/08</b>	<b>Principal Amount due in 2008/09</b>
General Obligation Bonds-1999	\$2,535,000	\$160,000	\$2,375,000	\$170,000
<b>Total</b>	<b>\$2,535,000</b>	<b>\$160,000</b>	<b>\$2,375,000</b>	<b>\$170,000</b>

Interest expense amounted to \$111,266 and was charged to expense in the Statement of Activities.

**9. PENSION PLAN**

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

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://www.persi.idaho.gov).

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**9. PENSION PLAN (continued)**

The contribution requirements of employer and employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2008, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. Additionally, PERSI administers the Sick Leave Insurance Reserve Fund which collects salary-based contributions while employed and pays insurance premiums for state and school employees at retirement based on a portion of the accumulated balance of their unused sick leave. State and school employers pre-fund this termination payment with contributions to PERSI during active employment.

The District's contributions required and paid were \$202,780, \$196,099, and \$190,104 for the three years ended June 30, 2008, 2007, and 2006 respectively.

**10. COMPENSATED ABSENCES**

The District provides personal and sick leave to its employees, as well as paid vacations depending on job classifications, lengths of service, and other factors. The estimated amount of compensation for future amounts is believed to be immaterial and, accordingly, no liability is recorded.

**11. DEFERRED REVENUES - FUND FINANCIAL STATEMENTS**

Revenues are recognized when they become available to the District. Taxes and other receivables not received soon enough after year end to pay current liabilities do not represent available expendable resources and recognition of revenue is deferred until collection. Deferred revenues at year end consist of the following:

Property taxes	\$14,315
Grant advances	53,549
Transportation reimbursement	<u>77,845</u>
<b>TOTAL</b>	<b><u>\$145,709</u></b>



**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**12. EXCESS OF EXPENDITURES OVER APPROPRIATION**

The following individual funds had an excess of expenditures over appropriations:

<u>Fund Description</u>	<u>Excess Expenditures</u>
General	\$14,982
Child Nutrition	18,398
Drug Free Schools	124
Title VI-B	6,056
Title V-A	777
Professional Technical Education	34
State Technology Grant	1,663
Plant Facilities	62,692
Substance Abuse Education	578
Title I-A	14,410

Excess expenditures were substantially offset by excess revenues.

**13. CONTINGENT LIABILITIES**

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

**REQUIRED SUPPLEMENTAL INFORMATION**

## HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Page 1 of 2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET  
AND ACTUAL (BUDGETARY BASIS) - GENERAL AND MAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2008

GENERAL FUND	Budgeted Amounts		Actual Amounts	Final Budget Variance - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Taxes	\$20,026	\$20,026	\$6,980	(\$13,046)
Other Local Revenue	85,500	85,500	138,356	52,856
State Sources	2,658,659	2,658,659	2,633,001	(25,658)
Federal Sources	20	20	8	(12)
Total Revenues	2,764,205	2,764,205	2,778,345	14,140
<b>EXPENDITURES</b>				
Instructional Programs				
Elementary School	816,193	816,193	815,915	278
Secondary School	781,853	781,853	794,863	(13,010)
Exceptional Child	86,134	86,134	108,283	(22,149)
Preschool Exceptional Child	47,767	47,767	47,571	196
Gifted & Talented	500	500	0	500
Interscholastic	49,210	49,210	53,757	(4,547)
Support Service Programs				
Attendance, Guidance & Health Care	55,997	55,997	56,691	(694)
Special Services	52,000	52,000	34,197	17,803
Instruction-Improvement	14,080	14,080	1,585	12,495
Educational Media	65,721	65,721	66,134	(413)
Instruction-Related Technology	53,341	53,341	52,384	957
Board of Education	15,540	15,540	15,122	418
District Administration	116,716	116,716	115,709	1,007
School Administration	172,904	172,904	174,567	(1,663)
Business Operations	59,236	59,236	60,171	(935)
Building Care	227,600	227,600	201,611	25,989
Maintenance	56,939	56,939	87,563	(30,624)
Transportation	112,400	112,400	109,895	2,505
Non-Instructional Programs				
Child Nutrition	10,160	10,160	13,255	(3,095)
Total Expenditures	2,794,291	2,794,291	2,809,273	(14,982)
Excess Of Revenues Over (Under)				
Expenditures	(30,086)	(30,086)	(30,928)	(842)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	14,590	14,590	35,000	20,410
Operating Transfers Out	0	0		0
Excess Of Revenues Over (Under)				
Expenditures & Other Financing Sources (Uses)	(15,496)	(15,496)	4,072	19,568
FUND BALANCE - Beginning of Year	577,565	577,565	583,728	6,163
FUND BALANCE - End of Year	\$562,069	\$562,069	\$587,800	\$25,731

See the independent auditor's report.

## HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Page 2 of 2

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET  
AND ACTUAL (BUDGETARY BASIS) - GENERAL AND MAJOR SPECIAL REVENUE FUNDS**

**For the Year Ended June 30, 2008**

<b>CHILD NUTRITION FUND</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Final Budget Variance - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Other Local Revenue	\$46,000	\$46,000	\$33,236	(\$12,764)
Federal Sources	81,000	81,000	108,788	27,788
Total Revenues	127,000	127,000	142,024	15,024
<b>EXPENDITURES</b>				
Non-Instructional Programs				
Child Nutrition	122,130	122,130	140,528	(18,398)
Total Expenditures	122,130	122,130	140,528	(18,398)
Excess Of Revenues Over (Under)				
Expenditures	4,870	4,870	1,496	(3,374)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
Excess Of Revenues Over (Under)				
Expenditures & Other Financing Sources (Uses)	4,870	4,870	1,496	(3,374)
<b>FUND BALANCE - Beginning of Year</b>	<b>7,500</b>	<b>7,500</b>	<b>17,222</b>	<b>9,722</b>
<b>FUND BALANCE - End of Year</b>	<b>\$12,370</b>	<b>\$12,370</b>	<b>\$18,718</b>	<b>\$6,348</b>

See the independent auditor's report.

**ADDITIONAL INFORMATION**

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2008**

Page 1 of 4

	Special Revenue Funds			
	School Facilities Maintenance	Drivers Education	Professional Technical Education	State Technology Grant
<b>ASSETS</b>				
Cash in Bank			\$2,018	\$7,462
Investments	\$66,047			
Receivables:				
Local Sources	147		20	80
State Sources		\$1,500	8,593	2,376
Federal Sources				
<b>Total Assets</b>	<u>\$66,194</u>	<u>\$1,500</u>	<u>\$10,631</u>	<u>\$9,918</u>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>LIABILITIES</b>				
Cash Overdraft		\$1,500		
Accounts Payable			\$8,765	\$239
Salaries and Benefits Payable			1,866	4,801
Due To Other Funds	\$35,000			
Deferred Revenue				
<b>Total Liabilities</b>	<u>35,000</u>	<u>1,500</u>	<u>10,631</u>	<u>5,040</u>
<b>FUND BALANCES</b>				
Reserved For Special Programs	31,194	0	0	4,878
<b>Total Fund Balances</b>	<u>31,194</u>	<u>0</u>	<u>0</u>	<u>4,878</u>
<b>Total Liabilities and Fund     Balances</b>	<u>\$66,194</u>	<u>\$1,500</u>	<u>\$10,631</u>	<u>\$9,918</u>

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2008**

Page 2 of 4

	Special Revenue Funds			
	Substance Abuse Education	Title I-A Basic Programs	Title I-C Migrant	Title VI-B IDEA
<b>ASSETS</b>				
Cash in Bank	\$2,120			
Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources		\$26,190	\$5,509	\$63,964
Total Assets	<u>\$2,120</u>	<u>\$26,190</u>	<u>\$5,509</u>	<u>\$63,964</u>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>LIABILITIES</b>				
Cash Overdraft		\$17,708	\$562	\$34,917
Accounts Payable	\$1,494			
Salaries and Benefits Payable	586	5,257	2,542	10,155
Due To Other Funds				
Deferred Revenue	40	3,225	2,405	18,892
Total Liabilities	<u>2,120</u>	<u>26,190</u>	<u>5,509</u>	<u>63,964</u>
<b>FUND BALANCES</b>				
Reserved For Special				
Programs	0	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$2,120</u>	<u>\$26,190</u>	<u>\$5,509</u>	<u>\$63,964</u>

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2008

Page 3 of 4

	Special Revenue Funds			
	Title VI-B IDEA Preschool	Title V-A Innovative	Title VI-B Rural Ed. Initiative	Carl Perkins
<b>ASSETS</b>				
Cash in Bank			\$8,585	
Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$5,109	\$1,854	4,620	
Total Assets	<u>\$5,109</u>	<u>\$1,854</u>	<u>\$13,205</u>	<u>\$0</u>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>LIABILITIES</b>				
Cash Overdraft	\$2,300	\$1,164		
Accounts Payable			\$13,205	
Salaries and Benefits Payable	458			
Due To Other Funds				
Deferred Revenue	2,351	690		
Total Liabilities	<u>5,109</u>	<u>1,854</u>	<u>13,205</u>	<u>\$0</u>
<b>FUND BALANCES</b>				
Reserved For Special				
Programs	0	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund				
Balances	<u>\$5,109</u>	<u>\$1,854</u>	<u>\$13,205</u>	<u>\$0</u>

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



**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
 June 30, 2008

Page 4 of 4

	Special Revenue Funds			
	Title II-A Imp. Teacher Quality	Drug Free Schools	Title II-D Technology	Totals
<b>ASSETS</b>				
Cash in Bank		\$386		\$20,571
Investments				66,047
Receivables:				
Local Sources				247
State Sources				12,469
Federal Sources	\$35,541	363		143,150
Total Assets	<u>\$35,541</u>	<u>\$749</u>	<u>\$0</u>	<u>\$242,484</u>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>LIABILITIES</b>				
Cash Overdraft	\$9,022			\$67,173
Accounts Payable		\$300		24,003
Salaries and Benefits Payable	1,022			26,687
Due To Other Funds				35,000
Deferred Revenue	25,497	449		53,549
Total Liabilities	<u>35,541</u>	<u>749</u>	<u>\$0</u>	<u>206,412</u>
<b>FUND BALANCES</b>				
Reserved For Special				
Programs	0	0	0	36,072
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,072</u>
Total Liabilities and Fund Balances	<u>\$35,541</u>	<u>\$749</u>	<u>\$0</u>	<u>\$242,484</u>

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008**

Page 1 of 4

	Special Revenue Funds			
	School Facilities Maintenance	Drivers Education	Professional Technical Education	State Technology Grant
<b>REVENUES</b>				
Other Local Revenue	\$356	\$2,660		
State Sources	48,133	4,000	\$28,648	\$33,336
Federal Sources				
Total Revenues	48,489	6,660	28,648	33,336
<b>EXPENDITURES</b>				
Instructional Programs				
Elementary School				
Secondary School		6,660	28,648	
Exceptional Child				
Preschool Exceptional Child				
Summer School				
Support Services				
Instruction - Improvement				
Instruction-Related Technology				34,076
Total Expenditures	0	6,660	28,648	34,076
Excess Of Revenues Over (Under) Expenditures	48,489	0	0	(740)
<b>OTHER SOURCES (USES)</b>				
Operating Transfers In	0	0	0	0
Operating Transfers Out	(35,000)	0	0	0
Excess Of Revenues Over (Under) Expenditures And Other Sources (Uses)	13,489	0	0	(740)
<b>FUND BALANCE -</b>				
Beginning of Year	17,705	0	0	5,618
<b>FUND BALANCE -</b>				
End of Year	\$31,194	\$0	\$0	\$4,878

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008**

Page 2 of 4

	Special Revenue Funds			
	Substance Abuse Education	Title I-A Basic Programs	Title I-C Migrant	Title VI-B IDEA
<b>REVENUES</b>				
Other Local Revenue				
State Sources	\$10,856			
Federal Sources		\$38,638	\$9,404	\$77,948
Total Revenues	10,856	38,638	9,404	77,948
<b>EXPENDITURES</b>				
Instructional Programs				
Elementary School		38,638	6,862	
Secondary School	5,959			
Exceptional Child				77,948
Preschool Exceptional Child				
Summer School			2,542	
Support Services				
Instruction - Improvement	4,897			
Instruction-Related Technology				
Total Expenditures	10,856	38,638	9,404	77,948
Excess Of Revenues Over (Under) Expenditures	0	0	0	0
<b>OTHER SOURCES (USES)</b>				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
Excess Of Revenues Over (Under) Expenditures And Other Sources (Uses)	0	0	0	0
<b>FUND BALANCE -</b>				
Beginning of Year	0	0	0	0
<b>FUND BALANCE -</b>				
End of Year	\$0	\$0	\$0	\$0

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008**

Page 3 of 4

	Special Revenue Funds			
	Title VI-B IDEA Preschool	Title V-A Innovative	Title VI-B Rural Ed. Initiative	Carl Perkins
<b>REVENUES</b>				
Other Local Revenue				
State Sources				
Federal Sources	\$2,760	\$1,375	\$49,507	\$2,261
Total Revenues	<u>2,760</u>	<u>1,375</u>	<u>49,507</u>	<u>2,261</u>
<b>EXPENDITURES</b>				
Instructional Programs				
Elementary School		66	33,507	
Secondary School		1,309	16,000	2,261
Exceptional Child				
Preschool Exceptional Child	2,760			
Summer School				
Support Services				
Instruction - Improvement				
Instruction-Related Technology				
Total Expenditures	<u>2,760</u>	<u>1,375</u>	<u>49,507</u>	<u>2,261</u>
Excess Of Revenues Over				
(Under) Expenditures	0	0	0	0
<b>OTHER SOURCES (USES)</b>				
Operating Transfers In	0	0	0	0
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess Of Revenues Over				
(Under) Expenditures And				
Other Sources (Uses)	0	0	0	0
<b>FUND BALANCE -</b>				
Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE -</b>				
End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Page 4 of 4

For the Year Ended June 30, 2008

	Special Revenue Funds			Totals
	Title II-A Imp. Teacher Quality	Drug Free Schools	Title II-D Technology	
<b>REVENUES</b>				
Other Local Revenue				\$3,016
State Sources				124,973
Federal Sources	\$20,662	\$1,760	\$8,322	212,637
Total Revenues	20,662	1,760	8,322	340,626
<b>EXPENDITURES</b>				
Instructional Programs				
Elementary School				79,073
Secondary School				60,837
Exceptional Child				77,948
Preschool Exceptional Child				2,760
Summer School				2,542
Support Services				
Instruction - Improvement	20,662	1,760	1,477	28,796
Instruction-Related Technology			6,845	40,921
Total Expenditures	20,662	1,760	8,322	292,877
Excess Of Revenues Over (Under) Expenditures	0	0	0	47,749
<b>OTHER SOURCES (USES)</b>				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	(35,000)
Excess Of Revenues Over (Under) Expenditures And Other Sources (Uses)	0	0	0	12,749
<b>FUND BALANCE - Beginning of Year</b>	0	0	0	23,323
<b>FUND BALANCE - End of Year</b>	\$0	\$0	\$0	\$36,072

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

**INDEPENDENT AUDITOR'S REPORTS ON INTERNAL CONTROL  
AND ON COMPLIANCE**

**Timothy S. Folke**  
**FOLKE CPAs, P.C.**  
**Kurt R. Folke**

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

To the Board of Trustees  
Hagerman Joint School District No. 233  
Hagerman, Idaho

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hagerman Joint School District No. 233 (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is a more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected through the District's internal control. We consider the deficiency, item B-1, in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider the above noted significant deficiency, item B-1, to be a material weakness.

#### Compliance and Other Matters

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

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

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

**Folke CPAs, P.C.**

Payette, Idaho  
August 7, 2008



## AUDIT FINDINGS

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008**

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**A. SUMMARY OF AUDITOR'S RESULTS**

1. The independent auditor's report expresses an unqualified opinion on the financial statements of the District.
2. One significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*. The significant deficiency is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**MATERIAL WEAKNESS**

**1. Segregation of Duties**

**CONDITION:**

Although the District has implemented various checks and balances in internal control to the degree possible given available staff, it does not have a complete segregation of duties over cash and the reporting of such transactions.

**CRITERIA:**

Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

**EFFECT:**

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

**CAUSE:**

The above noted situation is the result of staffing limitations necessitated by budget constraints common to a school district this size.

**RECOMMENDATION AND RESPONSE:**

It is simply requested that the District take note that this situation exists. Management has taken steps to improve in this area insofar as possible with a district this size; however, substantial changes cannot be expected until the above noted situation is adequately mitigated.

**NOTEWORTHY ACCOMPLISHMENTS**

**HAGERMAN JOINT SCHOOL DISTRICT NO. 233**

**NOTEWORTHY ACCOMPLISHMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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During the course of the audit, the following noteworthy management accomplishments were identified:

**COMPLIANCE TESTING**

In testing compliance attributes and requirements pertaining to various programs, no instances of noncompliance were noted. The District is to be commended for such performance.

**ACCOUNTING RECORDS**

The accounting requirements of the District require that numerous programs be accounted for as separate entities having various contract fiscal years, yet also being accounted for within the District's fiscal year. However, no significant audit adjustments were required of these records as provided by the District to the auditor. The District is to be commended for the accuracy of its accounting records.