

**HAGERMAN JOINT SCHOOL DISTRICT
NO. 233**

Financial Statements

Year Ended June 30, 2015

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Financial Statements
For the year ended June 30, 2015

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Independent Auditor's Report

September 8, 2015

Board of Trustees
Hagerman Joint School District No. 233

Report on the Financial Statements

I 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, (School) as of and for the year ended, June 30, 2015, which collectively comprise the School'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 School'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 School's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Hagerman Joint School District No. 233, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis and budgetary comparison information (pages 18-19) be included in the financial statements. Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information. I have applied certain limited procedures to the required supplementary information (budgetary comparison 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 8, 2015, on my consideration of the School's internal control over financial reporting and on my 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 my 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 School's internal control over financial reporting and compliance.



DENNIS R BROWN
Certified Public Accountant
Twin Falls, Idaho

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Net Position

at June 30, 2015

<u>ASSETS</u>	Governmental Activities
Current Assets:	
Cash and Deposits	\$ 783,432
Receivables:	
Local Sources	155,559
State Sources	79,888
Federal Sources	96,730
Due from Other Funds	53,695
Inventories	6,537
Total Current Assets	\$ 1,175,841
Non-Current Assets:	
Land	385,181
Construction in Progress	
Buildings and Improvements	4,934,205
Vehicles and Equipment	1,796,696
Totals	7,116,082
Accumulated Depreciation	(4,575,676)
Total Non-Current Assets	2,540,406
Total Assets	3,716,247
Deferred Outflows of Resources:	
Deferred Outflows from Pension Activity	221,173
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 46,577
Salaries & Benefits Payable	304,730
Unspend Grant Allocation	42,677
Due To Other Funds	53,695
Accrued Interest	12,380
Long-Term Debt, Current	230,000
Total Current Liabilities	690,059
Non Current Liabilities:	
Long-Term Debt, Net of Current Portion	725,000
Net Pension Liability	270,669
Total Non Current Liabilities	995,669
Total Liabilities	1,685,728
Deferred Inflows of Resources:	
Deferred Inflows from Pension Activity	638,670
<u>NET POSITION</u>	
Invested in Capital Assets - net of related debt	1,585,406
Restricted:	
Special Programs	20,152
Debt Service	336,045
Capital Projects	170,681
Unrestricted	(499,262)
Total Net Position	\$ 1,613,022

The accompanying notes are a part of these financial statements.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instructional Programs					
Elementary School	\$ 779,615		\$		\$ (779,615)
Secondary School	693,112				(693,112)
Special Education	189,622				(189,622)
Special Education Preschool	3,554				(3,554)
Gifted and Talented	0				0
Interscholastic	43,366				(43,366)
Support Service Programs					
Attendance - Guidance - Health	68,801				(68,801)
Special Education Support Svcs	14,900				(14,900)
Instructional Improvement	47,445				(47,445)
Educational Media	21,662				(21,662)
Instructional - Technology	96,634				(96,634)
Board of Education	8,847				(8,847)
District Administration	104,169				(104,169)
School Administration	162,543				(162,543)
Business Operations	57,486				(57,486)
Central Service	18,984				(18,984)
Buildings - Care	193,084				(193,084)
Maintenance - Non-Student Occupied	130				(130)
Maintenance - Student Occupied	99,970				(99,970)
Maintenance - Grounds	7,500				(7,500)
Security	8,408				(8,408)
Pupil-To-School Transportation	117,051				(117,051)
Pupil - Activity Transportation	15,879				(15,879)
General Transportation	291				(291)
Non-Instructional Programs					
Child Nutrition	196,309	29,072			(167,237)
Capital Assets - Student Occupied	97,524				(97,524)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	30,369				(30,369)
Totals	\$ 3,077,255	\$ 29,072	\$ 0	\$ 0	(3,048,183)

General Revenues:

Local Taxes	437,657
Other Local Revenues	191,496
State Revenues	2,340,160
Federal Revenues	333,427
Gain (Loss) on Pension Activity	324,219
Total	3,626,959

Changes in net assets 578,776

Net Position - Beginning	2,046,632
Prior Period Adjustment	(1,012,386)
Net Position - Ending	\$ 1,613,022

The accompanying notes are a part of these financial statements.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Balance Sheets
Governmental Funds
for the year ended June 30, 2015

	General Fund	Child Nutrition Fund	Debt Service Fund	Plant Facilities Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Cash Deposits	\$ 334,801	\$ 32,789	\$ 259,409	\$ 164,717	\$ (8,284)	\$ 783,432
Receivables:						
Local Sources	58,543	66	89,859	6,991	100	155,559
State Sources	69,477				10,411	79,888
Federal Sources					96,730	96,730
Due From Other Funds	53,695					53,695
Inventory		6,537				6,537
Total Assets	\$ 516,516	\$ 39,392	\$ 349,268	\$ 171,708	\$ 98,957	\$ 1,175,841
LIABILITIES:						
Accounts Payable	\$ 33,784	\$ 7,358	\$	\$	\$ 5,435	\$ 46,577
Due To Other Funds		53,695				53,695
Salaries & Benefits Payable	264,326	9,711			30,693	304,730
Unspent Grant Allocations					42,677	42,677
Total Liabilities	298,110	70,764	0	0	78,805	447,679
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Tax Revenues	6,968		13,223	1,027		21,218
Total Deferred Inflows of Resources	6,968	0	13,223	1,027	0	21,218
FUND BALANCE:						
Non-spendable		6,537				6,537
Restricted:						
Special Programs					20,152	20,152
Debt Service			336,045			336,045
Capital Projects				170,681		170,681
Committed						0
Assigned						0
Unassigned	211,438	(37,909)				173,529
Total Fund Balance	211,438	(31,372)	336,045	170,681	20,152	706,944
Total Liabilities and Fund Balance	\$ 516,516	\$ 39,392	\$ 349,268	\$ 171,708	\$ 98,957	\$ 1,175,841

The accompanying notes are a part of these financial statements.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Reconciliation of the Total Governmental Fund Balances
To the Statement of Net Position
at June 30, 2015

Total Governmental Fund Balance (Page 5)	\$ 706,944
Amounts reported for governmental activities in the statement of net position are different because:	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,540,406
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	21,218
Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(1,238,049)
Certain Deferred Inflows and Outflows will not be received or paid in the current year and therefore are not reported in the funds.	(417,497)
Statement of Net Position (Page 3)	<u>\$ 1,613,022</u>

The accompanying notes are a part of these financial statements.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Fund
for the year ended June 30, 2015

	General Fund	Child Nutrition Fund	Debt Service Fund	Plant Facilities Fund	Other Governmental Funds	Total Governmental Funds
REVENUE:						
Local Taxes	\$ 156,098		\$ 262,929	\$ 20,385		\$ 439,412
Other Local Revenue	166,672	\$ 29,072	139	6,662	\$ 18,023	220,568
State Revenue	2,285,394				54,766	2,340,160
Federal Revenue	73	151,955			181,399	333,427
Total Revenue	2,608,237	181,027	263,068	27,047	254,188	3,333,567
EXPENDITURES:						
Instructional Programs						
Elementary School	688,538				91,077	779,615
Secondary School	642,076				51,036	693,112
Special Education	123,678				65,944	189,622
Special Education Preschool					3,554	3,554
Gifted & Talented						0
Interscholastic	43,366					43,366
Support Service Programs						
Attendance - Guidance - Health	68,801					68,801
Special Education Support Services	14,900					14,900
Instructional Improvement	30,830				16,615	47,445
Educational Media	21,662					21,662
Instruction-Related Technology	77,042				19,592	96,634
Board of Education	8,847					8,847
District Administration	104,169					104,169
School Administration	162,543					162,543
Business Operation	56,986		500			57,486
Central Service	18,984					18,984
Buildings Care	193,084					193,084
Maintenance - Non-Student Occupied	130					130
Maintenance - Student Occupied	99,970					99,970
Maintenance - Grounds	7,500					7,500
Security	8,408					8,408
Pupil-To-School Transportation	117,051					117,051
Pupil - Activity Transportation	15,879					15,879
General Transportation	291					291
Non-Instructional Programs						
Child Nutrition	11,461	184,848				196,309
Capital Assets - Student Occupied	22,500			3,458		25,958
Capital Assets - Non-Student Occupied						0
Debt Service - Principal			225,000			225,000
Debt Service - Interest			33,250			33,250
Total Expenditures	2,538,696	184,848	258,750	3,458	247,818	3,233,570
EXCESS REVENUE (EXPENDITURES)	69,541	(3,821)	4,318	23,589	6,370	99,997
OTHER FINANCING SOURCES (USES):						
Operating transfers from other funds				1,271	5,000	6,271
Operating transfers (to) other funds					(6,271)	(6,271)
NET CHANGE IN FUND BALANCES	69,541	(3,821)	4,318	24,860	5,099	99,997
FUND BALANCE - BEGINNING	141,897	(27,551)	331,727	145,821	15,053	606,947
FUND BALANCE - ENDING	\$ 211,438	\$ (31,372)	\$ 336,045	\$ 170,681	\$ 20,152	\$ 706,944

The accompanying notes are a part of these financial statements.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
for the year ended June 30, 2015

Net Change in Fund Balance - Total Governmental Funds (Page 7)	\$	99,997
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Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.

This is the amount of current year depreciation.		(71,566)
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This is the amount of new assets paid in the Government Funds.		0
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Change in accrued interest on long term debt		2,881
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This is the amount of principal that was paid on the bonds during the current year		225,000
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Change in unavailable tax revenues in the governmental fund statements		(1,755)
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Gain/(Loss) on current year pension activity		324,219
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Change in Net Position of Governmental Activities (Page 4)	\$	<u>578,776</u>
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The accompanying notes are a part of these financial statements.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Statement of Fiduciary Net Position
at June 30, 2015

	<u>Private Purpose Trust Funds Scholarship</u>	<u>Agency Funds Student Activity</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Deposits	\$ 107,523	\$ 134,466	\$ 241,989
Receivables:			
Local Sources	<u>15</u>	<u> </u>	<u>15</u>
Total Assets	\$ <u>107,538</u>	\$ <u>134,466</u>	\$ <u>242,004</u>
<u>LIABILITIES</u>			
Due To Student Groups		\$ 134,466	\$ 134,466
Accounts Payable	<u>\$ 21,000</u>	<u> </u>	<u>21,000</u>
Total Liabilities	<u>21,000</u>	<u>134,466</u>	<u>155,466</u>
<u>NET POSITION</u>			
Restricted:			
Scholarships	<u>86,538</u>	<u> </u>	<u>86,538</u>
Total Net Position	\$ <u>86,538</u>	\$ <u>0</u>	\$ <u>86,538</u>

The accompanying notes are a part of these financial statements.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Statement of Changes in Fiduciary Net Position
at June 30, 2015

	<u>Private Purpose Trust Funds Scholarship</u>
Additions	
Contributions	\$ 5,000
Investment Income (Loss)	<u>158</u>
Total Additions	<u>5,158</u>
Deductions	
Scholarships Awarded (Net)	<u>20,500</u>
Total Deductions	<u>20,500</u>
Change in Net Position	(15,342)
Net Position - Beginning	<u>101,880</u>
Net Position - Ending	<u>\$ 86,538</u>

The accompanying notes are a part of these financial statements.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to school districts. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

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

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

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

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

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

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

Basic Financial statements – Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

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

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

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

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

Capital Projects Funds – Capital projects funds are used to account for the acquisition of major capital assets. Major capital project funds include the plant facilities fund, used to account for the maintenance of facilities and other capital assets.

Fiduciary funds of the School include:

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

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

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

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

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

Compensated Absences – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded.

Pension Plan

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

In 2007, the Governmental Accounting Standards Board (GASB) released Concepts Statement No. 4 *Elements of Financial Statements* which provides a framework for determining the nature of financial accounting or reporting issues. Since the release of the framework, GASB has been looking at the assets and liabilities on the balance sheet to determine if they should continue to be reflected as such. GASB has concluded that, in order to improve financial reporting, there are assets and liabilities that no longer should be reflected as assets and

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

liabilities. These changes are included in the recently-issued GASB Statement No. 65, *Items Previously Reported as Asset and Liabilities*.

These changes include two new items that are reflected on the Statement of Net Position.

- Deferred outflow of resources – the current *consumption* of net assets that is applicable to a *future* reporting period.
- Deferred inflows of resources – the current *acquisition* of net assets that is applicable to a *future* reporting period.

The School's financial statements may report a separate section for deferred inflows of resources which reflects an increase in resources that applies to a future period. This situation occurs in instance where certain grant revenues or property tax revenues are not collected within thirty days after the end of the School's fiscal year (thus not meeting the criteria for revenue recognition under the modified accrual basis of accounting). When such grant revenues or property tax revenues are later collected, they are recognized in the governmental fund financial statements by increasing revenue and decreasing the related deferred inflow of resources account.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classification – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Non-spendable portions of the fund balance are those amounts that cannot be spent because they are in a non-spendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources before using unassigned resources.

Property Taxes – The School is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

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

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

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

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS

Cash and investments consist of the following at year end.

Cash Deposits	\$	357,507
Investments - Local Government Investment Pool		<u>667,914</u>
Total	\$	<u><u>1,025,421</u></u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

Deposits – At year end, the carrying amounts of the School’s deposits were \$ 357,507 and the bank balances were \$ 410,288. Of the bank balances, \$ 410,288 was insured, and the remainder was uninsured and uncollateralized.

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

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

NOTE 3 - RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Debt Service Fund	Plant Facilities Fund
Local Sources				
Local Taxes	\$ 52,576	\$	\$ 89,842	\$ 6,967
Other Local Sources	5,967	166	17	24
Total	\$ 58,543	\$ 166	\$ 89,859	\$ 6,991
State Sources				
Foundation Program	\$ 69,477			
Special Programs		\$ 10,411		
Total	\$ 69,477	\$ 10,411		
Federal Sources				
Special Programs		\$ 96,730		
Total		\$ 96,730		

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Capital Assets not being depreciated:</i>				
Land	\$ 385,181	\$	\$	\$ 385,181
Total	<u>385,181</u>	<u>0</u>	<u>0</u>	<u>385,181</u>
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	4,934,205			4,934,205
Equipment	<u>1,796,696</u>			<u>1,796,696</u>
Total	<u>6,730,901</u>	<u>0</u>	<u>0</u>	<u>6,730,901</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	2,717,581	67,470		2,785,051
Equipment	<u>1,786,529</u>	<u>4,096</u>		<u>1,790,625</u>
Total Accumulated Depreciation	<u>4,504,110</u>	<u>71,566</u>	<u>0</u>	<u>4,575,676</u>
Governmental capital assets, net	\$ <u>2,611,972</u>	\$ <u>(71,566)</u>	\$ <u>0</u>	\$ <u>2,540,406</u>

Depreciation expense of \$ 71,556 was charged to the capital assets – student occupied program.

NOTE 5 - LONG-TERM DEBT

At year end, the School's bonded debt was as follows:

2009 - \$ 2,185,000 general obligation refunding bonds for capital improvements due in annual principal installments and semiannual interest payments with interest at 3.00% - 3.25% through 2018/19, secured by future taxes, paid through the debt service fund.

Amount Outstanding \$ 955,000

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

Maturities on the bonds are estimated as follows:

	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
GO Refunding Bond, 2009				
\$2,185,000, 2009	3.000%	2016	\$ 230,000	\$ 26,425
3.00% - 3.250%	3.000%	2017	235,000	19,450
	3.250%	2018	240,000	12,024
	3.250%	2019	<u>250,000</u>	<u>4,063</u>
			<u>\$ 955,000</u>	<u>\$ 61,962</u>

Changes in long-term debt are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2009 G.O. Refunding Bonds	\$ 1,180,000	\$ _____	\$ 225,000	\$ 955,000	\$ 230,000
	<u>1,180,000</u>	<u>_____</u>	<u>225,000</u>	<u>955,000</u>	<u>230,000</u>

NOTE 6 - RETIREMENT PLAN

Plan Description

Hagerman Joint School District No. 233 (School) contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the

State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served the Board.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

Employee membership data related to the PERSI Base Plan, as of June 30, 2014 was as follows:

Retirees and beneficiaries currently receiving benefits	40,776
Terminated employees entitled to but not yet receiving benefits	11,504
Active plan members	<u>66,223</u>
	<u>118,503</u>

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age and highest average salary. Members become fully vested in their retirement benefits with five years of credited services (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate. As of June 30, 2014 it was 6.79%. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The School's contributions were \$ 182,554 for the year ended June 30, 2015.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2015, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the School's proportion was .06320221 percent.

For the year ended June 30, 2015, the School recognized pension expense (revenue) of (\$ 141,665). At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 57,591
Changes in assumptions or other inputs	\$ 38,619	\$ 0
Net difference between projected and actual earnings on pension plan investments	\$ 0	\$ 581,079
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$ 0	\$ 0
School contributions subsequent to the measurement date	\$ 182,554	\$ 0
Total	\$ 221,173	\$ 638,670

\$ 182,554 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013 the beginning of the measurement period ended June 30, 2014 is 5.6 years.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended:

2015	(\$ 149,394)
2016	(\$ 149,394)
2017	(\$ 149,394)
2018	(\$ 149,394)
2019	(\$ 2,475)
Thereafter	\$ 0

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

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

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

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses			7.10%

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 510,335	\$ 463,941	\$ 417,547

Pension plan fiduciary net position

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov

Payables to the pension plan

At June 30, 2015, the School reported payables to the defined benefit pension plan of \$ 15,026 for legally required employer contributions and \$ 8,749 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7 – PRIOR PERIOD ADJUSTMENT

In the current accounting period, the School District implemented Governmental Accounting Standards Board (GASB) Statement 68 – Account and Financial Reporting for Pensions. This statement requires government entities providing public pension plans to employees to disclose future pension liabilities for plan participants on current financial statements. This requirement causes an adjustment to prior periods to disclose liabilities accrued from the inception of the plan to the beginning of the current accounting period. The total calculated net pension liability attributable to the prior periods is \$ 1,012,386.

**REQUIRED
SUPPLEMENTARY INFORMATION**

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Fund
for the year ended June 30, 2015

General Fund:	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:				
Local Taxes	\$ 153,766	\$ 153,766	\$ 156,098	\$ 2,332
Other Local Revenue	129,000	134,000	166,672	32,672
State Revenue	2,224,201	2,224,201	2,285,394	61,193
Federal Revenue	150	150	73	(77)
Total Revenue	<u>2,507,117</u>	<u>2,512,117</u>	<u>2,608,237</u>	<u>96,120</u>
EXPENDITURES:				
Instructional Programs				
Elementary School	729,565	726,329	688,538	37,791
Secondary School	671,673	647,923	642,076	5,847
Special Education	125,766	125,766	123,678	2,088
Special Education Preschool Gifted & Talented				
Interscholastic	43,344	43,344	43,366	(22)
Support Service Programs				
Attendance - Guidance - Health	69,047	69,047	68,801	246
Special Education Support Services	14,200	14,200	14,900	(700)
Instructional Improvement	4,456	28,206	30,830	(2,624)
Educational Media	11,859	16,858	21,662	(4,804)
Instruction-Related Technology	80,464	82,964	77,042	5,922
Board of Education	15,525	15,525	8,847	6,678
District Administration	107,279	107,279	104,169	3,110
School Administration	169,821	169,822	162,543	7,279
Business Operation	43,640	53,640	56,986	(3,346)
Central Service	19,104	19,104	18,984	120
Buildings Care	190,338	190,337	193,084	(2,747)
Maintenance - Non-Student Occupied	500	500	130	370
Maintenance - Student Occupied	108,290	105,790	99,970	5,820
Maintenance - Grounds	6,036	6,036	7,500	(1,464)
Security	6,827	6,827	8,408	(1,581)
Pupil-To-School Transportation	118,400	118,400	117,051	1,349
Pupil - Activity Transportation	20,500	20,500	15,879	4,621
General Transportation	300	300	291	9
Non-Instructional Programs				
Child Nutrition	9,929	9,929	11,461	(1,532)
Capital Assets - Student Occupied			22,500	(22,500)
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>2,566,863</u>	<u>2,578,626</u>	<u>2,538,696</u>	<u>39,930</u>
EXCESS REVENUE (EXPENDITURES)	(59,746)	(66,509)	69,541	136,050
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	50,000	50,000		(50,000)
Operating transfers (to) other funds	(11,000)	(11,000)		(11,000)
NET CHANGE IN FUND BALANCES	(20,746)	(27,509)	69,541	75,050
FUND BALANCE - BEGINNING	<u>141,897</u>	<u>141,897</u>	<u>141,897</u>	
FUND BALANCE - ENDING	<u>\$ 121,151</u>	<u>\$ 114,388</u>	<u>\$ 211,438</u>	

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Major Special Revenue Fund
for the year ended June 30, 2015

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Child Nutrition Fund:				
REVENUE:				
Other Local Revenue	\$ 29,200	\$ 29,200	\$ 29,072	\$ (128)
Federal Revenue	<u>124,000</u>	<u>124,000</u>	<u>151,955</u>	<u>27,955</u>
Total Revenue	<u>153,200</u>	<u>153,200</u>	<u>181,027</u>	<u>27,827</u>
EXPENDITURES:				
Non-Instructional Programs				
Child Nutrition	<u>164,273</u>	<u>164,273</u>	<u>184,848</u>	<u>(20,575)</u> 0
Total Expenditures	<u>164,273</u>	<u>164,273</u>	<u>184,848</u>	<u>(20,575)</u>
EXCESS REVENUE (EXPENDITURES)	(11,073)	(11,073)	(3,821)	7,252
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	11,000	11,000		(11,000)
Operating transfers (to) other funds				<u>0</u>
NET CHANGE IN FUND BALANCES	(73)	(73)	(3,821)	(3,748)
FUND BALANCE - BEGINNING	<u>(27,551)</u>	<u>(27,551)</u>	<u>(27,551)</u>	
FUND BALANCE - ENDING	<u>\$ (27,624)</u>	<u>\$ (27,624)</u>	<u>\$ (31,372)</u>	

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
PUBLIC EMPLOYEE PENSION INFORMATION
For the year ended June 30, 2015

Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability	
PERSI - Base Plan	
Last 10 - Fiscal Years*	
	2015
Employer's portion of net the pension liability	.0630221%
Employer's proportionate share of the net pension liability	\$ 270,669
Employer's covered-employee payroll	\$ 1,612,669
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	28.77%
Plan fiduciary net position as a percentage of the total pension liability	595.94%

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

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

Schedule of Employer Contributions	
PERSI - Base Plan	
Last 10 - Fiscal Years*	
	2015
Statutorily required contribution	\$ 182,554
Contributions in relation to the statutorily required contribution	(\$ 182,554)
Contribution (deficiency) excess	\$ 0
Employer's covered-employee payroll	\$ 1,612,669
Contributions as a percentage as a percentage of covered-employee payroll	11.32%

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Combining Balance Sheets
Nonmajor Governmental Funds
for the year ended June 30, 2015

	<u>Driver Education</u>	<u>Professional Technical</u>	<u>Technology</u>	<u>State Substance Abuse</u>
ASSETS:				
Cash and Cash Deposits	\$	\$	(3,101)	\$ 22,448
Receivables:				
Local Sources	100			
State Sources		10,411		
Federal Sources				
Due From Other Funds				
Inventory				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>100</u>	\$ <u>7,310</u>	\$ <u>22,448</u>	\$ <u>0</u>
LIABILITIES:				
Accounts Payable	\$	\$	5,107	\$ 212
Due To Other Funds				
Salaries & Benefits Payable		2,203	2,184	
Unspent Grant Allocations				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>0</u>	<u>7,310</u>	<u>2,396</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Tax Revenues				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE:				
Non-spendable				
Restricted:				
Special Programs	100		20,052	
Debt Service				
Capital Projects				
Committed				
Assigned				
Unassigned				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>100</u>	<u>0</u>	<u>20,052</u>	<u>0</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>100</u>	\$ <u>7,310</u>	\$ <u>22,448</u>	\$ <u>0</u>

<u>Title I-A ESEA IBP</u>	<u>Special Ed IDEA Part B School-Age</u>	<u>Special Ed IDEA Preschool</u>	<u>Title VI-B ESEA REAP</u>	<u>Perkins III Professional Technical Act</u>	<u>Title II-A Improving Teacher Qlty</u>	<u>Total</u>
\$ (6,408)	\$ (9,189)	\$ (3,554)		\$	\$ (8,480)	\$ (8,284)
						100
20,712	40,430	7,112	\$ 16,583		11,893	10,411
						96,730
<u>\$ 14,304</u>	<u>\$ 31,241</u>	<u>\$ 3,558</u>	<u>\$ 16,583</u>	<u>\$ 0</u>	<u>\$ 3,413</u>	<u>\$ 98,957</u>
\$ 63	\$ 53			\$		\$ 5,435
12,331	10,112		\$ 2,161		\$ 1,702	30,693
1,910	21,076	\$ 3,558	14,422		1,711	42,677
<u>14,304</u>	<u>31,241</u>	<u>3,558</u>	<u>16,583</u>	<u>0</u>	<u>3,413</u>	<u>78,805</u>
						0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
						20,152
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,152</u>
<u>\$ 14,304</u>	<u>\$ 31,241</u>	<u>\$ 3,558</u>	<u>\$ 16,583</u>	<u>\$ 0</u>	<u>\$ 3,413</u>	<u>\$ 98,957</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2015

	<u>Driver Education</u>	<u>Professional Technical</u>	<u>Technology</u>	<u>State Substance Abuse</u>
REVENUE:				
Local Taxes				
Other Local Revenue	\$ 5,700		\$ 12,323	
State Revenue	3,500	\$ 34,705	12,268	\$ 4,293
Federal Revenue				
Total Revenue	<u>9,200</u>	<u>34,705</u>	<u>24,591</u>	<u>4,293</u>
EXPENDITURES:				
Instructional Programs				
Elementary School				
Secondary School	7,829	34,705		4,293
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instructional Improvement				
Educational Media				
Instruction-Related Technology			19,592	
Board of Education				
District Administration				
School Administration				
Business Operation				
Central Service				
Buildings Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil - Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>7,829</u>	<u>34,705</u>	<u>19,592</u>	<u>4,293</u>
EXCESS REVENUE (EXPENDITURES)	1,371	0	4,999	0
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				
Operating transfers (to) other funds	(1,271)			
NET CHANGE IN FUND BALANCES	100	0	4,999	0
FUND BALANCE - BEGINNING	<u>0</u>	<u>0</u>	<u>15,053</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 100</u>	<u>\$ 0</u>	<u>\$ 20,052</u>	<u>\$ 0</u>

<u>Title I-A ESEA IBP</u>	<u>Special Ed IDEA Part B School-Age</u>	<u>Special Ed IDEA Preschool</u>	<u>Title VI-B ESEA REAP</u>	<u>Perkins III Professional Technical Act</u>	<u>Title II-A Improving Teacher Qlty</u>	<u>Total</u>
						\$ 18,023
						54,766
\$ 73,116	\$ 65,944	\$ 3,554	\$ 12,961	\$ 4,209	\$ 21,615	181,399
<u>73,116</u>	<u>65,944</u>	<u>3,554</u>	<u>12,961</u>	<u>4,209</u>	<u>21,615</u>	<u>254,188</u>
78,116			12,961			91,077
	65,944			4,209		51,036
		3,554				65,944
						3,554
					16,615	16,615
						19,592
<u>78,116</u>	<u>65,944</u>	<u>3,554</u>	<u>12,961</u>	<u>4,209</u>	<u>16,615</u>	<u>247,818</u>
(5,000)	0	0	0	0	5,000	6,370
5,000						5,000
					(5,000)	(6,271)
0	0	0	0	0	0	5,099
0	0	0	0	0	0	15,053
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>20,152</u>



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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

September 8, 2015

Board of Trustees
Hagerman Joint School District No. 233

I 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 Hagerman Joint School District No. 233 (School), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 8, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, I do not express an opinion on the effectiveness of the School'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 School'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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2015-1 that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DENNIS R. BROWN
Certified Public Accountant
Twin Falls, Idaho

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Schedule of Findings and Responses
For the Year Ended June 30, 2015

Finding 2015-1: Lack of segregation of duties

Condition: The School lacks a segregation of duties over accounting functions, including stewardship of cash and cash deposits.

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.

Recommendation: It is suggested the School take such actions as hiring additional personnel to assist in accounting duties, including the reconciling of cash and cash equivalents.

Response: School management believes the cost of hiring additional personnel outweighs the benefit to be derived as mitigating controls are currently in place such as board review of all disbursements, two signatures required on all checks, and monthly board review of financial reports prepared by the school clerk.