

**HAGERMAN JOINT SCHOOL DISTRICT
NO. 233**

Financial Statements

Year Ended June 30, 2016

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Financial Statements
For the year ended June 30, 2016

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828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

Independent Auditor's Report

August 12, 2016

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, 2016, 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 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 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, 2016, 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, budgetary comparison information and public employee pension information (pages 24-26) 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 and public employee pension 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 Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hagerman Joint School District No. 233's basic financial statements. The accompanying other supplementary information on page 27-30 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 12, 2016, 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, 2016

**Governmental
Activities**

ASSETS

Current Assets:		
Cash and Deposits	\$ 1,053,345	
Receivables:		
Local Sources	151,896	
State Sources	80,729	
Federal Sources	92,785	
Due from Other Funds	34,227	
Inventories	6,342	
Total Current Assets		\$ 1,419,324
Non-Current Assets:		
Land	385,181	
Construction in Progress		
Buildings and Improvements	4,934,205	
Vehicles and Equipment	1,804,397	
Totals	7,123,783	
Accumulated Deprecation	(4,645,789)	
Total Non-Current Assets		2,477,994
Total Assets		3,897,318
Deferred Outflows of Resources:		
Deferred Outflows from Pension Activity		306,640

LIABILITIES

Current Liabilities:		
Accounts Payable	\$ 96,336	
Salaries & Benefits Payable	310,177	
Unspent Grant Allocation	48,306	
Due To Other Funds	34,227	
Accrued Interest	9,520	
Long-Term Debt, Current	235,000	
Total Current Liabilities	733,566	
Non Current Liabilities:		
Long-Term Debt, Net of Current Portion	490,000	
Net Pension Liability	294,232	
Total Non Current Liabilities	784,232	
Total Liabilities		1,517,798
Deferred Inflows of Resources:		
Deferred Inflows from Pension Activity		580,989

NET POSITION

Invested in Capital Assets - net of related debt	1,752,994	
Restricted:		
Special Programs	16,097	
Debt Service	346,676	
Capital Projects	214,469	
Unrestricted	(225,065)	
Total Net Position		\$ 2,105,171

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and
					Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instructional Programs					
Elementary School	\$ 771,612		\$		\$ (771,612)
Secondary School	749,229	\$			(749,229)
Special Education	184,909				(184,909)
Special Education Preschool	3,558				(3,558)
Gifted and Talented	0				0
Interscholastic	44,693				(44,693)
Support Service Programs					
Attendance - Guidance - Health	69,584				(69,584)
Special Education Support Svcs	14,880				(14,880)
Instructional Improvement	37,946				(37,946)
Educational Media	13,781				(13,781)
Instructional - Technology	55,679				(55,679)
Board of Education	8,981				(8,981)
District Administration	95,003				(95,003)
School Administration	159,292				(159,292)
Business Operations	56,693				(56,693)
Central Service	18,057				(18,057)
Buildings - Care	137,737				(137,737)
Maintenance - Non-Student Occupied	70				(70)
Maintenance - Student Occupied	90,517				(90,517)
Maintenance - Grounds	6,339				(6,339)
Security	4,001				(4,001)
Pupil-To-School Transportation	98,418				(98,418)
Pupil - Activity Transportation	16,171				(16,171)
General Transportation	43				(43)
Non-Instructional Programs					
Child Nutrition	163,785	23,415			(140,370)
Capital Assets - Student Occupied	979				(979)
Capital Assets - Non-Student Occupied	0				0
Unallocated Depreciation Expense	70,113				(70,113)
Debt Service - Interest	23,565				(23,565)
Totals	\$ 2,895,635	\$ 23,415	\$ 0	\$ 0	(2,872,220)

General Revenues:

Local Taxes	433,675
Other Local Revenues	74,116
State Revenues	2,446,035
Federal Revenues	325,612
Gain (Loss) on Pension Activity	84,931
Total	3,364,369

Changes in net assets 492,149

Net Position - Beginning 1,613,022

Net Position - Ending \$ 2,105,171

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, 2016

	General Fund	Child Nutrition Fund	Debt Service Fund	Plant Facilities Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Cash Deposits	\$ 575,748	\$ 9,736	\$ 256,500	\$ 208,242	\$ 3,119	\$ 1,053,345
Receivables:						
Local Sources	54,535	19	90,176	7,166		151,896
State Sources	61,426				19,303	80,729
Federal Sources					92,785	92,785
Due From Other Funds	34,227					34,227
Inventory		6,342				6,342
Total Assets	\$ 725,936	\$ 16,097	\$ 346,676	\$ 215,408	\$ 115,207	\$ 1,419,324
LIABILITIES:						
Accounts Payable	\$ 71,765	\$ 1,214	\$	\$ 65	\$ 23,292	\$ 96,336
Due To Other Funds		34,227				34,227
Salaries & Benefits Payable	273,261	9,853			27,063	310,177
Unspent Grant Allocations					48,306	48,306
Total Liabilities	345,026	45,294	0	65	98,661	489,046
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Tax Revenues	6,694		11,162	874		18,730
Total Deferred Inflows of Resources	6,694	0	11,162	874	0	18,730
FUND BALANCE:						
Non-spendable		6,342				6,342
Restricted:						
Special Programs					16,546	16,546
Debt Service			335,514			335,514
Capital Projects				214,469		214,469
Committed						0
Assigned						0
Unassigned	374,216	(35,539)				338,677
Total Fund Balance	374,216	(29,197)	335,514	214,469	16,546	911,548
Total Liabilities and Fund Balance	\$ 725,936	\$ 16,097	\$ 346,676	\$ 215,408	\$ 115,207	\$ 1,419,324

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, 2016

Total Governmental Fund Balance (Page 5)	\$ 911,548
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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.	2,477,994
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	18,730
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Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(1,028,752)
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Certain Deferred Inflows and Outflows will not be received or paid in the current year and therefore are not reported in the funds.	(274,349)
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Statement of Net Position (Page 3)	\$ <u>2,105,171</u>
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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
Governmental Funds
for the year ended June 30, 2016

	General Fund	Child Nutrition Fund	Debt Service Fund	Plant Facilities Fund	Other Governmental Funds	Total Governmental Funds
REVENUE:						
Local Taxes	\$ 159,701		\$ 256,267	\$ 20,195		\$ 436,163
Other Local Revenue	37,414	\$ 23,415	127	24,472	\$ 12,103	97,531
State Revenue	2,390,898				55,137	2,446,035
Federal Revenue	88	137,585			187,939	325,612
Total Revenue	2,588,101	161,000	256,394	44,667	255,179	3,305,341
EXPENDITURES:						
Instructional Programs						
Elementary School	685,406				99,415	784,821
Secondary School	706,605				63,282	769,887
Special Education	123,704				64,370	188,074
Special Education Preschool					3,558	3,558
Gifted & Talented						0
Interscholastic	44,693					44,693
Support Service Programs						
Attendance - Guidance - Health	69,584					69,584
Special Education Support Services	14,880					14,880
Instructional Improvement	23,392				14,554	37,946
Educational Media	13,781					13,781
Instruction-Related Technology	42,173				13,506	55,679
Board of Education	8,981					8,981
District Administration	96,629					96,629
School Administration	162,019					162,019
Business Operation	57,163		500			57,663
Central Service	18,057					18,057
Buildings Care	137,737					137,737
Maintenance - Non-Student Occupied	70					70
Maintenance - Student Occupied	90,517					90,517
Maintenance - Grounds	6,339					6,339
Security	4,001					4,001
Pupil-To-School Transportation	98,418					98,418
Pupil - Activity Transportation	16,171					16,171
General Transportation	43					43
Non-Instructional Programs						
Child Nutrition	4,960	158,825				163,785
Capital Assets - Student Occupied				979		979
Capital Assets - Non-Student Occupied						0
Debt Service - Principal			230,000			230,000
Debt Service - Interest			26,425			26,425
Total Expenditures	2,425,323	158,825	256,925	979	258,685	3,100,737
EXCESS REVENUE (EXPENDITURES)	162,778	2,175	(531)	43,688	(3,506)	204,604
OTHER FINANCING SOURCES (USES):						
Operating transfers from other funds				100		100
Operating transfers (to) other funds					(100)	(100)
NET CHANGE IN FUND BALANCES	162,778	2,175	(531)	43,788	(3,606)	204,604
FUND BALANCE - BEGINNING	211,438	(31,372)	336,045	170,681	20,152	706,944
FUND BALANCE - ENDING	\$ 374,216	\$ (29,197)	\$ 335,514	\$ 214,469	\$ 16,546	\$ 911,548

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, 2016

Net Change in Fund Balance - Total Governmental Funds (Page 7)	\$ 204,604
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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.	(70,113)
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This is the amount of new assets paid in the Government Funds.	7,701
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Change in accrued interest on long term debt	2,860
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This is the amount of principal that was paid on the bonds during the current year	230,000
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Change in unavailable tax revenues in the governmental fund statements	(2,488)
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Gain/(Loss) on current year pension activity	<div style="border-top: 1px solid black; display: inline-block;">119,585</div>
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Change in Net Position of Governmental Activities (Page 4)	\$ <div style="border-bottom: 3px double black; display: inline-block;">492,149</div>
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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, 2016

	<u>Private Purpose Trust Funds Scholarship</u>	<u>Agency Funds Student Activity</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Deposits	\$ 92,556	\$ 130,399	\$ 222,955
Receivables:			
Local Sources	<u>37</u>	<u> </u>	<u>37</u>
Total Assets	\$ <u><u>92,593</u></u>	\$ <u><u>130,399</u></u>	\$ <u><u>222,992</u></u>
<u>LIABILITIES</u>			
Due To Student Groups		\$ 130,399	\$ 130,399
Accounts Payable	\$ <u>21,800</u>	<u> </u>	<u>21,800</u>
Total Liabilities	<u>21,800</u>	<u>130,399</u>	<u>152,199</u>
<u>NET POSITION</u>			
Restricted:			
Scholarships	<u>70,793</u>	<u> </u>	<u>70,793</u>
Total Net Position	\$ <u><u>70,793</u></u>	\$ <u><u>0</u></u>	\$ <u><u>70,793</u></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, 2016

	<u>Private Purpose Trust Funds Scholarship</u>
Additions	
Contributions	\$ 5,000
Investment Income (Loss)	<u>305</u>
Total Additions	<u>5,305</u>
 Deductions	
Scholarships Awarded (Net)	<u>21,050</u>
Total Deductions	<u>21,050</u>
 Change in Net Position	 (15,745)
 Net Position - Beginning	 <u>86,538</u>
 Net Position - Ending	 \$ <u><u>70,793</u></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, 2016

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, 2016

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, 2016

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. The District does not allocate depreciation expense to the various functions or programs of governmental activities.

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 liabilities. These

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016

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 be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. 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, 2016

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	\$ 386,455
Investments - Local Government Investment Pool	<u>759,446</u>
Total	<u>\$1,145,901</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

Deposits – At year end, the carrying amounts of the School's deposits were \$ 386,455 and the bank balances were \$ 411,544. Of the bank balances, \$ 411,544 was insured, and \$ 0 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	\$ 54,228		\$ 90,123	\$ 7,099
Other Local Sources	307	\$ 19	53	67
Total	\$ <u>54,535</u>	\$ <u>19</u>	\$ <u>90,176</u>	\$ <u>7,166</u>
State Sources				
Foundation Program	\$ 61,426			
Special Programs		\$ 19,303		
Total	\$ <u>61,426</u>	\$ <u>19,303</u>		
Federal Sources				
Special Programs		\$ 92,785		
Total		\$ <u>92,785</u>		

HAGERMAN JOINT SCHOOL DISTRICT NO. 233**NOTES TO FINANCIAL STATEMENTS****FISCAL YEAR ENDED JUNE 30, 2016****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>7,701</u>		<u>1,804,397</u>
Total	<u>6,730,901</u>	<u>7,701</u>	<u>0</u>	<u>6,738,602</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	2,785,051	67,470		2,852,521
Equipment	<u>1,790,625</u>	<u>2,643</u>		<u>1,793,268</u>
Total Accumulated Depreciation	<u>4,575,676</u>	<u>70,113</u>	<u>0</u>	<u>4,645,789</u>
Governmental capital assets, net	\$ <u>2,540,406</u>	\$ <u>(62,412)</u>	\$ <u>0</u>	\$ <u>2,477,994</u>

Depreciation expense of \$ 70,113 was not allocated to any functions or programs.

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 \$ 725,000

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

Maturities on the bonds are estimated as follows:

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
GO Refunding Bond, 2009				
\$2,185,000, 2009	3.000%	2017	\$ 235,000	\$ 19,450
3.00% - 3.250%	3.250%	2018	240,000	12,024
	3.250%	2019	250,000	4,063
			\$ <u>725,000</u>	\$ <u>35,537</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.

Employee membership data related to the PERSI Base Plan, as of June 30, 2015 was as follows:

Retirees and beneficiaries currently receiving benefits	42,657
Terminated employees entitled to but not yet receiving benefits	11,859
Active plan members	<u>67,008</u>
	<u>121,524</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016

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% of the average monthly salary for the highest consecutive 42 months.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board 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, 2015 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 \$ 185,738 for the year ended June 30, 2016.

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

At June 30, 2016, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, 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, 2015, the School's proportion was .0575753 percent.

For the year ended June 30, 2016, the School recognized pension expense (revenue) of \$151,084. At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HAGERMAN JOINT SCHOOL DISTRICT NO. 233**NOTES TO FINANCIAL STATEMENTS****FISCAL YEAR ENDED JUNE 30, 2016**

	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	\$ 0
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$ 82,283	\$ 523,398
School contributions subsequent to the measurement date	\$ 185,738	\$ 0
Total	\$ 306,640	\$ 580,989

\$ 185,738 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, 2017.

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, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 years.

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

Year ended:

2016	(\$ 16,719)
2017	(\$ 16,719)
2018	(\$ 16,719)
2019	(\$ 16,720)
2020	(\$ 8,360)
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

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date of July 1, 2015.

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

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

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, 2015.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

NOTES TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

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)	\$ 297,174	\$ 294,232	\$ 291,290

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, 2016, the School reported payables to the defined benefit pension plan of \$ 15,813 for legally required employer contributions and \$ 9,220 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI

**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, 2016

General Fund:	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE:				
Local Taxes	\$ 154,707	\$ 155,911	\$ 159,701	\$ 3,790
Other Local Revenue	121,050	19,000	37,414	18,414
State Revenue	2,286,592	2,388,658	2,390,898	2,240
Federal Revenue	150	150	88	(62)
Total Revenue	<u>2,562,499</u>	<u>2,563,719</u>	<u>2,588,101</u>	<u>24,382</u>
EXPENDITURES:				
Instructional Programs				
Elementary School	715,869	716,869	685,406	31,463
Secondary School	712,538	714,403	706,605	7,798
Special Education	118,729	118,729	123,704	(4,975)
Special Education Preschool				
Gifted & Talented				
Interscholastic	43,715	43,715	44,693	(978)
Support Service Programs				
Attendance - Guidance - Health	70,960	70,960	69,584	1,376
Special Education Support Services	14,200	14,200	14,880	(680)
Instructional Improvement	31,006	31,006	23,392	7,614
Educational Media	17,888	19,888	13,781	6,107
Instruction-Related Technology	28,949	28,949	42,173	(13,224)
Board of Education	11,525	11,525	8,981	2,544
District Administration	97,609	97,609	96,629	980
School Administration	165,370	165,370	162,019	3,351
Business Operation	61,860	61,860	57,163	4,697
Central Service	19,104	19,104	18,057	1,047
Buildings Care	166,057	166,057	137,737	28,320
Maintenance - Non-Student Occupied	500	500	70	430
Maintenance - Student Occupied	91,799	91,799	90,517	1,282
Maintenance - Grounds	6,353	6,353	6,339	14
Security	8,138	8,138	4,001	4,137
Pupil-To-School Transportation	100,800	100,800	98,418	2,382
Pupil - Activity Transportation	19,000	19,000	16,171	2,829
General Transportation	350	350	43	307
Non-Instructional Programs				
Child Nutrition	8,900	8,900	4,960	3,940
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>2,511,219</u>	<u>2,516,084</u>	<u>2,425,323</u>	<u>90,761</u>
EXCESS REVENUE (EXPENDITURES)	51,280	47,635	162,778	115,143
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	51,280	47,635	162,778	115,143
FUND BALANCE - BEGINNING	<u>211,438</u>	<u>211,438</u>	<u>211,438</u>	
FUND BALANCE - ENDING	<u>\$ 262,718</u>	<u>\$ 259,073</u>	<u>\$ 374,216</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, 2016

	<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	\$ 28,950	\$ 28,950	\$ 23,415	\$ (5,535)
Federal Revenue	<u>132,000</u>	<u>132,000</u>	<u>137,585</u>	<u>5,585</u>
Total Revenue	<u>160,950</u>	<u>160,950</u>	<u>161,000</u>	<u>50</u>
EXPENDITURES:				
Non-Instructional Programs				
Child Nutrition	<u>160,950</u>	<u>160,950</u>	<u>158,825</u>	<u>2,125</u> <u>0</u>
Total Expenditures	<u>160,950</u>	<u>160,950</u>	<u>158,825</u>	<u>2,125</u>
EXCESS REVENUE (EXPENDITURES)	0	0	2,175	2,175
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				<u>0</u>
NET CHANGE IN FUND BALANCES	0	0	2,175	2,175
FUND BALANCE - BEGINNING	<u>(27,551)</u>	<u>(31,372)</u>	<u>(31,372)</u>	
FUND BALANCE - ENDING	<u>\$ (27,551)</u>	<u>\$ (31,372)</u>	<u>\$ (29,197)</u>	

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
PUBLIC EMPLOYEE PENSION INFORMATION
For the year ended June 30, 2016

Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability	
PERSI - Base Plan	
Last 10 - Fiscal Years*	
	2016
Employer's portion of net the pension liability	.0575753%
Employer's proportionate share of the net pension liability	\$ 294,232
Employer's covered-employee payroll	\$ 1,640,794
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	17.93%
Plan fiduciary net position as a percentage of the total pension liability	715.48%

*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 years for which information is available.

Data reported is measured as of July 1, 2015 (measurement date)

Schedule of Employer Contributions	
PERSI - Base Plan	
Last 10 - Fiscal Years*	
	2016
Statutorily required contribution	\$ 185,738
Contributions in relation to the statutorily required contribution	(\$ 185,738)
Contribution (deficiency) excess	\$ 0
Employer's covered-employee payroll	\$ 1,640,794
Contributions as a percentage as a percentage of covered-employee payroll	11.32%

**OTHER
SUPPLEMENTARY INFORMATION**

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Combining Balance Sheets
Nonmajor Governmental Funds
for the year ended June 30, 2016

	<u>Driver Education</u>	<u>Professional Technical</u>	<u>Technology</u>	<u>State Substance Abuse</u>
ASSETS:				
Cash and Cash Deposits	\$	\$	(5,401)	\$ 18,474
Receivables:				
Local Sources				
State Sources		19,303		
Federal Sources				
Due From Other Funds				
Inventory				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>0</u>	\$ <u>13,902</u>	\$ <u>18,474</u>	\$ <u>2,543</u>
LIABILITIES:				
Accounts Payable	\$	\$ 11,521	\$ 137	\$ 2,543
Due To Other Funds				
Salaries & Benefits Payable		2,381	1,791	
Unspent Grant Allocations				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>0</u>	<u>13,902</u>	<u>1,928</u>	<u>2,543</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Tax Revenues				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE:				
Non-spendable				
Restricted:				
Special Programs			16,546	
Debt Service				
Capital Projects				
Committed				
Assigned				
Unassigned				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>16,546</u>	<u>0</u>
Total Liabilities and Fund Balance	\$ <u>0</u>	\$ <u>13,902</u>	\$ <u>18,474</u>	\$ <u>2,543</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>
\$ (12,185)	\$ (738)		\$ (1,638)	\$ 2,515	\$ (451)	\$ 3,119
						0
36,081	32,196	\$ 3,529	16,772		4,207	19,303
						92,785
<u>\$ 23,896</u>	<u>\$ 31,458</u>	<u>\$ 3,529</u>	<u>\$ 15,134</u>	<u>\$ 2,515</u>	<u>\$ 3,756</u>	<u>\$ 115,207</u>
\$ 4,186	\$ 86		\$ 1,870	\$ 2,515	\$ 434	\$ 23,292
10,670	8,843		3,378			27,063
<u>9,040</u>	<u>22,529</u>	<u>\$ 3,529</u>	<u>9,886</u>		<u>3,322</u>	<u>48,306</u>
<u>23,896</u>	<u>31,458</u>	<u>3,529</u>	<u>15,134</u>	<u>2,515</u>	<u>3,756</u>	<u>98,661</u>
						0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
						16,546
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,546</u>
<u>\$ 23,896</u>	<u>\$ 31,458</u>	<u>\$ 3,529</u>	<u>\$ 15,134</u>	<u>\$ 2,515</u>	<u>\$ 3,756</u>	<u>\$ 115,207</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, 2016

	<u>Driver Education</u>	<u>Professional Technical</u>	<u>Technology</u>	<u>State Substance Abuse</u>
REVENUE:				
Local Taxes				
Other Local Revenue	\$ 3,570	8,533	\$	
State Revenue	2,250	\$ 36,501	10,000	\$ 6,386
Federal Revenue				
	<u>5,820</u>	<u>45,034</u>	<u>10,000</u>	<u>6,386</u>
Total Revenue				
EXPENDITURES:				
Instructional Programs				
Elementary School				
Secondary School	5,820	45,034		6,386
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			13,506	
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				
	<u>5,820</u>	<u>45,034</u>	<u>13,506</u>	<u>6,386</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	0	0	(3,506)	0
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				
Operating transfers (to) other funds	(100)			
NET CHANGE IN FUND BALANCES	(100)	0	(3,506)	0
FUND BALANCE - BEGINNING	100	0	20,052	0
FUND BALANCE - ENDING	\$ 0	\$ 0	\$ 16,546	\$ 0

<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>
						\$ 12,103
\$ 73,659	\$ 64,370	\$ 3,558	\$ 25,756	\$ 6,042	\$ 14,554	55,137
						187,939
<u>73,659</u>	<u>64,370</u>	<u>3,558</u>	<u>25,756</u>	<u>6,042</u>	<u>14,554</u>	<u>255,179</u>

73,659			25,756			99,415
	64,370			6,042		63,282
		3,558				64,370
						3,558

	14,554	14,554
		13,506

<u>73,659</u>	<u>64,370</u>	<u>3,558</u>	<u>25,756</u>	<u>6,042</u>	<u>14,554</u>	<u>258,685</u>
0	0	0	0	0	0	(3,506)
						0
						(100)
0	0	0	0	0	0	(3,606)
0	0	0	0	0	0	20,152
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>16,546</u>



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

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

August 12, 2016

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, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 12, 2016.

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 City'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 2016-1 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.

A handwritten signature in dark ink, appearing to read "Dennis R. Brown". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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, 2016

Finding 2016-1: 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.