

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2018

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Trustees
Hagerman Joint School District No. 233

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hagerman Joint School District No. 233 (the School) as of and for the year ended June 30, 2018, and the related notes to the financial statements, 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

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

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

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

Basis for Qualified Opinion on Governmental Activities

Management believes the costs of implementing GASB 75 (having actuarial calculations performed for other post-employment benefits) cannot be justified at this time. Accounting principles generally accepted in the United States of America require that a liability and related expense be recorded for other post-employment benefits, which would decrease net position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2018, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2018, 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 the budgetary comparison schedules, schedule of employer’s share of net pension liability, and schedule of employer contributions listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not included the management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic,

and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
August 23, 2018

BASIC FINANCIAL STATEMENTS

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$1,498,557
Receivables:	
Local Sources	174,719
State Sources	75,913
Federal Sources	188,663
Inventory	6,849
Total Current Assets	<u>1,944,701</u>
Noncurrent Assets	
Nondepreciable Capital Assets	385,181
Depreciable Net Capital Assets	1,975,046
Total Noncurrent Assets	<u>2,360,227</u>
Total Assets	<u>4,304,928</u>
Deferred Outflows of Resources	
Pension Sources	315,563
Total Deferred Outflows of Resources	<u>315,563</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$4,620,491</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$141,740
Salaries & Benefits Payable	315,795
Unspent Grant Allocation	44,831
Accrued Interest	3,385
Long-Term Debt, Current	250,000
Total Current Liabilities	<u>755,751</u>
Noncurrent Liabilities	
Net Pension Liability	810,839
Total Noncurrent Liabilities	<u>810,839</u>
Total Liabilities	<u>1,566,590</u>
Deferred Inflows of Resources	
Pension Sources	121,631
Total Deferred Inflows of Resources	<u>121,631</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,688,221</u>
Net Position	
Net Investment in Capital Assets	2,106,842
Restricted:	
Special Programs	197,259
Debt Service	341,586
Capital Projects	281,847
Unrestricted	4,736
Total Net Position	<u>2,932,270</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u><u>\$4,620,491</u></u>

See Accompanying Notes

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Activities Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue And Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
Instructional Programs					
Elementary School	\$672,147		\$110,638		(\$561,509)
Secondary School	816,681		115,979		(700,702)
Special Education	285,185		100,217		(184,968)
Special Education Preschool	4,390		4,390		0
Gifted & Talented	0				0
Interscholastic	46,745				(46,745)
Support Service Programs					
Attendance - Guidance - Health	65,588				(65,588)
Special Education Support Services	0				0
Instruction Improvement	54,445		20,591		(33,854)
Educational Media	12,629				(12,629)
Instruction-Related Technology	58,095		36,518		(21,577)
Board of Education	16,393				(16,393)
District Administration	68,548				(68,548)
School Administration	182,823				(182,823)
Business Operations	62,370				(62,370)
Central Service Program	23,060				(23,060)
Buildings - Care	153,735				(153,735)
Maintenance - Non-Student Occupied	27				(27)
Maintenance - Student Occupied	79,528				(79,528)
Maintenance - Grounds	6,204				(6,204)
Security Program	8,962				(8,962)
Pupil-To-School Transportation	100,384				(100,384)
Pupil-Activity Transportation	18,641				(18,641)
General Transportation	200				(200)
Non-Instructional Programs					
Child Nutrition	176,461	\$34,550	135,348		(6,563)
Capital Assets - Student Occupied	76,173				(76,173)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	9,274				(9,274)
Total Governmental Activities	<u>\$2,998,688</u>	<u>\$34,550</u>	<u>\$523,681</u>	<u>\$0</u>	<u>(2,440,457)</u>
Changes in Net Position					Total
Net (Expense) Revenue					(2,440,457)
General Revenues					
Local Taxes					435,502
Other Local Revenues					140,448
State Revenues					2,506,020
Federal Revenues					0
Pension Revenue (Expense)					(56,890)
Total					<u>3,025,080</u>
Change in Net Position					584,623
Net Position - Beginning					2,347,647
Net Position - Ending					<u>\$2,932,270</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Balance Sheet - Governmental Funds

June 30, 2018

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Bond R & I Fund</u>	<u>Plant Facility Fund</u>
Assets				
Cash & Investments	\$850,525	\$9,867	\$270,578	\$275,989
Receivables:				
Local Sources	84,054	2,724	81,274	6,667
State Sources	73,788			
Federal Sources		2,177		
Due From Other Funds	97,630			
Inventory		6,849		
Total Assets	<u>\$1,105,997</u>	<u>\$21,617</u>	<u>\$351,852</u>	<u>\$282,656</u>
Liabilities				
Accounts Payable	\$87,072	\$1,764		
Due To Other Funds	117,540	20,312		
Salaries & Benefits Payable	281,522	8,836		
Unspent Grant Allocation				
Total Liabilities	<u>486,134</u>	<u>30,912</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	6,256		10,266	809
Total Deferred Inflows of Resources	<u>6,256</u>	<u>0</u>	<u>10,266</u>	<u>809</u>
Fund Balances				
Restricted:				
Special Programs				
Debt Service			341,586	
Capital Projects				281,847
Nonspendable		6,849		
Unassigned	613,607	(16,144)		
Total Fund Balances	<u>613,607</u>	<u>(9,295)</u>	<u>341,586</u>	<u>281,847</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$1,105,997</u>	<u>\$21,617</u>	<u>\$351,852</u>	<u>\$282,656</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Balance Sheet - Governmental Funds

June 30, 2018

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash & Investments	\$91,598	\$1,498,557
Receivables:		
Local Sources	0	174,719
State Sources	2,125	75,913
Federal Sources	186,486	188,663
Due From Other Funds	122,344	219,974
Inventory	0	6,849
Total Assets	\$402,553	\$2,164,675
Liabilities		
Accounts Payable	\$52,904	\$141,740
Due To Other Funds	82,122	219,974
Salaries & Benefits Payable	25,437	315,795
Unspent Grant Allocation	44,831	44,831
Total Liabilities	205,294	722,340
Deferred Inflows of Resources		
Unavailable Tax Revenues	0	17,331
Total Deferred Inflows of Resources	0	17,331
Fund Balances		
Restricted:		
Special Programs	197,259	197,259
Debt Service	0	341,586
Capital Projects	0	281,847
Nonspendable	0	6,849
Unassigned	0	597,463
Total Fund Balances	197,259	1,425,004
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$402,553	\$2,164,675

Balance Sheet - Governmental Funds

June 30, 2018

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities**Total Governmental Fund Balances** \$1,425,004

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. 2,360,227

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 17,331

Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds. (253,385)

Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds. (616,907)

Net Position of Governmental Activities \$2,932,270

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2018

	General Fund	Child Nutrition Fund	Bond R & I Fund	Plant Facility Fund
Revenues				
Local Taxes	\$158,714		\$258,970	\$21,687
Other Local Revenue	133,684	\$34,550	842	5,732
State Revenue	2,457,198			20,530
Federal Revenue	84	135,348		
Total Revenues	<u>2,749,680</u>	<u>169,898</u>	<u>259,812</u>	<u>47,949</u>
Expenditures				
Instructional Programs				
Elementary School	646,576			
Secondary School	803,350			
Special Education	184,968			
Special Education Preschool				
Gifted & Talented				
Interscholastic	46,745			
Support Service Programs				
Attendance - Guidance - Health	65,588			
Special Education Support Services				
Instruction Improvement	33,854			
Educational Media	12,629			
Instruction-Related Technology	21,577			
Board of Education	16,393			
District Administration	68,548			
School Administration	182,823			
Business Operations	62,370			
Central Service Program	23,060			
Buildings - Care	153,735			
Maintenance - Non-Student Occupied	27			
Maintenance - Student Occupied	79,528			
Maintenance - Grounds	6,204			
Security Program	8,962			
Pupil-To-School Transportation	100,384			
Pupil-Activity Transportation	18,641			
General Transportation	200			
Non-Instructional Programs				
Child Nutrition	20,109	156,352		
Capital Assets - Student Occupied				5,663
Capital Assets - Non-Student Occupied				
Debt Service - Principal			240,000	
Debt Service - Interest			12,525	
Total Expenditures	<u>2,556,271</u>	<u>156,352</u>	<u>252,525</u>	<u>5,663</u>
Excess (Deficiency) of Revenues Over Expenditures	193,409	13,546	7,287	42,286
Other Financing Sources (Uses)				
Transfers In	44,102			
Transfers Out	(118,150)			
Total Other Financing Sources (Uses)	<u>(74,048)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	119,361	13,546	7,287	42,286
Fund Balances - Beginning	494,246	(22,841)	334,299	239,561
Fund Balances - Ending	<u>\$613,607</u>	<u>(\$9,295)</u>	<u>\$341,586</u>	<u>\$281,847</u>

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2018

	Other Governmental Funds	Total Governmental Funds
Revenues		
Local Taxes	\$0	\$439,371
Other Local Revenue	190	174,998
State Revenue	112,791	2,590,519
Federal Revenue	303,750	439,182
Total Revenues	416,731	3,644,070
Expenditures		
Instructional Programs		
Elementary School	110,554	757,130
Secondary School	116,589	919,939
Special Education	100,217	285,185
Special Education Preschool	4,390	4,390
Gifted & Talented	0	0
Interscholastic	0	46,745
Support Service Programs		
Attendance - Guidance - Health	0	65,588
Special Education Support Services	0	0
Instruction Improvement	20,591	54,445
Educational Media	0	12,629
Instruction-Related Technology	36,518	58,095
Board of Education	0	16,393
District Administration	0	68,548
School Administration	0	182,823
Business Operations	0	62,370
Central Service Program	0	23,060
Buildings - Care	0	153,735
Maintenance - Non-Student Occupied	0	27
Maintenance - Student Occupied	0	79,528
Maintenance - Grounds	0	6,204
Security Program	0	8,962
Pupil-To-School Transportation	0	100,384
Pupil-Activity Transportation	0	18,641
General Transportation	0	200
Non-Instructional Programs		
Child Nutrition	0	176,461
Capital Assets - Student Occupied	0	5,663
Capital Assets - Non-Student Occupied	0	0
Debt Service - Principal	0	240,000
Debt Service - Interest	0	12,525
Total Expenditures	388,859	3,359,670
Excess (Deficiency) of Revenues Over Expenditures	27,872	284,400
Other Financing Sources (Uses)		
Transfers In	122,954	167,056
Transfers Out	(48,906)	(167,056)
Total Other Financing Sources (Uses)	74,048	0
Net Change in Fund Balances	101,920	284,400
Fund Balances - Beginning	95,339	1,140,604
Fund Balances - Ending	\$197,259	\$1,425,004

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2018

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

Net Change in Fund Balances - Total Governmental Funds \$284,400

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. (70,510)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (3,869)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 240,000

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 3,251

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. 131,351

Change in Net Position of Governmental Activities \$584,623

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Fiduciary Net Position

June 30, 2018

	Private Purpose Trust Funds	Agency Funds - Student Activity	Total
Assets			
Cash & Investments	\$58,441	\$147,001	\$205,442
Receivables:			
Local Sources	88		88
Total Assets	<u>\$58,529</u>	<u>\$147,001</u>	<u>\$205,530</u>
Liabilities			
Due to Student Groups		\$147,001	\$147,001
Accounts Payable	\$18,000		18,000
Total Liabilities	<u>18,000</u>	<u>147,001</u>	<u>165,001</u>
Net Position			
Restricted:			
Scholarships	40,529		40,529
Total Net Position	<u>40,529</u>	<u>0</u>	<u>40,529</u>
Total Liabilities and Net Position	<u>\$58,529</u>	<u>\$147,001</u>	<u>\$205,530</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2018

	Private Purpose Trust Funds
Additions	
Contributions & Donations	\$50
Investment Income (Loss)	809
Total Additions	<u>859</u>
Deductions	
Scholarships Awarded	<u>16,500</u>
Total Deductions	<u>16,500</u>
Change in Net Position	(15,641)
Net Position - Beginning	<u>56,170</u>
Net Position - Ending	<u><u>\$40,529</u></u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

A. 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 government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

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

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

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

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

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

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. Nonmajor 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.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. 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 Funds – Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on long term debt. Major debt service funds include the bond redemption and interest fund, which accounts for 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 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 are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. 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.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

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.

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 investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds based on each fund's respective investment balance. Investments include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

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

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method, except for certain transportation vehicles which use the declining balance method.

Compensated Absences – 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.

Other Post-Employment Benefits – The School does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the School insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an "implicit subsidy" since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that liabilities and related expenses can be recorded in the

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Notes to Financial Statements

government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the School accounts for the other-post employment benefits for retirees on the pay-as-you-go basis.

Pensions – For purposes of measuring the net pension liability and pension expense/revenue, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the 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 Outflows/Inflows of Resources – The School’s financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

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 restricted 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 Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable 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 then assigned 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 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

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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.

Custodial 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 custodial 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.

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

	Governmental Funds	Fiduciary Funds	Total
Cash - Deposits	\$306,273	\$114,307	\$420,580
Investments - Local Gov't Investment Pool	1,192,284	91,135	1,283,419
Total	\$1,498,557	\$205,442	\$1,703,999

Deposits – At year end, the carrying amounts of the School's deposits were \$420,580 and the bank balances were \$424,550. The bank balances were insured.

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Notes to Financial Statements

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

Interest rate risk:

<u>Investment Type</u>	Investment Maturity Schedule (In Years)	
	<u>Less Than 1</u>	<u>Total</u>
Local Gov't Invest Pool	\$1,283,419	\$1,283,419
Total	\$1,283,419	\$1,283,419

Credit rate risk:

<u>Investment Type</u>	Investment Rating Schedule	
	<u>Not Rated</u>	<u>Total</u>
Local Gov't Invest Pool	\$1,283,419	\$1,283,419
Total	\$1,283,419	\$1,283,419

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, 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. More information on the local governmental investment pool including regulatory information, restriction on withdrawals, and rating and risk information can be found at sto.idaho.gov.

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Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Local Sources					
Local Taxes	\$49,541		\$80,862	\$6,392	\$136,795
Other Local Sources	34,513	\$2,724	412	275	37,924
Total	<u>\$84,054</u>	<u>\$2,724</u>	<u>\$81,274</u>	<u>\$6,667</u>	<u>\$174,719</u>
State Sources					
Foundation Program	\$73,788				\$73,788
Special Programs		\$2,125			2,125
Total	<u>\$73,788</u>	<u>\$2,125</u>			<u>\$75,913</u>
Federal Sources					
Special Programs		\$188,663			\$188,663
Total		<u>\$188,663</u>			<u>\$188,663</u>

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Notes to Financial Statements

D. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$385,181			\$385,181
Construction in Progress	16,000		\$16,000	0
Total	<u>401,181</u>	<u>\$0</u>	<u>16,000</u>	<u>385,181</u>
Depreciable Capital Assets				
Buildings	4,934,205	16,000		4,950,205
Equipment	1,811,357			1,811,357
Subtotal	<u>6,745,562</u>	<u>16,000</u>	<u>0</u>	<u>6,761,562</u>
Accumulated Depreciation				
Buildings	2,919,992	67,791		2,987,783
Equipment	1,796,014	2,719		1,798,733
Subtotal	<u>4,716,006</u>	<u>70,510</u>	<u>0</u>	<u>4,786,516</u>
Total	<u>2,029,556</u>	<u>(\$54,510)</u>	<u>0</u>	<u>1,975,046</u>
 Net Capital Assets	 <u>\$2,430,737</u>	 <u>(\$54,510)</u>	 <u>\$16,000</u>	 <u>\$2,360,227</u>

Depreciation expense of \$70,510 was charged to the capital assets – student occupied program

E. LONG-TERM DEBT

Bonded 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 bond redemption and interest fund	<u>Outstanding</u>
	\$250,000
Total	<u>\$250,000</u>

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Maturities on the bonds are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
6/30/19	250,000	4,063
Total	\$250,000	\$4,063

Changes in long-term debt are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2009 G.O.R. Bonds	\$490,000		\$240,000	\$250,000	\$250,000
Total	\$490,000	\$0	\$240,000	\$250,000	\$250,000

Interest and related costs during the year amounted to \$9,274 and were charged to the debt service – interest program.

F. PENSION PLAN

Plan Description

The 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 on the Board.

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 service (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.

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Notes to Financial Statements

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. 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) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The School's contributions were \$188,241 for the year ended June 30, 2018.

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

At June 30, 2018, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 June 30, 2017, the School's proportion was 0.0515857 percent.

For the year ended June 30, 2018, the School recognized pension revenue (expense) of (\$56,890). At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	<u>\$112,327</u>	<u>\$73,050</u>
Changes in assumptions or other inputs	14,995	
Net difference between projected and actual earnings on pension plan investments		48,581
Employer contributions subsequent to the measurement date	<u>188,241</u>	
Total	<u><u>\$315,563</u></u>	<u><u>\$121,631</u></u>

\$188,241 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the pension expense or reduction of the pension revenue in the year ending June 30, 2019.

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, 2016 the beginning of the measurement period ended June 30, 2017 is 4.9 and 5.5 for the measurement period June 30, 2016.

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	
6/30/19	(\$44,080)
6/30/20	76,179
6/30/21	21,615
6/30/22	<u>(48,023)</u>
Total	<u><u>\$5,691</u></u>

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 June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Notes to Financial Statements

Inflation	3.25%
Salary increases	4.25 – 10.00%
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 for the period July 1, 2007 through June 30, 2013 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, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

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, 2017.

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Capital Market Assumptions				
Asset Class	Expected Return*	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equities	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
			Expected	
Total Fund	Expected Return*	Expected Inflation	Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric 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 School's proportionate share of the net pension liability to changes in the discount rate.

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the School'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 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

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	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
School's proportionate share of the net pension liability (asset)	\$1,884,556	\$810,839	(\$81,449)

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.

Impacts on the School's net position

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the School may periodically experience a deficit in its net position. This can occur as a result of recording the School's allocable portion of the net pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan whenever deemed necessary), such deficits are not deemed to be of substantial concern.

G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund			Total
	General	Child Nutrition	Nonmajor Governmental	
Due To Fund				
General		\$20,312	\$77,318	\$97,630
Nonmajor Governmental	\$117,540		4,804	122,344
Total	\$117,540	\$20,312	\$82,122	\$219,974

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

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Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General	\$44,102	\$118,150	Maintenance, Support
Nonmajor Governmental	122,954	48,906	Maintenance, Support
Total	<u>\$167,056</u>	<u>\$167,056</u>	

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2018

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$154,700	\$154,700	\$158,714	\$4,014
Other Local Revenue	98,250	98,250	133,684	35,434
State Revenue	2,373,733	2,373,733	2,457,198	83,465
Federal Revenue	100	100	84	(16)
Total Revenues	<u>2,626,783</u>	<u>2,626,783</u>	<u>2,749,680</u>	<u>122,897</u>
Expenditures				
Instructional Programs				
Elementary School	705,534	705,534	646,576	58,958
Secondary School	799,225	799,225	803,350	(4,125)
Special Education	110,988	110,988	184,968	(73,980)
Special Education Preschool	0	0	0	0
Gifted & Talented	0	0	0	0
Interscholastic	41,225	41,225	46,745	(5,520)
Support Service Programs				
Attendance - Guidance - Health	66,999	66,999	65,588	1,411
Special Education Support Services	14,200	14,200	0	14,200
Instruction Improvement	36,790	36,790	33,854	2,936
Educational Media	12,412	12,412	12,629	(217)
Instruction-Related Technology	20,135	20,135	21,577	(1,442)
Board of Education	17,380	17,380	16,393	987
District Administration	102,286	102,286	68,548	33,738
School Administration	159,140	159,140	182,823	(23,683)
Business Operations	68,987	68,987	62,370	6,617
Central Service Program	20,064	20,064	23,060	(2,996)
Buildings - Care	173,654	173,654	153,735	19,919
Maintenance - Non-Student Occupied	250	250	27	223
Maintenance - Student Occupied	93,950	93,950	79,528	14,422
Maintenance - Grounds	7,410	7,410	6,204	1,206
Security Program	9,395	9,395	8,962	433
Pupil-To-School Transportation	100,650	100,650	100,384	266
Pupil-Activity Transportation	29,805	29,805	18,641	11,164
General Transportation	750	750	200	550
Non-Instructional Programs				
Child Nutrition	15,054	15,054	20,109	(5,055)
Capital Assets - Student Occupied	20,500	20,500	0	20,500
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	<u>2,626,783</u>	<u>2,626,783</u>	<u>2,556,271</u>	<u>70,512 *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	193,409	193,409
Other Financing Sources (Uses)				
Transfers In	0	0	44,102	44,102
Transfers Out	0	0	(118,150)	(118,150) *
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(74,048)</u>	<u>(74,048)</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>119,361</u>	<u>119,361</u>
Fund Balances - Beginning	<u>434,645</u>	<u>434,645</u>	<u>494,246</u>	<u>59,601</u>
Fund Balances - Ending	<u>\$434,645</u>	<u>\$434,645</u>	<u>\$613,607</u>	<u>\$178,962</u>

*Total expenditures (over) under appropriations are: (\$47,638)

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2018

Child Nutrition Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Other Local Revenue	\$22,051	\$22,051	\$34,550	\$12,499
Federal Revenue	120,000	120,000	135,348	15,348
Total Revenues	<u>142,051</u>	<u>142,051</u>	<u>169,898</u>	<u>27,847</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	145,051	145,051	156,352	(11,301)
Total Expenditures	<u>145,051</u>	<u>145,051</u>	<u>156,352</u>	<u>(11,301) *</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,000)	(3,000)	13,546	16,546
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0 *
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(3,000)	(3,000)	13,546	16,546
Fund Balances - Beginning	<u>(30,483)</u>	<u>(30,483)</u>	<u>(22,841)</u>	<u>7,642</u>
Fund Balances - Ending	<u>(\$33,483)</u>	<u>(\$33,483)</u>	<u>(\$9,295)</u>	<u>\$24,188</u>
				<u>*(Total expenditures (over) under appropriations are: (\$11,301))</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's portion of the net pension liability	0.0515857%	0.0560545%	0.0575753%	0.0630221%
School's proportionate share of the net pension liability	\$810,839	\$1,136,311	\$758,173	\$294,232
School's covered payroll	\$1,602,217	\$1,640,794	\$1,612,668	\$1,707,350
School's proportional share of the net pension liability as a percentage of its covered payroll	50.61%	69.25%	47.01%	17.23%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%	94.95%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$188,241	\$181,371	\$185,738	\$182,554
Contributions in relation to the statutorily required contribution	\$188,241	\$181,371	\$185,738	\$182,554
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	<u>\$1,662,906</u>	<u>\$1,602,217</u>	<u>\$1,640,794</u>	<u>\$1,612,668</u>
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

SUPPLEMENTARY INFORMATION

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2018

	Special Revenue Funds			
	School Building Maintenance	Driver Education	Professional Technical	Technology
Assets				
Cash & Investments	\$13,325		\$7,430	\$68,809
Receivables:				
Local Sources				
State Sources		\$2,125		
Federal Sources				
Due From Other Funds	117,540			
Inventory				
Total Assets	\$130,865	\$2,125	\$7,430	\$68,809
Liabilities				
Accounts Payable			\$4,858	\$181
Due To Other Funds		\$2,125		
Salaries & Benefits Payable			2,572	2,234
Unspent Grant Allocation				
Total Liabilities	\$0	2,125	7,430	2,415
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs	130,865			66,394
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	130,865	0	0	66,394
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$130,865	\$2,125	\$7,430	\$68,809

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2018

	Special Revenue Funds		
	Substance Abuse	Title I-A ESSA IBP	IDEA Part B 611 School Age 3-21
Assets			
Cash & Investments	\$1,838		
Receivables:			
Local Sources			
State Sources			
Federal Sources		\$23,496	\$71,202
Due From Other Funds		4,804	
Inventory			
Total Assets	\$1,838	\$28,300	\$71,202
Liabilities			
Accounts Payable	\$1,288	\$361	
Due To Other Funds		14,791	\$59,116
Salaries & Benefits Payable	550	13,148	6,864
Unspent Grant Allocation			5,222
Total Liabilities	1,838	28,300	71,202
Deferred Inflows of Resources			
Unavailable Tax Revenues			
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Restricted:			
Special Programs			
Debt Service			
Capital Projects			
Nonspendable			
Unassigned			
Total Fund Balances	0	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$1,838	\$28,300	\$71,202

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2018

	Special Revenue Funds		
	IDEA Part B 619 Pre-School Age 3-5	Title IV-A ESSA SS & AE	Title V-B ESSA REI
Assets			
Cash & Investments			
Receivables:			
Local Sources			
State Sources			
Federal Sources	\$3,786	\$5,542	\$30,003
Due From Other Funds			
Inventory			
Total Assets	\$3,786	\$5,542	\$30,003
Liabilities			
Accounts Payable		\$2,017	
Due To Other Funds	\$965		
Salaries & Benefits Payable			\$69
Unspent Grant Allocation	2,821	3,525	29,934
Total Liabilities	3,786	5,542	30,003
Deferred Inflows of Resources			
Unavailable Tax Revenues			
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Restricted:			
Special Programs			
Debt Service			
Capital Projects			
Nonspendable			
Unassigned			
Total Fund Balances	0	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$3,786	\$5,542	\$30,003

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds		Total
	Perkins III Professional Technical Act	Title II-A ESSA SEI	
Assets			
Cash & Investments	\$196		\$91,598
Receivables:			
Local Sources			0
State Sources			2,125
Federal Sources	44,003	\$8,454	186,486
Due From Other Funds			122,344
Inventory			0
Total Assets	<u>\$44,199</u>	<u>\$8,454</u>	<u>\$402,553</u>
Liabilities			
Accounts Payable	\$44,199		\$52,904
Due To Other Funds		\$5,125	82,122
Salaries & Benefits Payable			25,437
Unspent Grant Allocation		3,329	44,831
Total Liabilities	<u>44,199</u>	<u>8,454</u>	<u>205,294</u>
Deferred Inflows of Resources			
Unavailable Tax Revenues			0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted:			
Special Programs			197,259
Debt Service			0
Capital Projects			0
Nonspendable			0
Unassigned			0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>197,259</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$44,199</u>	<u>\$8,454</u>	<u>\$402,553</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2018

	Special Revenue Funds			
	School Building Maintenance	Driver Education	Professional Technical	Technology
Revenues				
Local Taxes				
Other Local Revenue				\$190
State Revenue		\$5,525	\$36,270	64,810
Federal Revenue				
Total Revenues	\$0	5,525	36,270	65,000
Expenditures				
Instructional Programs				
Elementary School				
Secondary School		6,135	36,270	
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology				36,518
Board of Education				
District Administration				
School Administration				
Business Operations				
Central Service Program				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security Program				
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	0	6,135	36,270	36,518
Excess (Deficiency) of Revenues Over Expenditures	0	(610)	0	28,482
Other Financing Sources (Uses)				
Transfers In	117,540	610		
Transfers Out	(44,102)			
Total Other Financing Sources (Uses)	73,438	610	0	0
Net Change in Fund Balances	73,438	0	0	28,482
Fund Balances - Beginning	57,427	0	0	37,912
Fund Balances - Ending	\$130,865	\$0	\$0	\$66,394

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		
	<u>Substance Abuse</u>	<u>Title I-A ESSA IBP</u>	<u>IDEA Part B 611 School Age 3-21</u>
Revenues			
Local Taxes			
Other Local Revenue			
State Revenue	\$6,186		
Federal Revenue		\$84,597	\$100,217
Total Revenues	<u>6,186</u>	<u>84,597</u>	<u>100,217</u>
Expenditures			
Instructional Programs			
Elementary School		89,401	
Secondary School			
Special Education			100,217
Special Education Preschool			
Gifted & Talented			
Interscholastic			
Support Service Programs			
Attendance - Guidance - Health			
Special Education Support Services			
Instruction Improvement	6,186		
Educational Media			
Instruction-Related Technology			
Board of Education			
District Administration			
School Administration			
Business Operations			
Central Service Program			
Buildings - Care			
Maintenance - Non-Student Occupied			
Maintenance - Student Occupied			
Maintenance - Grounds			
Security Program			
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>6,186</u>	<u>89,401</u>	<u>100,217</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(4,804)	0
Other Financing Sources (Uses)			
Transfers In		4,804	
Transfers Out			
Total Other Financing Sources (Uses)	<u>0</u>	<u>4,804</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balances - Beginning	0	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2018

	Special Revenue Funds		
	IDEA Part B 619 Pre-School Age 3-5	Title IV-A ESSA SS & AE	Title V-B ESSA REI
Revenues			
Local Taxes			
Other Local Revenue			
State Revenue			
Federal Revenue	\$4,390	\$6,475	\$23,316
Total Revenues	<u>4,390</u>	<u>6,475</u>	<u>23,316</u>
Expenditures			
Instructional Programs			
Elementary School			21,153
Secondary School			2,163
Special Education			
Special Education Preschool	4,390		
Gifted & Talented			
Interscholastic			
Support Service Programs			
Attendance - Guidance - Health			
Special Education Support Services			
Instruction Improvement		6,475	
Educational Media			
Instruction-Related Technology			
Board of Education			
District Administration			
School Administration			
Business Operations			
Central Service Program			
Buildings - Care			
Maintenance - Non-Student Occupied			
Maintenance - Student Occupied			
Maintenance - Grounds			
Security Program			
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>4,390</u>	<u>6,475</u>	<u>23,316</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Other Financing Sources (Uses)			
Transfers In			
Transfers Out			
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balances - Beginning	0	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Perkins III Professional Technical Act</u>	<u>Title II-A ESSA SEI</u>	
Revenues			
Local Taxes			\$0
Other Local Revenue			190
State Revenue			112,791
Federal Revenue	\$72,021	\$12,734	303,750
Total Revenues	<u>72,021</u>	<u>12,734</u>	<u>416,731</u>
Expenditures			
Instructional Programs			
Elementary School			110,554
Secondary School	72,021		116,589
Special Education			100,217
Special Education Preschool			4,390
Gifted & Talented			0
Interscholastic			0
Support Service Programs			
Attendance - Guidance - Health			0
Special Education Support Services			0
Instruction Improvement		7,930	20,591
Educational Media			0
Instruction-Related Technology			36,518
Board of Education			0
District Administration			0
School Administration			0
Business Operations			0
Central Service Program			0
Buildings - Care			0
Maintenance - Non-Student Occupied			0
Maintenance - Student Occupied			0
Maintenance - Grounds			0
Security Program			0
Pupil-To-School Transportation			0
Pupil-Activity Transportation			0
General Transportation			0
Non-Instructional Programs			
Child Nutrition			0
Capital Assets - Student Occupied			0
Capital Assets - Non-Student Occupied			0
Debt Service - Principal			0
Debt Service - Interest			0
Total Expenditures	<u>72,021</u>	<u>7,930</u>	<u>388,859</u>
Excess (Deficiency) of Revenues Over Expenditures	0	4,804	27,872
Other Financing Sources (Uses)			
Transfers In			122,954
Transfers Out		(4,804)	(48,906)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(4,804)</u>	<u>74,048</u>
Net Change in Fund Balances	0	0	101,920
Fund Balances - Beginning	0	0	95,339
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$197,259</u>

OTHER REPORTS AND SCHEDULES

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

Board of Trustees
Hagerman Joint School District No. 233

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hagerman Joint School District No. 233 (the School), as of and for the year ended June 30, 2018, 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 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs PLLC

Payette, Idaho
August 23, 2018

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiency

2016-001 Segregation of Duties

Condition – In the previous year, the School did not have a minimum segregation of duties over assets due to staffing limitations.

Current Status – The School has resolved this finding by involving additional staff/oversight in its accounting procedures.