

BASIC FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

YEAR ENDED JUNE 30, 2018

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION  
YEAR ENDED JUNE 30, 2018

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SCHOOL DISTRICT NO. 58  
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Board of Trustees,  
School District No. 58  
Aberdeen, Idaho

## Independent Auditor's Report

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of the School District No. 58, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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 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, 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.

***Basis for Qualified Opinion on the Statement of Net Position and the Statement of Activities***

Retired District employees pay their own health insurance. Premiums for retired and active employees are the same. The District believes that the future cost of the implicit rate subsidy built into to current health care premiums is not material to the financial statements and that the cost of adopting GASB 45 cannot be justified at the present time. The amount by which this GAAP departure would affect the liabilities and net assets on the Statement of Net Position is not determinable.

***Qualified Opinion***

In my opinion, except for the effects of not providing information regarding other post-employment benefit obligations as described in the previous paragraph, the Statement of Net Position and the Statement of Activities, present fairly, in all material respects, the net position of School District #58 as of June 30, 2018, and the respective changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinion***

In my opinion, the governmental fund statements present fairly, in all material respects, the respective financial position of the governmental activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

The District has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of Net Pension Liability & Employer's Contributions and the major fund budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 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 District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated September 4, 2018, on my consideration of the District'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 solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Morgan J Hatt CPA PC*

Pocatello, Idaho  
September 4, 2018

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

STATEMENT OF NET POSITION  
 AT JUNE 30, 2018

	Governmental Activities
<b>ASSETS:</b>	
Current Assets:	
Pooled cash and cash equivalents	\$4,231,685
Cash restricted for debt service	423,236
Receivables:	
Property taxes	600,377
State	405,262
Non-current Assets:	
Capital assets:	
Land	36,474
Property and equipment, net of accumulated depreciation	16,462,514
Total Assets:	22,159,548
 <b>DEFERRED OUTFLOWS:</b>	
Deferred PERSI outflow of resources	270,987
Total Assets and Deferred Outflows of Resources:	\$22,430,535
 <b>LIABILITIES:</b>	
Current Liabilities:	
Accounts payable	\$197,400
Accrued salaries	479,498
Interest payable	69,733
Due within one year - bus leases	63,929
Due within one year - series 2016 bonds	445,000
Long-term Liabilities:	
Due in more than one year - series 2016 bonds	11,686,185
Net PERSI unfunded pension liability	1,725,767
Total Liabilities:	14,667,512
 <b>DEFERRED INFLOWS:</b>	
Deferred PERSI inflow of resources	258,875
 <b>NET POSITION:</b>	
Net investment in capital assets	4,303,874
Restricted	656,987
Unrestricted	2,543,287
Total Net Position:	7,504,148
Total Liabilities and Deferred Inflows of Resources and Net Position:	\$22,430,535

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for Services	Operating Grants and Contributions	Changes in Net Assets Governmental Activities
Governmental Activities:				
Instructional services:				
Regular instruction	\$3,048,096	\$55,655	\$457,315	(\$2,535,126)
Special education	388,900		187,116	(201,784)
Support services:				
Pupil support	366,423	13,369	18,070	(334,984)
Staff support	212,873		173,990	(38,883)
Tech services	152,800		98,138	(54,662)
Board of Education	13,726			(13,726)
District administration	245,325			(245,325)
School administration	388,247			(388,247)
Business operation	88,757			(88,757)
Operation and maintenance	686,189		103,908	(582,281)
Transportation	383,195	17,576	15,501	(350,118)
Capital outlay	6,889			(6,889)
Non-instructional:	312,319	7,994	298,004	(6,321)
Interest on long-term debt	344,462			(344,462)
Total Governmental Activities:	<u>\$6,638,201</u>	<u>\$94,594</u>	<u>\$1,352,042</u>	<u>(5,191,565)</u>
General Revenues:				
Taxes:				
Property taxes levied for general purposes				683,465
Property taxes levied for debt services				776,924
Property taxes levied for plant facilities				274,700
Federal and State aid:				
State foundation program				4,344,452
State other				508,077
Interest and investment earnings:				114,349
Total General Revenues:				<u>6,701,967</u>
Excess revenues before special items				1,510,402
Sale of assets				3,026
Change in Net Position				1,513,428
Net position, June 30, 2017				5,990,720
Net positions, June 30, 2018				<u>\$7,504,148</u>



SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

BALANCE SHEET  
GOVERNMENTAL FUNDS

AT JUNE 30, 2018

	Major Funds				Non-major Funds	Totals (Memorandum Only)
	General	Debt Service	Title I Fund	Construction Fund		
<b>ASSETS:</b>						
Cash	\$1,990,819			\$1,339,228	\$901,638	\$4,231,685
Cash restricted for debt service		\$423,236				423,236
Receivables:						
Property taxes	246,626	259,789			93,962	600,377
State of Idaho	123,247		\$95,621		186,394	405,262
Due from other funds	130,231					130,231
<b>Total Assets:</b>	<u>\$2,490,923</u>	<u>\$683,025</u>	<u>\$95,621</u>	<u>\$1,339,228</u>	<u>\$1,181,994</u>	<u>\$5,790,791</u>
<b>LIABILITIES:</b>						
Accounts payable	\$154,754		\$9,463		\$33,183	\$197,400
Salaries payable	399,376		24,472		55,650	479,498
Due to other funds			53,072		77,159	130,231
<b>Total Liabilities:</b>	<u>554,130</u>	<u>\$0</u>	<u>87,007</u>	<u>\$0</u>	<u>165,992</u>	<u>807,129</u>
<b>DEFERRED RESOURCES:</b>						
Unavailable property taxes	31,064	26,038			10,892	67,994
<b>FUND BALANCE:</b>						
Restricted		656,987				656,987
Committed			8,614	1,339,228	1,005,110	2,352,952
Unassigned	1,905,729					1,905,729
<b>Total Fund Balance:</b>	<u>1,905,729</u>	<u>656,987</u>	<u>8,614</u>	<u>1,339,228</u>	<u>1,005,110</u>	<u>4,915,668</u>
<b>Total Liabilities and Fund Balance:</b>	<u>\$2,490,923</u>	<u>\$683,025</u>	<u>\$95,621</u>	<u>\$1,339,228</u>	<u>\$1,181,994</u>	<u>\$5,790,791</u>

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 AT JUNE 30, 2018

Total fund balances - governmental funds		\$4,915,668
<p>Total net assets reported for governmental activities in the          Statement of Net Assets is different because:</p>		
<p style="padding-left: 40px;">Capital assets used in governmental activities are not financial resources          and therefore are not reported as assets in the governmental funds.</p>		
Cost of capital assets	\$22,198,741	
Depreciation expense to date	<u>(5,699,753)</u>	16,498,988
<p>Some of the District's property taxes will be collected after year-end, but are not          available soon enough to pay for the current period's expenditures and therefore          are reported as deferred revenue in the governmental funds.</p>		
		67,994
<p>Deferred amounts are not current financial resources/uses. Therefore, they are not          reported in the governmental funds.</p>		
Deferred PERSI outflows	270,987	
Deferred PERSI inflows	<u>(258,875)</u>	12,112
<p>Long-term liabilities are not due and payable in the current period and therefore          are not reported as liabilities in the governmental funds.</p>		
Lease purchase payable	(63,929)	
Bonds payable	(12,131,185)	
Accrued interest on bonds	(69,733)	
District's share of PERSI unfunded pension liability	<u>(1,725,767)</u>	<u>(13,990,614)</u>
Total Net Position:		<u><u>\$7,504,148</u></u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	Major Funds					Total Governmental Funds
	General Fund	Debt Service Fund	Title I Fund	Construction Fund	Non-major Funds	
<b>REVENUES:</b>						
Local:						
Property taxes (net of cancellations)	\$710,644	\$780,523			\$281,284	\$1,772,451
Earnings on investments	39,697	3,361		\$71,291		114,349
Other local	84,633				28,116	112,749
State:						
Base support	3,627,721					3,627,721
Transportation	239,811					239,811
State paid benefits	476,920					476,920
Other	317,954	447,084			248,623	1,013,661
Federal assistance			\$228,925		602,404	831,329
<b>Total Revenues:</b>	<u>5,497,380</u>	<u>1,230,968</u>	<u>228,925</u>	<u>71,291</u>	<u>1,160,427</u>	<u>8,188,991</u>
<b>EXPENDITURES:</b>						
Instructional Services	2,923,135		167,140		244,046	3,334,321
Support Services:						
Guidance/Health	152,474					152,474
Special services	119,701				101,484	221,185
Instructional improvement	17,231		56,212		57,890	131,333
Media	88,410					88,410
Technology	60,925				94,594	155,519
Board of Education	13,726					13,726
District administration	254,933					254,933
School administration	402,456					402,456
Business operation	88,757					88,757
Operation and maintenance	607,789				80,604	688,393
Transportation	330,109					330,109
Other non-instructional					302,735	302,735
Debt Service:						
Principal		669,898				669,898
Interest		337,118				337,118
Capital Assets	8,554			7,865,780	219,499	8,093,833
<b>Total Expenditures:</b>	<u>5,068,200</u>	<u>1,007,016</u>	<u>223,352</u>	<u>7,865,780</u>	<u>1,100,852</u>	<u>15,265,200</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	429,180	223,952	5,573	(7,794,489)	59,575	(7,076,209)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers (to) from other funds	(144,434)		(7,597)		152,031	0
<b>NET CHANGE IN FUND BALANCES</b>	284,746	223,952	(2,024)	(7,794,489)	211,606	(7,076,209)
<b>FUND EQUITY - JUNE 30, 2017</b>	<u>1,620,983</u>	<u>433,035</u>	<u>10,638</u>	<u>9,133,717</u>	<u>793,504</u>	<u>11,991,877</u>
<b>FUND EQUITY - JUNE 30, 2018</b>	<u>\$1,905,729</u>	<u>\$656,987</u>	<u>\$8,614</u>	<u>\$1,339,228</u>	<u>\$1,005,110</u>	<u>\$4,915,668</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
AT JUNE 30, 2018

Total net change in fund balances - governmental funds (\$7,076,209)

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

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities, assets with an initial, individual cost of more than \$5,000  
are capitalized and the cost is allocated over estimated useful lives as depreciation  
expense. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense this year	(\$308,672)	
Current year capital outlays	8,020,198	
	8,020,198	7,711,526

Governmental funds report debt proceeds as financing sources, while repayment  
of debt principal is reported as an expenditure. In the Statement of Net Position,  
debt increases liabilities and does not effect the Statement of Activities. Repayment  
of debt reduces the liability.

Current year bonds issued		
Current year bond issue premium		
Current year repayment of bond principal	669,898	
Current year bus lease payments	66,546	
	736,444	736,444

Because some property taxes will not be collected for several months after the  
District's year-end, they are not considered as available revenue in the  
governmental funds. They are recorded as current revenue in the Statement  
of Activities. (37,362)

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 governmental funds. 186,373

Interest on long-term debt in the Statement of Activities differs from amounts  
reported in the governmental funds because interest is recorded as an  
expenditure in the funds when it is due. (7,344)

Total Change in Net Position: \$1,513,428

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

STATEMENT OF FIDUCIARY NET POSITION

AT JUNE 30, 2018

ASSETS:	Private Purpose Trust Funds <u>Scholarship</u>	Agency Funds Student Activity <u>Accounts</u>	<u>Total</u>
Cash and equivalents	\$10,360	\$226,608	\$236,968
LIABILITIES:			
Due to High School Student Groups		\$82,872	\$82,872
Due to Middle School Student Groups		86,311	86,311
Due to Elementary School Student Groups		57,425	57,425
Total Liabilities:	\$0	226,608	226,608
NET POSITION:			
Restricted for scholarships	10,360		10,360
Unrestricted		0	0
Total Liabilities and Net Position:	\$10,360	\$0	\$10,360

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

	Private Purpose Trust Funds <u>Scholarship</u>
ADDITIONS:	
Contributions	\$0
Investment income	238
Total Additions:	<u>238</u>
DEDUCTIONS:	
Scholarships	0
Total Deductions:	<u>0</u>
CHANGE IN NET POSITION	238
NET POSITION - BEGINNING	<u>10,122</u>
NET POSITION - ENDING	<u><u>\$10,360</u></u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of School District No. 58 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

**Reporting Entity** - For financial reporting purposes, management has considered potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles. The basic criterion for including a potential component unit within the reporting entity is the governing body's responsibility for financial accountability. Financial accountability is defined as the level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. Based upon the application of these criteria, the District has no potential component units.

**Government-wide and Fund Financial Statements** - The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expenses for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for shared assets is ratably included in the direct expenses of the appropriate functions. Interest on general long-term liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line item.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

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

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

The fund financial statements provide information about the District's funds, including its fiduciary funds. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major funds:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Debt Service Fund** accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.

The **Title I Fund** is a federally funded program to increase reading proficiency in the elementary school.

The **Construction Fund** accounts for the high school construction project which is being funded using the proceeds from the 2016 Bonds issued for resources accumulated and payments made to provide for general maintenance and capital outlays for the District.

Additionally the District reports the following fiduciary funds:

The **Student Activity Accounts** (Agency funds) account for monies held on behalf of student groups.

The **Private Purpose Scholarship Accounts** (Trust funds) account for monies that have been donated for student scholarships.



SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation –**

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

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

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

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

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

**Budgetary Data** - Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

During May of each year, the Superintendent submits to the School Board a proposed operating budget for the next fiscal year commencing on July 1<sup>st</sup>. This budget includes proposed expenditures and the means of financing them.

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

After considering patron input at a public hearing in June, the Board adopts the budget.

Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the Superintendent, can approve reductions in appropriations but increases in appropriations by fund require a public hearing prior to amending the budget.

Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrances are not liabilities and they are not recorded as expenditures until receipt of material or services. For budgetary purposes, appropriations lapse at year-end and are re-budgeted the following year. The District does not reserve a fund balance for outstanding encumbrances at year-end.

**Deposits and Investments** – The cash balances of substantially all funds are pooled and invested by the District for purposes of increasing earnings through investment activities. The District's investments are reported at fair value at year-end. The Idaho State Treasurer's Local Government Pool operates in accordance with appropriate state laws and regulations. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned to the funds based on the average balance of each participating fund.

**Cash and Cash Equivalents** – The District considers investments with an original maturity of three months or less to be cash equivalent.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as due to/due from other funds.

**Inventories** – Inventories of governmental funds are recorded as expenditures when purchased. Financial statements for the school lunch program do not show the value of donated commodities.

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

Depreciation is recorded using the straight-line method over the estimated useful lives as follows: Buildings and improvements: 20-40 years. Buses: 10 years. Furniture and equipment: 3-15 years.

**Compensated Absences** – Employees are granted vacation and sick leave in varying amounts. Accumulated vacation must be used prior to the employee's anniversary date. The District does not compensate employees for unused sick leave. When a teacher retires an amount equal to one half of the accumulated sick leave is reported to the State Retirement Board. The amount is used to pay the retiree's health insurance.

**Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

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

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so it will not be recognized as an outflow of resources (expenditure) until then. The District does have items that qualify for reporting in this category. They are the deferred outflows of resources related to the PERSI pension base plan. See note 12 for details on the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of these items, which arises under the government-wide accrual basis of accounting that qualifies for reporting in this category and one item, which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The other item (reported in the government-wide statements) is an amount related to the pension base plan. See note 12 for details on the pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Fund Equity** – 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 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 a specific purpose pursuant to formal action of the 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 District first utilizes restricted resources. When

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

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

expenditures are incurred that qualify for either committed or assigned resources, The District first utilizes committed resources, then assigned resources, before using unassigned resources.

**Fund Balance Flow Assumptions** – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Net Position Flow Assumptions** – Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, regulations, or other governments.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Pensions** – 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 (the Base Plan) and additions to/deductions from the 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.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

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

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

**2. DEPOSITS AND INVESTMENTS**

The District invests its idle cash in the Idaho State Treasurer's local government investment pool. The deposits are stated as cash which approximates market. The State Treasurer combines deposits from all government entities in Idaho, who participate in the pool, and purchases the following types of investments: Local Certificates of Deposit, Repurchase Agreements, and U.S. Government Securities.

The entities participating in the pool own a percentage of each investment held. This percentage is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to: increase overall the rate of return, reduce risk of default, and place each entity under the FDIC and FSLIC limits of \$250,000.

Under Idaho Code Section 67-1210 the District is authorized to invest surplus or idle monies in investments subject to the following standards, guidelines, and restrictions:

- a. District monies shall not be made in any depository of financial institution in an amount, which exceeds ten (10%) of said entity's capital and surplus. Any investments to be made above Federal Deposit Insurance require the depository to have a current "Moody's Bank Credit Report Service" rating of "A" or better.
- b. No demand deposits or investment in time deposits or certificates of deposit shall be made in a financial institution insured in whole or in part by the Federal Savings and Loan Insurance Corporation or in any State or Federal credit unions insurance programs in an amount in excess of the insurance available.

Investments allowable under "Idaho Code Section 67-1210" are:

- a. Bonds, Treasury bills, interest bearing notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- b. General obligation or revenue bonds of this State, or those for which the faith and credit of this State are pledged for payment of principal and interest.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

**2. DEPOSITS AND INVESTMENTS (CONTINUED)**

- c. General obligation or revenue bonds of any county, city, metropolitan water district, municipal utility district, school district or other taxing district of this State.
- d. Notes, bonds, debentures, or other similar obligations issued by the Farm Credit System or institutions forming a part thereof under the Farm Credit Act of 1971.
- e. Bonds, notes or other similar obligations issued by public corporations of the State of Idaho including, but not limited to, the Idaho State Building Authority, the Idaho Housing Authority and the Idaho Water Resource Board. These investments shall not extend beyond seven (7) days.
- f. Repurchase agreements covered by any legal investment for the State of Idaho.
- g. Tax anticipation notes and registered warrants of the State of Idaho.
- h. Tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the State of Idaho.
- i. Time deposits and savings accounts in State depositories including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transactions accounts.
- j. Time deposit accounts and savings accounts of Federal savings and loan associations located within the geographical boundaries of the State in amounts not to exceed the insurance provided by the Federal Savings and Loan Insurance Corporation including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.
- k. Revenue bonds of institutions of higher education of the State of Idaho.
- l. Share, savings and deposit accounts of State and Federal credit unions located within the geographical boundaries of the State in amounts not to exceed the insurance provided by the National Credit Union Share Insurance Fund and/or any other authorized deposit guaranty corporation, including but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.

**3. PROPERTY TAXES**

Taxes are levied by the second Monday in September on assessed valuations as of June 30. Taxes on real property are payable in two equal installments on December 20 and June 30 of the following year. Personal property taxes are due December 20. Delinquent payments bear simple interest of 1% per month plus a 2% penalty. Due to the small amount of taxes not collected, no adjustment is made for delinquent taxes.

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2018

**4. CAPITAL ASSETS**

	Balance <u>7/1/17</u>	Debt <u>Acquired</u>	Debt <u>Retired</u>	<u>6/30/18</u>	Due within <u>one year</u>
Bus lease purchases	\$125,329		(\$61,401)	\$63,928	\$63,928
2011 Series Bonds	660,000		(660,000)	0	
2016 Series Bonds	11,425,000			11,425,000	445,000
Unamortized bond issue premium	706,185			706,185	27,506
District's share of PERSI unfunded liability	<u>2,322,457</u>		<u>(596,690)</u>	<u>1,725,767</u>	
	<u>\$15,238,971</u>	<u>\$0</u>	<u>(\$1,318,091)</u>	<u>\$13,920,880</u>	<u>\$536,434</u>

**5. DEFICIT FUND BALANCE**

For most of these Federal and State programs, the District spends its own money and then requests reimbursement from the various funding agencies. For those funds with deficits, reimbursement has not yet been received. As of June 30, 2018 the following funds had deficit fund balances:

Gear Up Grant Fund	(\$8)
Title I Migrant Fund	(744)



SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2018

**6. DUE TO/ DUE FROM**

Federal program funds are temporarily overspent while waiting for Federal reimbursements. The Debt Service Fund tax levy was not sufficient. Deficit cash is shown as due to other funds as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$130,231	
Title I Fund		\$53,072
Gear Up Grant fund		12,105
State Professional Technical Fund		698
Title I Migrant Fund		7,080
Title VI-B Fund		26,682
Preschool Fund		558
Small Rural Grant Fund		5,236
C Perkins Vocational Education Fund		10,548
Title III LEP Fund		9,933
Title II Teacher Quality Fund		4,319

**7. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Local Grants	\$4,018
State Professional Technology Fund	9,156
State Technology fund	19,143
Title I Migrant Fund	3,036
Perkins Vocational Fund	48
Bus Depreciation Fund	28,879

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss, related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee health and injuries, and natural disasters. All risks are insured by commercial insurance.

SCHOOL DISTRICT NO. 58

ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

9. **LONG-TERM DEBT**

The District has financed the purchase of the following school buses:

	<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015 72 Passenger Bus 4.5% interest:	Aug 2018	\$18,491	\$831	\$19,322
2015 18 Passenger Bus 4.5% interest:	Aug 2018	\$13,690	\$617	\$14,307
2016 72 Passenger Bus 3.75% interest:	Jun 2019	\$18,657	\$700	\$19,357
2016 24 Passenger Bus 3.65% interest:	Jun 2019	\$13,090	\$470	\$13,560

General Obligation Bond Series 2016 were issued July 2017 in the amount of \$11,425,000. Scheduled payments due on the Series 2016 bonds are as follows:

	<u>Principal</u>	<u>Coupon %</u>	<u>Interest</u>	<u>Total Debt Service</u>
9/15/2017			\$167,360.00	\$167,360.00
3/15/2018			167,360.00	167,360.00
9/15/2018	\$445,000.00	3.00%	167,360.00	612,360.00
3/15/2019			160,685.00	160,685.00
9/15/2019	460,000.00	3.00%	160,685.00	620,685.00
3/15/2020			153,785.00	153,785.00
9/15/2020	475,000.00	3.00%	153,785.00	628,785.00
3/15/2021			146,660.00	146,660.00
9/15/2021	485,000.00	3.00%	146,660.00	631,660.00
3/15/2022			139,385.00	139,385.00
9/15/2022	500,000.00	4.00%	139,385.00	639,385.00

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

**9. LONG-TERM DEBT (CONTINUED)**

3/15/2023			129,385.00	129,385.00
9/15/2023	520,000.00	4.00%	129,385.00	649,385.00
3/15/2024			118,985.00	118,985.00
9/15/2024	545,000.00	4.00%	118,985.00	663,985.00
3/15/2025			108,085.00	108,085.00
9/15/2025	565,000.00	4.00%	108,085.00	673,085.00
3/15/2026			96,785.00	96,785.00
9/15/2026	585,000.00	4.00%	96,785.00	681,785.00
3/15/2027			85,085.00	85,085.00
9/15/2027	610,000.00	4.00%	85,085.00	695,085.00
3/15/2028			72,885.00	72,885.00
9/15/2028	635,000.00	2.00%	72,885.00	707,885.00
3/15/2029			66,535.00	66,535.00
9/15/2029	645,000.00	2.15%	66,535.00	711,535.00
3/15/2030			60,085.00	60,085.00
9/15/2030	660,000.00	2.13%	60,085.00	720,085.00
3/15/2031			53,072.50	53,072.50
9/15/2031	675,000.00	2.25%	53,072.50	728,072.50
3/15/2032			45,478.75	45,478.75
9/15/2032	690,000.00	2.38%	45,478.75	735,478.75
3/15/2033			37,285.00	37,285.00
9/15/2033	705,000.00	2.50%	37,285.00	742,285.00
3/15/3034			28,472.50	28,472.50
9/15/2034	725,000.00	2.50%	28,472.50	753,472.50
3/15/2035			19,410.00	19,410.00
9/15/2035	740,000.00	2.55%	19,410.00	759,410.00
3/15/2036			9,975.00	9,975.00
9/15/2036	760,000.00	2.63%	9,975.00	769,975.00
	<u>\$11,425,000</u>		<u>\$3,566,158</u>	<u>\$14,991,158</u>

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
 YEAR ENDED JUNE 30, 2018

**9. LONG-TERM DEBT (CONTINUED)**

Beginning in the fiscal year ended June 30, 2015, GASB 68 requires the District to record its share of PERSI's unfunded pension liability. The June 30, 2017 liability amount is not available at this time. The District's share of PERSI's unfunded liability at June 30, 2016 was \$2,322,457. That amount has been recorded as a long-term liability on the Statement of Net Assets.

The following is a summary of long-term debt transactions for the year ended June 30, 2018:

	Balance <u>7/1/17</u>	Debt <u>Acquired</u>	Debt <u>Retired</u>	<u>6/30/18</u>	Due within <u>one year</u>
Bus lease purchases	\$125,329		(\$61,401)	\$63,928	\$63,928
2011 Series Bonds	660,000		(660,000)	0	
2016 Series Bonds	11,425,000			11,425,000	445,000
Unamortized bond issue premium	706,185			706,185	27,506
District's share of PERSI unfunded liability	<u>2,322,457</u>		<u>(596,690)</u>	<u>1,725,767</u>	
	<u>\$15,238,971</u>	<u>\$0</u>	<u>(\$1,318,091)</u>	<u>\$13,920,88</u>	<u>\$536,434</u>

**10. CONTINGENT LIABILITIES**

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

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

**11. CREDIT RISK, CONCENTRATION OF CREDIT RISK,  
AND INTEREST RATE RISK**

As of June 30, 2017, the District's investments were as follows: All of the District's investments are in an internal investment pool.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Statutes authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued from the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or any taxing district in the State, time deposits, saving deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool. The District does not have an investment policy that would further limit its investment choices.

Concentration Credit Risk - The District does not place a limit on the amount that the District may invest in any one issuer. Most of the District's investments are in Local Government Investment Pool which by its nature is a diversified account. As of June 30, 2018, the fund consisted of U.S. Treasury Notes, Government Agency Notes, Idaho Bank Deposits, Repurchase Agreements, Corporate Bonds and Commercial Paper, and Government Agency Notes.

**12. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

*Plan Description*

School District #58 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) 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](http://www.persi.idaho.gov).

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

**12. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

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.

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 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 as 60% of 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

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

**12. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

employees and 11.66% for police and firefighters. The employer's contributions were \$386,025 for the year ended June 30, 2017.

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

At June 30, 2018, the District 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 District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participation PERSI Base Plan employers. At June 30, 2017, the District's proportion was .001097936 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$278,821. At June 30, 2018, the District reported deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$239,073	(\$75,939)
Changes in assumptions or other inputs	768,831	759,585
Net difference between projected and actual earnings on pension plan investments	(1,130,387)	(424,772)
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	0	0
Aberdeen School District contributions subsequent to the measurement date	393,470	0
<b>Total</b>	<b>\$270,987</b>	<b>\$258,874</b>

\$393,470, 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, 2018.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

**12. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

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, 2015, 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 June 30, 2018:**

2017	\$ (938,186)
2018	\$ 162,136
2019	\$ 46,005
2020	\$ (102,211)
2021	\$ 0

*Actuarial Assumptions*

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

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

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%



SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

**12. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

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 the 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, 2016.

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
 YEAR ENDED JUNE 30, 2018

**12. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

**Capital Market Assumptions**

<b>Asset Class</b>	<b>Expected Return</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Equities			70.00%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55.00%	50% - 65%
International	9.25%	20.20%	15.00%	.10% - .20%
Fixed Income	3.05%	3.75%	30.00%	23% - 33%
Cash	2.25%	90.00%	0.00%	0% - 5%
			<b>Expected Real</b>	<b>Strategic Ranges</b>
<b>Total Fund</b>	<b>Expected Return</b>	<b>Expected Inflation</b>	<b>Return</b>	<b>Ranges</b>
Actuary	7.00%	3.25%	3.76%	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%

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
 YEAR ENDED JUNE 30, 2018

**12. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

*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 plan's 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 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.10 percent) or 1 percentage point higher (8.10 percent) 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)	\$4,011,037	\$1,725,767	(\$173,353)

*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.gov](http://www.persi.gov).

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018

**Schedule of Employer's Share of Net Pension Liability**

**PERSI - Base Plan**

**Last 10 - Fiscal Years \***

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Employer's portion of net pension liability	0.112561%	0.114567%	0.109794%
Employer's proportionate share of net pension liability	\$1,482,251	\$2,322,457	\$1,725,767
Employer's covered-employee payroll	\$3,353,363	\$3,410,117	\$3,475,890
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	44.20%	68.10%	49.65%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	91.38%	87.26%

\* 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 District will present information for those years for which information is available.

Data reported is measured as of June 30, 2017.

**Schedule of Employer Contributions**

**PERSI - Base Plan**

**Last 10 - Fiscal Years \***

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Statutorily required contribution	\$368,191	\$340,566	\$370,237
Contributions in relation to the statutorily required contribution	\$361,593	\$384,500	\$391,269
Contribution (deficiency) excess	\$(6,598)	\$43,934	\$21,031
Employer's covered employee payroll	\$3,353,363	\$3,410,117	\$3,475,890
Contributions as a percentage of covered employee payroll	10.98%	9.99%	10.65%

\* 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 District will present information for those years for which information is available.

Date reported is measured as of June 30, 2017

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE:</b>			
Property taxes	\$684,804	\$710,644	\$25,840
Investment interest	12,979	39,697	26,718
Other local	55,384	84,633	29,249
State base support	3,547,058	3,627,721	80,663
State transportation	219,820	239,811	19,991
State paid benefits	467,477	476,920	9,443
Other State	326,881	317,954	(8,927)
<b>Total General Fund Revenues:</b>	<u>\$5,314,403</u>	<u>\$5,497,380</u>	<u>\$182,977</u>
<b>EXPENDITURES:</b>			
<b>INSTRUCTION:</b>			
<b>Elementary Programs:</b>			
Salaries	\$757,872	\$783,442	(\$25,570)
Benefits	288,684	280,330	8,354
Purchased services	0	933	(933)
Materials and supplies	97,900	52,942	44,958
	<u>1,144,456</u>	<u>1,117,647</u>	<u>26,809</u>
<b>Secondary Programs:</b>			
Salaries	1,019,074	955,685	63,389
Benefits	369,131	329,646	39,485
Purchased services	11,148	672	10,476
Materials and supplies	124,050	57,952	66,098
Capital outlay		8,354	(8,354)
	<u>1,523,403</u>	<u>1,352,309</u>	<u>171,094</u>
<b>Special Programs:</b>			
Salaries	234,383	226,403	7,980
Benefits	86,645	89,578	(2,933)
Purchased services	2,200	3,057	(857)
Materials and supplies	4,392	5,168	(776)
	<u>327,620</u>	<u>324,206</u>	<u>3,414</u>
<b>Activity Programs:</b>			
Salaries	57,238	57,790	(552)
Benefits	11,142	8,655	2,487
Purchased services	43,000	51,364	(8,364)
Materials and supplies	5,200	10,444	(5,244)
	<u>116,580</u>	<u>128,253</u>	<u>(11,673)</u>
<b>Summer/After School Programs:</b>			
Salaries	9,168	7,858	1,310
Benefits	3,693	1,416	2,277
Materials and supplies			0
	<u>12,861</u>	<u>9,274</u>	<u>3,587</u>
<b>Total Instruction:</b>	<u>3,124,920</u>	<u>2,931,689</u>	<u>193,231</u>
<b>SUPPORT SERVICES:</b>			
<b>Guidance/Health:</b>			
Salaries	106,854	104,551	2,303
Benefits	37,159	35,687	1,472
Purchased services	7,100	4,177	2,923
Materials and supplies	1,800	8,059	(6,259)
	<u>152,913</u>	<u>152,474</u>	<u>439</u>
<b>Special Services:</b>			
Salaries	70,808	70,938	(130)
Benefits	29,324	29,330	(6)
Purchased services	21,800	18,810	2,990
Materials and supplies	1,200	623	577
	<u>123,132</u>	<u>119,701</u>	<u>3,431</u>
<b>Instructional Improvement:</b>			
Salaries	21,000	12,800	8,200
Benefits	4,275	2,755	1,520
Purchased services	18,647	1,676	16,971
Materials and supplies	500		500
	<u>44,422</u>	<u>17,231</u>	<u>27,191</u>
<b>Media Program:</b>			
Salaries	64,729	55,976	8,753
Benefits	32,119	23,332	8,787
Purchased services	2,100	2,099	1
Materials and supplies	7,000	7,003	(3)
	<u>105,948</u>	<u>88,410</u>	<u>17,538</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND - (CONTINUED)

YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Technology:			
Salaries	\$35,140	\$36,906	(\$1,766)
Benefits	12,488	12,993	(505)
Purchased services	42,700	10,741	31,959
Materials and supplies	20,000	285	19,715
	<u>110,328</u>	<u>60,925</u>	<u>49,403</u>
Board of Education:			
Benefits	26	26	0
Purchased services	16,600	9,184	7,416
Materials and supplies	5,500	4,410	1,090
Insurance	200	106	94
	<u>22,326</u>	<u>13,726</u>	<u>8,600</u>
District Administration:			
Salaries	177,517	178,297	(780)
Benefits	67,367	66,302	1,065
Purchased services	8,200	8,680	(480)
Materials and supplies	2,000	1,654	346
	<u>255,084</u>	<u>254,933</u>	<u>151</u>
School Administration:			
Salaries	268,523	269,410	(887)
Benefits	121,520	119,293	2,227
Purchased services	15,000	11,369	3,631
Materials and supplies	4,700	2,384	2,316
	<u>409,743</u>	<u>402,456</u>	<u>7,287</u>
Business Operation:			
Benefits	84		84
Purchased services	67,100	63,293	3,807
Materials and supplies	66,500	25,464	41,036
	<u>133,684</u>	<u>88,757</u>	<u>44,927</u>
Operation and Maintenance:			
Salaries	223,027	205,405	17,622
Benefits	81,074	80,197	877
Purchased services	277,383	209,224	68,159
Materials and supplies	84,200	65,891	18,309
Capital outlay	8,000	0	8,000
Insurance	47,100	47,072	28
	<u>720,784</u>	<u>607,789</u>	<u>112,995</u>
Transportation:			
Salaries	144,024	160,974	(16,950)
Benefits	91,991	78,822	13,169
Purchased services	16,400	12,907	3,493
Materials and supplies	67,738	60,933	6,805
Capital outlay	8,000	3,664	4,336
Insurance	13,100	12,809	291
	<u>341,253</u>	<u>330,109</u>	<u>11,144</u>
Capital Outlay/Contingency	<u>0</u>	<u>0</u>	<u>0</u>
School Lunch	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Total Support Services:	<u>2,421,117</u>	<u>2,136,511</u>	<u>284,606</u>
Total General Fund Expenditures:	<u>5,546,037</u>	<u>5,068,200</u>	<u>477,837</u>
Excess Revenues over Expenditures	(231,634)	429,180	660,814
Transfers (to) from other funds	<u>127,064</u>	<u>(144,434)</u>	<u>(271,498)</u>
Excess revenues and other financing sources over expenditures and other financing uses	<u>(\$104,570)</u>	284,746	<u>\$389,316</u>
FUND EQUITY - JUNE 30, 2017		<u>1,620,983</u>	
FUND EQUITY - JUNE 30, 2018		<u>\$1,905,729</u>	

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$774,338	\$780,523	\$6,185
State	412,426	447,084	34,658
Investment income	600	3,361	2,761
	1,187,364	1,230,968	43,604
EXPENDITURES:			
Principal	669,900	669,898	2
Interest	337,720	337,118	602
	1,007,620	1,007,016	604
Excess revenues over expenditures	\$179,744	223,952	\$44,208
FUND EQUITY - JUNE 30, 2017		433,035	
FUND EQUITY - JUNE 30, 2018		\$656,987	



SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - TITLE I FUND

YEAR ENDED JUNE 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE:</b>			
Federal assistance	\$218,925	\$228,925	\$10,000
Other			0
	<u>218,925</u>	<u>228,925</u>	<u>10,000</u>
 <b>EXPENDITURES:</b>			
Instruction:			
Salaries	98,119	102,338	(4,219)
Benefits	37,408	37,354	54
Purchased services	26,493	26,336	157
Materials and supplies	8,294	1,112	7,182
Support Services:			
Salaries	44,421	40,917	3,504
Benefits	15,250	14,497	753
Materials and supplies	2,153	798	1,355
	<u>232,138</u>	<u>223,352</u>	<u>8,786</u>
Excess revenues over expenditures	(13,213)	5,573	18,786
Transfers (to) from other funds	<u>2,403</u>	<u>(7,597)</u>	<u>10,000</u>
Excess revenues and other financing sources over expenditures and other financing uses	<u>(\$10,810)</u>	<u>(2,024)</u>	<u>\$28,786</u>
FUND EQUITY - JUNE 30, 2017		<u>10,638</u>	
FUND EQUITY - JUNE 30, 2018		<u>\$8,614</u>	

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CONSTRUCTION FUND

YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Interest income	\$45,000	\$71,291	\$26,291
Other			0
Total Revenue:	45,000	71,291	26,291
EXPENDITURES:			
Construction	9,143,756	7,865,780	1,277,976
Total Expenditures:	9,143,756	7,865,780	1,277,976
Excess revenues and other financing sources over expenditures and other financing uses	(\$9,098,756)	(7,794,489)	\$1,304,267
FUND EQUITY - JUNE 30, 2017		9,133,717	
FUND EQUITY - JUNE 30, 2018		\$1,339,228	

## OTHER INFORMATION

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

COMBINING BALANCE SHEET  
NON-MAJOR FUNDS

AT JUNE 30, 2018

	Gear Up Grant Fund	Local Grants Fund	Driver Education Fund	State Professional Technical Fund
ASSETS:				
Cash		\$14	\$243	
Property taxes receivable				
Federal and State receivable	\$14,249	210		\$10,000
Total Assets:	\$14,249	\$224	\$243	\$10,000
LIABILITIES:				
Accounts payable	\$361			\$7,547
Salaries payable	1,791			1,755
Due to other funds	12,105			698
Total Liabilities:	14,257	\$0	\$0	10,000
DEFERRED RESOURCES:				
Unavailable property taxes	0	0	0	0
FUND BALANCE:				
Committed	(8)	224	243	0
Total Liabilities and Fund Balance:	\$14,249	\$224	\$243	\$10,000

State Technology Fund	State Substance Abuse Fund	Title I Migrant Fund	Title Title V1B Fund	Preschool Fund	Small Rural Grant Fund
\$28,447	\$15,254				
		\$16,563	\$82,658	\$6,838	\$6,812
<u>\$28,447</u>	<u>\$15,254</u>	<u>\$16,563</u>	<u>\$82,658</u>	<u>\$6,838</u>	<u>\$6,812</u>
\$3,140		\$3,355	\$6,107	\$672	\$434
		6,872	20,890	3,325	1,093
		7,080	26,682	558	5,236
<u>\$3,140</u>	<u>\$0</u>	<u>17,307</u>	<u>53,679</u>	<u>4,555</u>	<u>6,763</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>25,307</u>	<u>15,254</u>	<u>(744)</u>	<u>28,979</u>	<u>2,283</u>	<u>49</u>
<u>\$28,447</u>	<u>\$15,254</u>	<u>\$16,563</u>	<u>\$82,658</u>	<u>\$6,838</u>	<u>\$6,812</u>

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

COMBINING BALANCE SHEET  
 NON-MAJOR FUNDS - (CONTINUED)

AT JUNE 30, 2018

	C. Perkins Vocational Education Fund	Title III LEP Fund	Title II Teacher Quality Fund	Medicaid Fund
ASSETS:				
Cash				\$22,144
Property taxes receivable				
Federal and state receivable	\$10,548	\$13,276	\$11,124	
Total Assets:	\$10,548	\$13,276	\$11,124	\$22,144
 LIABILITIES:				
Accounts payable		\$398	\$605	\$1,597
Salaries payable		445	1,851	2,088
Due to other funds	\$10,548	9,933	4,319	
Total Liabilities:	10,548	10,776	6,775	3,685
 DEFERRED RESOURCES:				
Unavailable property taxes				
 FUND BALANCE:				
Committed	0	2,500	4,349	18,459
Total Liabilities and Fund Balance:	\$10,548	\$13,276	\$11,124	\$22,144

School Lunch Fund	Bus Depreciation Fund	Lottery Fund	Plant Facilities Fund	2018 Totals
\$70,636	\$40,923	\$168,544	\$555,433	\$901,638
			93,962	93,962
14,116				186,394
<u>\$84,752</u>	<u>\$40,923</u>	<u>\$168,544</u>	<u>\$649,395</u>	<u>\$1,181,994</u>
\$8,967				\$33,183
15,540				55,650
				77,159
<u>24,507</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>165,992</u>
			10,892	10,892
<u>60,245</u>	<u>40,923</u>	<u>168,544</u>	<u>638,503</u>	<u>1,005,110</u>
<u>\$84,752</u>	<u>\$40,923</u>	<u>\$168,544</u>	<u>\$649,395</u>	<u>\$1,181,994</u>

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NON-MAJOR FUNDS

YEAR ENDED JUNE 30, 2018

	Gear Up Grant Fund	Local Grants Fund	Driver Education Fund	State Professional Technical Fund
REVENUES:				
Property taxes				
Local income			\$1,595	
State assistance		\$3,981	\$6,595	\$46,200
Federal assistance	\$30,305			
Total Revenues:	30,305	3,981	8,190	46,200
EXPENDITURES:				
Instructional services	22,607	4,253	24,707	34,500
Support services	1,139			
Non-instructional services				
Capital outlay				12,304
Total Expenditures:	23,746	4,253	24,707	46,804
EXCESS REVENUES (EXPENDITURES)	6,559	(272)	(16,517)	(604)
TRANSFERS (TO) FROM OTHER FUNDS				
EXCESS FINANCING SOURCES (USES)	6,559	(272)	(16,517)	(604)
FUND BALANCE - JUNE 30, 2017	(6,567)	496	16,760	604
FUND BALANCE - JUNE 30, 2018	(\$8)	\$224	\$243	\$0



<u>State Technology Fund</u>	<u>State Substance Abuse Fund</u>	<u>Title I Migrant Fund</u>	<u>Title V1B Fund</u>	<u>Preschool Fund</u>	<u>Small Rural Grant Fund</u>
\$98,138	\$11,811				
		\$49,747	\$154,372	\$5,882	\$12,313
<u>98,138</u>	<u>11,811</u>	<u>49,747</u>	<u>154,372</u>	<u>5,882</u>	<u>12,313</u>
	15,983	12,768	75,157	4,160	12,917
94,594		56,334	71,578		
<u>94,594</u>	<u>15,983</u>	<u>69,102</u>	<u>146,735</u>	<u>4,160</u>	<u>12,917</u>
3,544	(4,172)	(19,355)	7,637	1,722	(604)
		(1,581)	(5,357)	(205)	(427)
<u>3,544</u>	<u>(4,172)</u>	<u>(20,936)</u>	<u>2,280</u>	<u>1,517</u>	<u>(1,031)</u>
<u>21,763</u>	<u>19,426</u>	<u>20,192</u>	<u>26,699</u>	<u>766</u>	<u>1,080</u>
<u>\$25,307</u>	<u>\$15,254</u>	<u>(\$744)</u>	<u>\$28,979</u>	<u>\$2,283</u>	<u>\$49</u>

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NON-MAJOR FUNDS - (CONTINUED)

YEAR ENDED JUNE 30, 2018

	C. Perkins Vocational Education Fund	Title III LEP Fund	Title II Teacher Quality Fund
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES:			
Property taxes			
Local income			
State assistance			
Federal assistance	\$10,547	\$12,874	\$28,360
Total Revenues:	<u>10,547</u>	<u>12,874</u>	<u>28,360</u>
EXPENDITURES:			
Instructional services	524	14,170	
Support services			30,323
Non-instructional services			
Capital outlay	10,852		
Total Expenditures:	<u>11,376</u>	<u>14,170</u>	<u>30,323</u>
EXCESS REVENUES (EXPENDITURES)	(829)	(1,296)	(1,963)
TRANSFERS (TO) FROM OTHER FUNDS	<u>          </u>	(245)	(979)
EXCESS FINANCING SOURCES (USES)	(829)	(1,541)	(2,942)
FUND BALANCE - JUNE 30, 2017	<u>829</u>	<u>4,041</u>	<u>7,291</u>
FUND BALANCE - JUNE 30, 2018	<u>\$0</u>	<u>\$2,500</u>	<u>\$4,349</u>

Medicaid Fund	School Lunch Fund	Bus Depreciation Fund	Lottery Fund	Plant Facilities Fund	2018 Totals
				\$281,284	\$281,284
\$22,595	\$7,994	\$18,527			28,116
			\$59,303		248,623
	298,004				602,404
<u>22,595</u>	<u>305,998</u>	<u>18,527</u>	<u>59,303</u>	<u>281,284</u>	<u>1,160,427</u>
22,300					244,046
				80,604	334,572
	302,735				302,735
	11,778	155,686	28,879		219,499
<u>22,300</u>	<u>314,513</u>	<u>155,686</u>	<u>28,879</u>	<u>80,604</u>	<u>1,100,852</u>
295	(8,515)	(137,159)	30,424	200,680	59,575
	7,763	153,062			152,031
295	(752)	15,903	30,424	200,680	211,606
18,164	60,997	25,020	138,120	437,823	793,504
<u>\$18,459</u>	<u>\$60,245</u>	<u>\$40,923</u>	<u>\$168,544</u>	<u>\$638,503</u>	<u>\$1,005,110</u>

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR FUND REVENUE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2018

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
<b>GEAR UP GRANT FUND:</b>			
Federal assistance	\$30,670	\$30,305	(\$365)
<b>LOCAL GRANT FUND:</b>			
Local revenue	\$0	\$3,981	\$3,981
<b>DRIVER EDUCATION FUND:</b>			
Local revenue	\$3,556	\$1,595	(\$1,961)
State assistance	10,806	6,595	(4,211)
	<u>\$14,362</u>	<u>\$8,190</u>	<u>(\$6,172)</u>
<b>STATE PROFESSIONAL TECHNICAL FUND:</b>			
State assistance	\$46,201	\$46,200	(\$1)
<b>STATE TECHNOLOGY FUND:</b>			
State assistance	\$96,894	\$98,138	\$1,244
<b>STATE SUBSTANCE ABUSE FUND:</b>			
State revenue	\$11,061	\$11,811	\$750
<b>TITLE I MIGRANT FUND:</b>			
Federal assistance	\$49,746	\$49,747	\$1
<b>TITLE VI-B FUND:</b>			
Federal assistance	\$154,372	\$154,372	\$0
<b>PRESCHOOL FUND:</b>			
Federal assistance	\$5,882	\$5,882	\$0
<b>TITLE IV-A FUND:</b>			
Federal assistance	\$10,000	\$10,000	\$0
<b>SMALL RURAL GRANT FUND:</b>			
Federal assistance	\$12,313	\$12,313	\$0

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR FUND REVENUE - BUDGET AND ACTUAL - (CONTINUED)  
 YEAR ENDED JUNE 30, 2018

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
<b>C. PERKINS VOCATIONAL EDUCATION FUND:</b>			
Federal assistance	<u>\$10,547</u>	<u>\$10,547</u>	<u>\$0</u>
<b>TITLE III LEP FUND:</b>			
Federal assistance	<u>\$12,874</u>	<u>\$12,874</u>	<u>\$0</u>
<b>TITLE II TEACHER QUALITY FUND:</b>			
Federal assistance	<u>\$28,360</u>	<u>\$28,360</u>	<u>\$0</u>
<b>MEDICAID FUND:</b>			
State assistance	<u>\$22,500</u>	<u>\$22,595</u>	<u>\$95</u>
<b>SCHOOL LUNCH FUND:</b>			
Local revenue	\$13,935	\$7,994	(\$5,941)
Federal assistance	272,137	298,004	25,867
Transfers	3,730	7,763	4,033
	<u>\$289,802</u>	<u>\$313,761</u>	<u>\$23,959</u>
<b>BUS DEPRECIATION FUND:</b>			
Local revenue	\$11,000	\$18,527	\$7,527
Transfers	140,719	153,062	12,343
	<u>\$151,719</u>	<u>\$171,589</u>	<u>\$19,870</u>
<b>LOTTERY FUND:</b>			
State assistance	<u></u>	<u>\$59,303</u>	<u>\$59,303</u>
<b>PLANT FACILITIES FUND:</b>			
Property taxes	<u>\$268,510</u>	<u>\$281,284</u>	<u>\$12,774</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR EXPENDITURES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2018

	<u>Appropriated</u>	<u>Expended</u>	Variance Favorable (Unfavorable)
<b>GEAR UP GRANT FUND:</b>			
Instruction:			
Salaries	\$20,400	\$13,409	\$6,991
Benefits	4,148	2,655	1,493
Materials and supplies	6,328	6,322	6
Insurance	3,725	221	3,504
Support Services:			
Purchased services	7,450	1,139	6,311
Materials and supplies	2,150		2,150
	<u>\$44,201</u>	<u>\$23,746</u>	<u>\$20,455</u>
<b>LOCAL GRANTS FUND:</b>			
Instruction:			
Materials and supplies	<u>\$235</u>	<u>\$4,253</u>	<u>(\$4,018)</u>
<b>DRIVER EDUCATION FUND:</b>			
Instruction:			
Salaries	\$7,866	\$7,203	\$663
Benefits	801	861	(60)
Materials and supplies	900	1,907	(1,007)
Capital outlay	21,174	14,500	6,674
Insurance	236	236	0
	<u>\$30,977</u>	<u>\$24,707</u>	<u>\$6,270</u>
<b>STATE PROFESSIONAL TECHNOLOGY FUND:</b>			
Instruction:			
Salaries	\$10,529	\$10,529	\$0
Benefits	2,245	2,249	(4)
Purchased services	8,874	6,716	2,158
Materials and supplies	6,000	15,006	(9,006)
Capital outlay	10,000	12,304	(2,304)
	<u>\$37,648</u>	<u>\$46,804</u>	<u>(\$9,156)</u>
<b>STATE TECHNOLOGY FUND:</b>			
Support Services:			
Salaries	\$15,060	\$13,554	\$1,506
Benefits	5,189	4,637	552
Purchased services	24,000	20,064	3,936
Materials and supplies	98,437	56,339	42,098
	<u>\$142,686</u>	<u>\$94,594</u>	<u>\$48,092</u>
<b>STATE SUBSTANCE ABUSE FUND:</b>			
Instruction:			
Purchased services	\$5,332	\$2,746	\$2,586
Materials and supplies	11,500	13,237	(1,737)
	<u>\$16,832</u>	<u>\$15,983</u>	<u>\$849</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

	<u>Appropriated</u>	<u>Expended</u>	Variance Favorable (Unfavorable)
<b>TITLE I MIGRANT FUND:</b>			
Instruction:			
Salaries	\$6,320	\$7,083	(\$763)
Benefits	2,463	4,615	(2,152)
Purchased services	0	0	0
Materials and supplies	4,712	1,070	3,642
Support Services:			
Salaries	33,243	37,375	(4,132)
Benefits	17,559	18,675	(1,116)
Purchased services	1,300	284	1,016
Materials and supplies	500		500
Transfers	1,550	1,581	(31)
	<u>\$67,647</u>	<u>\$70,683</u>	<u>(\$3,036)</u>
<b>TITLE VI-B FUND:</b>			
Instruction:			
Salaries	\$45,357	\$43,542	\$1,815
Benefits	19,226	13,413	5,813
Purchased services	500	1,497	(997)
Materials and supplies	20000	16705	3,295
Support Services:			
Salaries	54,953	42,545	12,408
Benefits	26,122	23,473	2,649
Purchased services	6,165	1,830	4,335
Materials and supplies	5,000	3,730	1,270
Transfers	5,357	5,357	0
	<u>\$182,680</u>	<u>\$152,092</u>	<u>\$30,588</u>
<b>PRESCHOOL FUND:</b>			
Instruction:			
Salaries	\$4,185	\$3,326	\$859
Benefits	839	722	117
Purchased services	889		889
Materials and supplies	700	112	588
Transfers	206	205	1
	<u>\$6,819</u>	<u>\$4,365</u>	<u>\$2,454</u>
<b>SMALL RURAL GRANT FUND:</b>			
Instruction:			
Salaries	\$6,554	\$6,554	\$0
Benefits	2,655	2,605	50
Purchased services	3,757	3,758	(1)
Transfers	\$427	\$427	
	<u>\$13,393</u>	<u>\$13,344</u>	<u>\$49</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)  
YEAR ENDED JUNE 30, 2018

	<u>Appropriated</u>	<u>Expended</u>	Variance Favorable (Unfavorable)
<b>C. PERKINS VOCATIONAL EDUCATION FUND:</b>			
Instruction:			
Salaries	\$437	\$436	\$1
Benefits	88	88	0
Purchased services	3,500		3,500
Materials and supplies	7,303		7,303
Capital outlay		10,852	(10,852)
	<u>\$11,328</u>	<u>\$11,376</u>	<u>(\$48)</u>
<b>TITLE III LEP FUND:</b>			
Instruction:			
Salaries	\$6,234	\$6,234	\$0
Benefits	6,310	5,422	888
Purchased services	625	800	(175)
Materials and supplies	3,270	1,714	1,556
Transfers	476	245	231
	<u>\$16,915</u>	<u>\$14,415</u>	<u>\$2,500</u>
<b>TITLE II TEACHER QUALITY FUND:</b>			
Instruction:			
Benefits	\$1,418	\$0	\$1,418
Support Services:			
Salaries	18,305	18,305	0
Benefits	3,900	5,275	(1,375)
Purchased services	8,500	6,444	2,056
Materials and supplies	2,549	299	2,250
Transfers	979	979	0
	<u>\$35,651</u>	<u>\$31,302</u>	<u>\$4,349</u>
<b>MEDICAID FUND:</b>			
Instruction:			
Salaries	\$12,526	\$12,549	(\$23)
Benefits	\$9,762	\$9,751	11
Support Services:			
Purchased services	5,754		5,754
Materials and supplies	5,000		5,000
Benefits	781		781
	<u>\$33,823</u>	<u>\$22,300</u>	<u>\$11,523</u>
<b>SCHOOL LUNCH FUND:</b>			
Non-instruction:			
Salaries	\$92,820	\$101,481	(\$8,661)
Benefits	55,369	55,871	(502)
Purchased services	735	524	211
Materials and supplies	193,451	144,859	48,592
Capital outlay		11,778	(11,778)
	<u>\$342,375</u>	<u>\$314,513</u>	<u>\$27,862</u>



SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)  
 YEAR ENDED JUNE 30, 2018

	<u>Appropriated</u>	<u>Expended</u>	Variance Favorable (Unfavorable)
BUS DEPRECIATION FUND:			
Capital outlay	<u>\$157,546</u>	<u>\$155,686</u>	<u>\$1,860</u>
 LOTTERY FUND:			
Capital outlay	<u>                    </u>	<u>\$28,879</u>	<u>(\$28,879)</u>
 PLANT FACILITIES FUND:			
Support Services:			
Salaries	\$55,622	\$55,881	(\$259)
Benefits	19,000	19,051	(51)
Purchased services	78,000		78,000
Materials and supplies	98,000	4,218	93,782
Insurance	0	1,454	(1,454)
	<u>\$250,622</u>	<u>\$80,604</u>	<u>\$170,018</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2017

FUND:	Balance 6/30/17	Receipts	Disbursements	Transfers	Balance 6/30/18
Academic Decathlon	(\$1,156)			\$100	(\$1,056)
BPA	518	\$1,087	(\$1,185)	637	1,057
BPA Administration	0	2,121	(1,484)	(637)	0
IDLA	(190)	1,755	(1,950)	150	(235)
Duel Credit -Social	1,581	550	(43)		2,088
Nowland, Yvonne	0	50			50
FFA - Booth	367	8,720	(10,160)		(1,073)
Office Teacher	734	975	(1,792)	568	485
FFA	(392)	9,766	(8,699)	(1,500)	(825)
Duel Credit -English	0	450	(458)		(8)
AG	5,933	4,402	(11,653)	1,500	182
Staley-AG	0	860			860
Scholarships	1,293	435		(150)	1,578
National Honor Society	142	549	(682)		9
Ind Alt HS	80				80
Sunshine Club	53	108	(40)		121
Student Body	996	3,061	(1,701)	477	2,833
Class of 2018	1,478	764	(697)		1,545
Class of 2019	708	1,135	(753)		1,090
Class of 2020	862	382			1,244
Class of 2021	0	263	(68)		195
Class of 2024	1,774		(1,237)	(537)	0
Wrestling Room	861	2,217			3,078
Pop Machine	139	546	(442)	(20)	223
Music	37	1,048	(1,079)		6
Music Supplies	54	131	(74)		111
Band Rental & Repair	30	1,493	(1,607)	84	0
Pep Band	904	17,368	(16,073)	(134)	2,065
Jazz Band	0	380	(2,020)	50	(1,590)
Musical	2,753	7,010	(6,723)	(500)	2,540
First Aid A	393		(390)		3
First Aid B	515	870	(1,488)		(103)
Weight Room	405	870	(107)		1,168
Athletics	12,527	38,825	(22,965)	(975)	27,412
Athletic Equip - direct	500				500
Plato	398				398

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS - (CONTINUED)

YEAR ENDED JUNE 30, 2018

FUND:	Balance 6/30/17	Receipts	Disbursements	Transfers	Balance 6/30/18
Extra/Trans	\$21,787	\$6,747	(\$23,852)	(\$148)	\$4,534
District Tournaments	2,025			(2,025)	0
ACT	60				60
Annual	5,752	5,291	(7,308)	71	3,806
Chemistry	638		(439)		199
Art	284	1,675	(1,474)	80	565
Art Equipment	183				183
Computer Lab	1,215	2,876	(3,143)		948
Counselor	84	624	(98)		610
Drivers Ed	10	8,555	(6,815)		1,750
Faculty Pop	(9)	97	(69)		19
Gear Up 2	(700)	1,818	(892)		226
Interest	4,140	46	(2,648)		1,538
Library	196	100	(57)		239
Math	20				20
Lockers	162				162
Sales Tax	0	2,252	(2,156)	(71)	25
Textbook Fines	1,107	35	(603)		539
Teacher Accounts	624	1,150	(148)	(168)	1,458
Special Education	50				50
Principal	50	200			250
Savings	5,418				5,418
Football	459	3,020	(2,280)		1,199
Volleyball	2,088	9,311	(6,400)		4,999
Girls Soccer	49	420	(300)		169
Boys Soccer	516	450	(427)		539
Soccer	41	2,054	(2,054)		41
Girls Basketball	1,757	5,462	(7,642)		(423)
Boys Basketball	185	3,665	(7,258)		(3,408)
Wrestling	(4,068)	10,271	(1,885)	3,148	7,466
Golf	398	324	(360)		362
Track	214	396	(244)		366
Cheerleading	1,290	1,642			2,932
	<u>\$80,322</u>	<u>\$176,672</u>	<u>(\$174,122)</u>	<u>\$0</u>	<u>\$82,872</u>
Checking					\$19,322
Savings					6,253
Investments					57,297
					<u>\$82,872</u>

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE MIDDLE SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2018

FUND:	Balance 6/30/17	Receipts	Disbursements	Transfers	Balance 6/30/18
Annual	\$33	\$1,825	(\$2,163)		(\$305)
Accelerated Reader	3,873	3,973	(3,274)		4,572
Art	409	424	(700)		133
Athletics - Gen	1	968	(930)		39
Athletics - VB	2,555	1,387	(1,704)		2,238
Athletics - W	775	1,911	(1,816)		870
Athletics - GBB	3,389	1,859	(2,952)		2,296
Athletics -BBB	8,067	2,236	(2,917)		7,386
Athletics - CC	297				297
Athletics - Track	3,907	2,002	(2,181)		3,728
CD Certificate	11,865				11,865
Cheer/Drill	255	105	(264)		96
Custodial	3				3
Computers	3,222	955	(226)		3,951
Cool to be Kind	79		(78)		1
Credit Recovery	125				125
Exploratory	584	450	(689)		345
Fundraiser	1,022				1,022
Health/PE	143				143
Health Fair	69				69
General	10,658	3,014	(4,131)		9,541
Grade 6	597		(86)	\$403	914
Grade 7	926	684	(642)	74	1,042
Grade 8	350	498	(512)	650	986
Grants	198				198
Locks	20	40			60
Media Center	2,274	404	(69)		2,609
Migrant	5				5
Milk Machine/ Health	17				17
Multi-media	484		(67)		417
Music - Millett	1,089	3,419	(3,636)		872
Postage	98		(6)	402	494
Special Services	84				84
Student Govt	1,132	2,283	(1,841)		1,574
Ski-Skate	8,911	5,781	(4,591)	(1,529)	8,572
Stem Grants	1,106	1,815			2,921
Sunshine	552	90	(62)		580
Teachers	6,170	1,402	(762)		6,810
PTSA	1,770	44	(83)		1,731
Vending	2,055	2,723	(2,772)		2,006
World Cultures	17	205	(165)		57
Life Skills	92	115	(65)		142
World Sports	80	550	(350)		280
Yellowstone	685	6,086	(1,792)		4,979
Aberdeen Food Bank	0	6,161	(5,615)		546
	<u>\$80,043</u>	<u>\$53,409</u>	<u>(\$47,141)</u>	<u>\$0</u>	<u>\$86,311</u>
Cash in bank - Checking					\$76,311
Cash in bank - Savings					10,000
					<u>\$86,311</u>

SCHOOL DISTRICT NO. 58  
 ABERDEEN, IDAHO

SCHEDULE OF ELEMENTARY STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>6/30/17</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>	<u>Balance</u> <u>6/30/18</u>
FUND:					
General	\$36,181	\$7,410	(\$5,203)		\$38,388
Vending	15,145	7,373	(5,953)		16,565
Teachers	2,194	165			2,359
Library	479	50	(416)		113
	<u>\$53,999</u>	<u>\$14,998</u>	<u>(\$11,572)</u>	<u>\$0</u>	<u>\$57,425</u>
Cash in bank - checking					<u>\$57,425</u>

# Morgan J Hatt CPA PC

## Certified Public Accountant

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Board of Trustees  
School District No. 58  
Aberdeen, Idaho

### 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

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, the fiduciary fund activities, each major fund, and the aggregate remaining fund information of School District No. 58, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated September 4, 2018.

#### **Internal Control over Financial Reporting**

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

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

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.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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 my 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.

*Morgan J Hatt CPA PC*

Pocatello, Idaho  
September 4, 2018

# Morgan J Hatt CPA PC

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Board of Trustees  
School District No. 58  
Aberdeen, Idaho

### **Report on Compliance for Each Major Federal Program**

I have audited School District No. 58's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2018. Major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

#### ***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of the District's major Federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major Federal program. However, my audit does not provide a legal determination of the District's compliance.

#### ***Opinion on Each Major Federal Program***

In my opinion, the School District No. 58, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2018.

### **Report on Internal Control over Compliance**

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal



control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Morgan J Hatt CPA PC*

Pocatello, Idaho  
September 4, 2018

SINGLE AUDIT SECTION

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Title	Catalogue of Federal Domestic Assistance Number	Expenditures
<u>Department of Education (State Dept. of Education Pass Thru Funding):</u>		
Title I - Remedial	84.010	\$223,352
Title I - Migrant	84.011	69,102
Title VI-B	84.027	146,735
Title VI-B Preschool	84.173	4,160
Total Special Education Cluster:		<u>150,895</u>
Vocational Education (Perkins)	84.048	11,376
Gear Up	84.334	23,746
Rural Education	84.358	12,917
Title III LEP	84.365	14,170
Improving Teacher Quality	84.367	30,323
Total Department of Education:		<u>535,881</u>
<u>Department of Agriculture (State Dept. of Education Pass Thru Funding):</u>		
School Breakfast Program	10.553	65,131
School Lunch Program	10.555	218,370
School Lunch Commodities - Non-cash	10.555	37,612
Summer Food Service Program for Children	10.559	11,585
Total Child Nutrition Cluster:		<u>332,698</u>
Nutrition	10.582	387
Total Department of Agriculture:		<u>333,085</u>
Total		<u><u>\$868,966</u></u>

**Note 1: Basis of Presentation** -The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of School District #58 under programs of the Federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the *financial position, changes in net assets, or cash flows of School District #58*.

**Note 2: Summary of Significant Accounting Policies** -Expenditures reported on the Schedule are on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate** - School District # 58 has elected not to use the 10% de minimus cost rate allowed under the Uniform Guidance.

SCHOOL DISTRICT NO. 58  
ABERDEEN, IDAHO

SUMMARY OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

The auditor's report is qualified due to the lack of GASB 45 required information about post-employment benefits.

Internal control over financial reporting:

There are no material weaknesses identified.

There are no reportable conditions identified that are not considered to be a material weakness.

There are no instances of non-compliance material to the financial statements identified.

FEDERAL AWARDS

There are no material weaknesses identified.

There are no reportable conditions identified that are not considered to be material weaknesses.

The auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with Uniform Guidance is unqualified.

There are no audit findings required to be reported in accordance with Uniform Guidance.

IDENTIFICATION OF MAJOR PROGRAMS

The programs tested as major programs include:

Department of Education	84.001	84.027	84.173
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The threshold for distinguishing Types A and B programs was \$750,000.

Because of the GASB 45 opinion qualification, Aberdeen School District #58 does not qualify as a low-risk auditee.