

BASIC FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

YEAR ENDED JUNE 30, 2012

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
 YEAR ENDED JUNE 30, 2012

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SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
YEAR ENDED JUNE 30, 2012
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Jones, Yost, Hatt,
Erickson P.A.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 4987
Pocatello, Idaho 83205

MEMBERS OF
American Institute of
Certified Public Accountants
Idaho Society of
Certified Public Accountants

SCOTT N. JONES, CPA, RETIRED
KENT L. YOST, CPA, JD
MORGAN J. HATT, CPA
STACY L. ERICKSON, CPA

Board of Trustees,
School District No. 58
Aberdeen, Idaho

Independent Auditor's Report

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 58, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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 effect the liabilities and net assets he Statement of Net Assets is not determinable.

Board of Trustees,
Aberdeen School District No. 58
Page 2

In our opinion, except for the effects of not providing information regarding Other Postemployment Benefit Obligations as described in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the budgetary comparison for the General Fund and the Major Special Revenue Funds, and the aggregate remaining fund information of School District No. 58, at June 30, 2012, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise School District No 58's basic financial statements. The Combining and Individual Fund Statements and Non Major Fund Budgetary Comparison Schedules 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 additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, but is also not a required part of the basic financial statements. The Combining and Individual Fund Statements and Non Major Fund Budgetary Comparison Schedules 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pocatello, Idaho,
September 28, 2012

Jones, Yost, Hatt, Erickson P. A.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

STATEMENT OF NET ASSETS
AT JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Pooled cash and cash equivalents	\$1,101,131
Cash in Zion's Bank bond escrow account	3,241,800
Receivables:	
Property taxes	474,372
State	422,522
Other receivables	4,493
Non-current Assets:	
Capital assets:	
Land	36,474
Property and equipment, net of accumulated depreciation	<u>6,431,551</u>
Total assets	<u>11,712,343</u>
LIABILITIES:	
Current Liabilities:	
Accounts payable	182,979
Accrued salaries	471,186
Interest payable	98,000
Due within one year - bus lease	15,978
Due within one year - series 2002 bonds	3,735,000
Due within one year - series 2011 bonds	25,000
Long-term Liabilities:	
Due in more than one year - bus lease	51,621
Due in more than one year - series 2011 bonds	<u>3,145,000</u>
Total liabilities	<u>7,724,764</u>
NET ASSETS:	
Invested in capital assets, net of related debt	2,639,226
Restricted	981,101
Committed	281,410
Unassigned	85,842
Total net assets	<u><u>\$3,987,579</u></u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instructional services				
Regular instruction	\$3,524,119	\$286,885	\$661,180	(\$2,576,054)
Special education	358,289		163,413	(194,876)
Support services				
Pupil support	325,406			(325,406)
Staff support	192,081			(192,081)
Board of education	13,230			(13,230)
District administration	224,732			(224,732)
School administration	328,774			(328,774)
Tech services	6,906			(6,906)
Business operation	58,345			(58,345)
Operation and maintenance	594,553			(594,553)
Transportation	410,038			(410,038)
Non instructional	269,556	23,954	257,377	11,775
Interest on long-term debt	167,276			(167,276)
Total governmental activities	<u>\$6,473,305</u>	<u>\$310,839</u>	<u>\$1,081,970</u>	<u>(5,080,496)</u>
General revenues				
Taxes:				
Property taxes levied for general purposes				623,268
Property taxes levied for debt services				616,572
Federal and State aid				
State foundation program				3,562,229
State other				226,225
Interest and investment earnings				73,747
Total general revenues				<u>5,102,041</u>
Excess revenues before special items				21,545
Sale of assets				1,235
Change in net assets				<u>22,780</u>
Net assets, June 30, 2011				3,964,799
Net assets, June 30, 2012				<u><u>\$3,987,579</u></u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

BALANCE SHEET
GOVERNMENTAL FUNDS

AT JUNE 30, 2012

	<u>Major Funds</u>		Non Major Funds	Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>		
ASSETS:				
Cash	\$102,874	\$746,490	\$251,767	\$1,101,131
Receivables:				
Property taxes	239,761	234,611		474,372
State of Idaho	76,736		345,786	422,522
Other receivables	2,493		2,000	4,493
Due from other funds	169,603			169,603
Total assets	<u>\$591,467</u>	<u>\$981,101</u>	<u>\$599,553</u>	<u>\$2,172,121</u>
LIABILITIES:				
Accounts payable	\$132,162		\$50,817	\$182,979
Salaries payable	373,463		97,723	471,186
Deferred tax revenue	19,382	\$21,845		41,227
Due to other funds			169,603	169,603
Total liabilities	<u>525,007</u>	<u>21,845</u>	<u>318,143</u>	<u>864,995</u>
FUND BALANCE:				
Restricted		959,256		959,256
Committed			281,410	281,410
Unassigned	66,460			66,460
Total fund balance	<u>66,460</u>	<u>959,256</u>	<u>281,410</u>	<u>1,307,126</u>
Total liabilities and fund balance	<u>\$591,467</u>	<u>\$981,101</u>	<u>\$599,553</u>	<u>\$2,172,121</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 AT JUNE 30, 2012

Total fund balances - Governmental Funds		\$1,307,126
<p>Total net assets reported for governmental activities in the Statement of Net Assets is different because:</p>		
<p>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	\$10,748,965	
Depreciation expense to date	<u>(4,280,940)</u>	
		6,468,025
<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>		
		41,227
<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>		
Cash in bond escrow account	3,241,800	
Lease purchase payable	(67,599)	
Bonds payable	(6,905,000)	
Accrued interest on bonds	<u>(98,000)</u>	
		<u>(3,828,799)</u>
Total Net Assets		<u><u>\$3,987,579</u></u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2012

	General Fund	Debt Service Fund	Non Major Funds	Total Governmental Funds
REVENUES:				
Local:				
Property taxes (net of cancellations)	\$610,898	\$605,107		\$1,216,005
Earnings on investments	1,947			1,947
Other local	277,950		\$47,914	325,864
State:				
Base support	2,946,061			2,946,061
Transportation	226,604			226,604
State paid benefits	389,564			389,564
Other	113,011	113,214	68,154	294,379
Federal assistance			1,000,026	1,000,026
Total revenues	<u>4,566,035</u>	<u>718,321</u>	<u>1,116,094</u>	<u>6,400,450</u>
EXPENDITURES:				
Instructional services	3,125,594		546,353	3,671,947
Support Services:				
Pupil support	86,872		238,534	325,406
Staff support	192,081			192,081
Board of education	13,230			13,230
District administration	224,732			224,732
School administration	328,774			328,774
Business operation	58,345			58,345
Tech services	6,906			6,906
Operation and maintenance	581,267			581,267
Transportation	368,881			368,881
Other non instructional	55		258,908	258,963
Debt Service:				
Principal		540,000		540,000
Interest		140,164		140,164
Capital Assets	29,145		19,013	48,158
Total expenditures	<u>5,015,882</u>	<u>680,164</u>	<u>1,062,808</u>	<u>6,758,854</u>
EXCESS REVENUES (EXPENDITURES)	(449,847)	38,157	53,286	(358,404)
OTHER FINANCING SOURCES (USES):				
Transfers (to) from other funds	<u>36,935</u>		<u>(36,935)</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(412,912)	38,157	16,351	(358,404)
FUND EQUITY - JUNE 30, 2011	<u>479,372</u>	<u>921,099</u>	<u>265,059</u>	<u>1,665,530</u>
FUND EQUITY - JUNE 30, 2012	<u>\$66,460</u>	<u>\$959,256</u>	<u>\$281,410</u>	<u>\$1,307,126</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
AT JUNE 30, 2012

Total net change in fund balances - Governmental Funds (\$358,404)

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 \$2,500
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	(\$262,692)	
Capital outlays	35,353	
	35,353	(227,339)

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

Current year repayment of bond principal	540,000
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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.

23,835

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

44,688

Total Change in Net Assets

\$22,780

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$606,000	\$610,898	\$4,898
Investment interest	6,000	1,947	(4,053)
Other local	290,183	277,950	(12,233)
State base support	3,133,941	2,946,061	(187,880)
State transportation	171,000	226,604	55,604
State paid benefits	401,913	389,564	(12,349)
Other State	107,747	113,011	5,264
Total General Fund Revenues	<u>\$4,716,784</u>	<u>\$4,566,035</u>	<u>(\$150,749)</u>
EXPENDITURES:			
INSTRUCTION:			
Elementary Programs:			
Salaries	\$707,688	\$717,016	(\$9,328)
Benefits	258,292	270,727	(12,435)
Purchased services	51,054	221,206	(170,152)
Materials and supplies	91,231	176,912	(85,681)
	<u>1,108,265</u>	<u>1,385,861</u>	<u>(277,596)</u>
Secondary Programs:			
Salaries	1,101,330	1,011,190	90,140
Benefits	356,871	354,522	2,349
Purchased services		526	(526)
Materials and supplies	54,111	53,091	1,020
	<u>1,512,312</u>	<u>1,419,329</u>	<u>92,983</u>
Special Programs:			
Salaries	165,718	165,595	123
Benefits	56,524	57,038	(514)
	<u>222,242</u>	<u>222,633</u>	<u>(391)</u>
Activity Programs:			
Salaries	50,729	51,925	(1,196)
Benefits	9,984	8,145	1,839
Purchased services	33,200	34,616	(1,416)
	<u>93,913</u>	<u>94,686</u>	<u>(773)</u>
Summer/After School Programs:			
Salaries	10,058	2,586	7,472
Benefits	1,942	499	1,443
	<u>12,000</u>	<u>3,085</u>	<u>8,915</u>
Total instruction	<u>2,948,732</u>	<u>3,125,594</u>	<u>(176,862)</u>
SUPPORT SERVICES:			
Guidance/Health			
Salaries		15,527	(15,527)
Benefits		3,952	(3,952)
Purchased services	3,200	3,334	(134)
Materials and supplies	100	92	8
	<u>3,300</u>	<u>22,905</u>	<u>(19,605)</u>
Special Services			
Salaries	49,104	49,104	0
Benefits	15,080	14,704	376
Purchased services	125	159	(34)
Materials and supplies	261		261
	<u>64,570</u>	<u>63,967</u>	<u>603</u>
Instructional Improvement:			
Salaries	40,094	30,890	9,204
Benefits	15,486	12,686	2,800
Purchased services	19,725	3,404	16,321
	<u>75,305</u>	<u>46,980</u>	<u>28,325</u>
Media Program:			
Salaries	\$59,812	\$56,562	\$3,250
Benefits	26,416	24,288	2,128
Materials and supplies	4,500	4,276	224
	<u>90,728</u>	<u>85,126</u>	<u>5,602</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, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Technology:			
Salaries	\$3,520		\$3,520
Benefits	679		679
Purchased services	70,904	\$55,122	15,782
Materials and supplies	1,000	4,853	(3,853)
	<u>76,103</u>	<u>59,975</u>	<u>16,128</u>
Board of Education:			
Benefits	30	25	5
Purchased services	8,774	10,850	(2,076)
Materials and supplies	800	2,355	(1,555)
Insurance	106		106
	<u>9,710</u>	<u>13,230</u>	<u>(3,520)</u>
District Administration:			
Salaries	159,798	163,756	(3,958)
Benefits	54,107	55,252	(1,145)
Purchased services	10,050	4,426	5,624
Materials and supplies	2,000	1,298	702
	<u>225,955</u>	<u>224,732</u>	<u>1,223</u>
School Administration:			
Salaries	239,103	223,410	15,693
Benefits	57,129	92,115	(34,986)
Purchased services	6,515	5,912	603
Materials and supplies	5,400	7,337	(1,937)
	<u>308,147</u>	<u>328,774</u>	<u>(20,627)</u>
Business Operation:			
Purchased services	36,350	37,203	(853)
Materials and supplies	32,740	21,142	11,598
	<u>69,090</u>	<u>58,345</u>	<u>10,745</u>
Tech Services:			
Purchased services	7,000	6,906	94
Operation and maintenance:			
Salaries	205,873	196,255	9,618
Benefits	90,957	76,834	14,123
Purchased services	222,728	194,931	27,797
Materials and supplies	68,300	65,705	2,595
Insurance	46,400	47,542	(1,142)
	<u>634,258</u>	<u>581,267</u>	<u>52,991</u>
Transportation:			
Salaries	155,599	157,736	(2,137)
Benefits	106,305	95,086	11,219
Purchased services	21,622	13,514	8,108
Materials and supplies	70,700	89,863	(19,163)
Insurance/Judgments	13,250	12,682	568
	<u>367,476</u>	<u>368,881</u>	<u>(1,405)</u>
Capital outlay	20,000	29,145	(1,973)
School lunch	0	55	(11,892)
Total support services	<u>1,951,642</u>	<u>1,890,288</u>	<u>56,689</u>
Total General Fund Expenditures	<u>4,900,374</u>	<u>5,015,882</u>	<u>(120,173)</u>
Excess Revenues over Expenditures	(\$183,590)	(\$449,847)	(266,257)
Transfers (to) from other funds	21,989	36,935	14,946
Excess revenues and other financing sources over expenditures and other financing uses	(161,601)	(412,912)	(251,311)
FUND EQUITY - JUNE 30, 2011	<u>403,840</u>	<u>479,372</u>	<u>(75,532)</u>
FUND EQUITY - JUNE 30, 2012	<u>\$242,239</u>	<u>\$66,460</u>	<u>(\$175,779)</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, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$564,583	\$605,107	\$40,524
State	130,952	113,214	(17,738)
	<u>695,535</u>	<u>718,321</u>	<u>22,786</u>
EXPENDITURES:			
Principal	540,000	540,000	0
Interest	168,800	140,164	28,636
	<u>708,800</u>	<u>680,164</u>	<u>28,636</u>
Excess revenues over expenditures	(13,265)	38,157	51,422
FUND EQUITY - JUNE 30, 2011	<u>780,217</u>	<u>921,099</u>	<u>(140,882)</u>
FUND EQUITY - JUNE 30, 2012	<u><u>\$766,952</u></u>	<u><u>\$959,256</u></u>	<u><u>\$192,304</u></u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

STATEMENT OF FIDUCIARY FUND ASSETS AND LIABILITIES

AT JUNE 30, 2012

ASSETS:

Cash and equivalents		<u>\$216,875</u>
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LIABILITIES

Due to High School Student groups	\$125,656	
Due to Middle School Student groups	40,075	
Due to Elementary School Student groups	41,076	
Due to Rapha Brown Scholarships	<u>10,068</u>	<u>\$216,875</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Financial Statements of Aberdeen 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 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 Assets and the Statement of changes in net assets 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.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS – (CONTINUED)
YEAR ENDED JUNE 30, 2012

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

Depreciation expense for shared assets (are ratably included in the direct expenses for 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. 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 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 to retire long term bonds.

Additionally the District reports the following fund type:

The **student activity accounts** (a fiduciary fund) accounts for monies held on behalf of student groups.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS – (CONTINUED)
YEAR ENDED JUNE 30, 2012

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 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.

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.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS – (CONTINUED)
YEAR ENDED JUNE 30, 2012

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

During May of each year, the Superintendent submits to the School Board a proposed operating budget for the next fiscal year commencing on July 1st. 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 rebudgeted the following year. The District does not reserve 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.

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.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2012

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

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. Purchased or 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 assets' lives are 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. 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.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2012

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

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

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 at 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 moneys in investments subject to the following standards, guidelines and restrictions:

- a. District moneys 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 requires 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 financial institutions 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.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2012

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

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.
- 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 District’s 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.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2012

3. **PROPERTY TAXES**

Taxes are levied by the second Monday on 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.

4. **CAPITAL ASSETS**

Governmental Activities:	<u>7/1/11</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/12</u>
Capital Assets not being depreciated:				
Land	<u>\$36,474</u>			<u>\$36,474</u>
Capital Assets being depreciated:				
Buildings & improvements	9,093,174			9,093,174
Furniture & equipment	568,245	\$16,840		585,085
Vehicles	<u>1,001,985</u>	<u>83,000</u>	<u>(\$50,753)</u>	<u>1,034,232</u>
	<u>10,663,404</u>	<u>99,840</u>	<u>(50,753)</u>	<u>10,712,491</u>
Accumulated Depreciation:				
Buildings & improvements	2,942,392	187,098		3,129,490
Furniture & equipment	333,863	33,428		367,291
Vehicles	<u>792,746</u>	<u>42,166</u>	<u>(50,753)</u>	<u>784,159</u>
	<u>4,069,001</u>	<u>262,692</u>	<u>(50,753)</u>	<u>4,280,940</u>
Total Capital Assets-Net of Depreciation	<u>\$6,630,877</u>			<u>\$6,468,025</u>

Depreciation was charged to functions as follows:

Non instructional	\$10,593
Transportation	41,157
Operation & maintenance	13,286
Regular instruction	<u>197,656</u>
	<u>\$262,692</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
 YEAR ENDED JUNE 30, 2012

5. **PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each year of credited service, the annual service retirement allowance is 2%.

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

The actuarially determined contribution requirements of School District #58 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2012, the required contribution rate as a percentage of covered payrolls for members was 6.23%. The employer rate as a percentage of covered payroll was 10.39%.

The District's contributions required and paid were \$346,978, \$363,261, and \$383,859 for the three years ended June 30, 2012, 2011, and 2010 respectively.

6. **LONG-TERM DEBT**

Series 2002 General Obligation Bonds were being amortized thru 2017. In August 2011 they were refinanced and paid off in August 2012. At June 30, 2012 remaining payments on the 2002 bonds were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
8/1/2012 Scheduled installment due	\$560,000	\$78,000	\$638,000
8/1/2012 Call remaining outstanding bonds	<u>3,175,000</u>	<u>0</u>	<u>3,175,000</u>
	<u>\$3,735,000</u>	<u>\$78,000</u>	<u>\$3,813,000</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2012

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

General Obligation Refunding Bond Series 2011 were issued August 2011 in the amount of \$3,170,000. Proceeds were placed in escrow at Zion's Bank. In August of 2012 the proceeds of the 2011 series bonds were used to retire the outstanding 2002 bonds. Scheduled payments due on the Series 2011 bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
8/1/2012		\$39,775	\$64,775
2/1/2013		39,525	39,525
8/1/2013	\$600,000	39,525	639,525
2/1/2014		33,525	33,525
8/1/2014	615,000	33,525	648,525
2/1/2015		27,375	27,375
8/1/2015	630,000	27,375	657,375
2/1/2016		19,500	19,500
8/1/2016	640,000	19,500	659,500
2/1/2017		9,900	9,900
8/1/2017	660,000	9,900	669,900
	<u>\$3,170,000</u>	<u>\$299,425</u>	<u>\$3,469,425</u>

In 2012 the District used lease financing to purchase a 72 passenger school bus in the amount of \$83,000. Scheduled future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
1/27/12	\$15,400.81	\$3,112.50	\$18,513.31
1/27/13	15,978.34	2,534.97	18,513.31
1/27/14	16,577.53	1,935.78	18,513.31
1/27/15	17,199.19	1,314.12	18,513.31
1/27/16	17,844.13	669.18	18,513.31
	<u>\$83,000.00</u>	<u>\$9,566.55</u>	<u>\$92,566.55</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2012

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

The following is a summary of long term debt transactions for the year ended June 30, 2012:

	Balance <u>7/1/11</u>	Debt <u>Acquired</u>	Debt <u>Retired</u>	<u>6/30/12</u>
Bus lease - Ireland Bank	\$0	\$83,000	(\$15,401)	\$67,599
2002 Series Bonds	4,275,000		(540,000)	3,735,000
2011 Series Bonds	<u>0</u>	<u>3,170,000</u>		<u>3,170,000</u>
	<u>\$4,275,000</u>	<u>\$3,253,000</u>	<u>(\$555,401)</u>	<u>\$6,972,599</u>
Less cash in escrow used to retire 2002 bonds in August 2012				<u>3,241,800</u>
				<u><u>\$3,730,799</u></u>

7. **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	\$169,606	
Jobs Bill Fund		\$16,325
Title I Fund		44,555
Title I Migrant Fund		22,530
Title I A		30,034
Title VI B Fund		39,212
Preschool Fund		305
C Perkins Vocational Fund		2,730
Title III LEP Fund		4,909
Title II Teacher Quality Fund		9,003

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2012

8. **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.

9. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

General Fund exceeded budget by \$120,173. Revenue was under budget by \$150,749
Jobs Bill Fund exceeded budget by \$5,990. Revenue is under budget by \$110,103
Gear Up Grant Fund exceeded budget by \$18,117. Revenue exceeded budget by \$19,673
Title I Migrant Fund exceeded budget by \$3,211. Revenue exceeded budget by \$6,426
Title 1 A Fund exceeded budget by \$35,197. Revenue exceeded budget by \$136,752
Title II Teacher Quality Fund exceeded budget by \$1,579. Revenue exceeded budget by \$1,222
Drug Free Schools Fund exceeded budget by \$348.
Lottery Fund exceeded budget by \$19,013.

10. **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.

11. **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, 2012

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

As of June 30, 2012 the District's investments were as follows. All of the districts 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. More than 90% of the District's investments are in Local Government Investment Pool which by its nature is a diversified account. As of June 30, 2012 the fund consisted of U.S. Treasury Notes, Government Agency Notes, Idaho Bank Deposits, Repurchase Agreements, Corporate Bonds and Commercial Paper with 30% in Government Agency Notes and 7% in Idaho Bank Deposit. Average weighted days to maturity is 85.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

COMBINING BALANCE SHEET
NON MAJOR FUNDS

AT JUNE 30, 2012

	Jobs Bill Fund	Gear Up Grant Fund	HS/MS/ Elem Local Grants Fund	Driver Education Fund
ASSETS:				
Cash		\$38	\$2,450	\$1,464
Other Receivables			2,000	
Federal and State receivable	\$35,373	11,442		3,430
	<u>\$35,373</u>	<u>11,442</u>	<u>\$4,450</u>	<u>\$4,894</u>
Total assets	<u>\$35,373</u>	<u>\$11,480</u>	<u>\$4,450</u>	<u>\$4,894</u>
 LIABILITIES:				
Accounts payable	\$4,409	\$1,843		
Salaries payable	14,639	5,545		
Due to other funds	16,325			
	<u>35,373</u>	<u>7,388</u>	<u>\$0</u>	<u>\$0</u>
Total liabilities	<u>35,373</u>	<u>7,388</u>	<u>\$0</u>	<u>\$0</u>
 FUND BALANCE:				
Committed	<u>0</u>	<u>4,092</u>	<u>4,450</u>	<u>4,894</u>
Total fund balance	<u>0</u>	<u>4,092</u>	<u>4,450</u>	<u>4,894</u>
Total liabilities and fund balance	<u>\$35,373</u>	<u>\$11,480</u>	<u>\$4,450</u>	<u>\$4,894</u>

State Vocational Fund	State Drug-Free Fund	Title I Fund	Reading 1st Grant Fund	Title I Migrant Fund	Title 1A Fund	Title Title V1B Fund
\$5,305	\$997		\$3,897			
7,726		\$87,844		\$37,809	\$42,015	\$67,753
<u>\$13,031</u>	<u>\$997</u>	<u>\$87,844</u>	<u>\$3,897</u>	<u>\$37,809</u>	<u>\$42,015</u>	<u>\$67,753</u>
\$4,348		\$9,466		\$4,456	\$2,765	\$5,007
1,795		20,304		8,783	9,216	13,289
		44,555		22,530	30,034	39,212
<u>6,143</u>	<u>\$0</u>	<u>74,325</u>	<u>\$0</u>	<u>35,769</u>	<u>42,015</u>	<u>57,508</u>
<u>6,888</u>	<u>997</u>	<u>13,519</u>	<u>3,897</u>	<u>2,040</u>		<u>10,245</u>
<u>6,888</u>	<u>997</u>	<u>13,519</u>	<u>3,897</u>	<u>2,040</u>	<u>0</u>	<u>10,245</u>
<u>\$13,031</u>	<u>\$997</u>	<u>\$87,844</u>	<u>\$3,897</u>	<u>\$37,809</u>	<u>\$42,015</u>	<u>\$67,753</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

COMBINING BALANCE SHEET
NON MAJOR FUNDS - (CONTINUED)

AT JUNE 30, 2012

	Preschool Fund	C. Perkins Vocational Education Fund	Title III LEP Fund	Title II Teacher Quality Fund
ASSETS:				
Cash				
Other receivables				
Federal and State receivable	\$2,142	\$12,752	\$7,897	\$18,377
	<u>2,142</u>	<u>12,752</u>	<u>7,897</u>	<u>18,377</u>
Total assets	<u>2,142</u>	<u>12,752</u>	<u>7,897</u>	<u>18,377</u>
 LIABILITIES:				
Accounts payable	\$156	\$8,659	\$789	\$1,980
Salaries payable	1,681	534	1,412	6,746
Due to other funds	305	2,730	4,909	9,003
	<u>2,142</u>	<u>11,923</u>	<u>7,110</u>	<u>17,729</u>
Total liabilities	<u>2,142</u>	<u>11,923</u>	<u>7,110</u>	<u>17,729</u>
 FUND BALANCE:				
Unrestricted		829	787	648
		<u>829</u>	<u>787</u>	<u>648</u>
Total fund balance	<u>0</u>	<u>829</u>	<u>787</u>	<u>648</u>
Total liabilities and fund balance	<u>2,142</u>	<u>12,752</u>	<u>7,897</u>	<u>18,377</u>

Drug-Free Schools Fund	School Lunch Fund	Bus Depreciation Fund	Lottery Fund	2012 Totals
<u>\$874</u>	<u>\$156,710</u>	<u>\$74,054</u>	<u>\$5,978</u>	<u>\$251,767</u>
	11,226			2,000
				<u>345,786</u>
<u>\$874</u>	<u>\$167,936</u>	<u>\$74,054</u>	<u>\$5,978</u>	<u>\$599,553</u>
	\$6,939			\$50,817
	13,779			97,723
				<u>169,603</u>
<u>\$0</u>	<u>20,718</u>	<u>\$0</u>	<u>\$0</u>	<u>318,143</u>
<u>874</u>	<u>147,218</u>	<u>74,054</u>	<u>5,978</u>	<u>281,410</u>
<u>874</u>	<u>147,218</u>	<u>74,054</u>	<u>5,978</u>	<u>281,410</u>
<u>\$874</u>	<u>\$167,936</u>	<u>\$74,054</u>	<u>\$5,978</u>	<u>\$599,553</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2012

	Jobs Bill Fund	Gear Up Grant Fund	HS/MS Elem Local Grants Fund	Driver Education Fund
REVENUES:				
Local income			\$5,350	\$6,618
Federal and State assistance	\$2,342	\$58,673		6,875
Total revenues	<u>2,342</u>	<u>58,673</u>	<u>5,350</u>	<u>13,493</u>
EXPENDITURES:				
Instructional services	49,209	30,550	8,089	11,395
Support services	65,578	26,567	3,932	
Non-instructional services				
Capital outlay				
Total expenditures	<u>114,787</u>	<u>57,117</u>	<u>12,021</u>	<u>11,395</u>
EXCESS REVENUES (EXPENDITURES)	(112,445)	1,556	(6,671)	2,098
TRANSFERS (TO) FROM OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXCESS FINANCING SOURCES (USES)	(112,445)	1,556	(6,671)	2,098
FUND BALANCE - JUNE 30, 2011	<u>112,445</u>	<u>2,536</u>	<u>11,121</u>	<u>2,796</u>
FUND BALANCE - JUNE 30, 2012	<u><u>\$0</u></u>	<u><u>\$4,092</u></u>	<u><u>\$4,450</u></u>	<u><u>\$4,894</u></u>

State Vocational Fund	State Technology Fund	State Drug-free Fund	Title I Fund	Reading 1st Grant Fund	Title I Migrant Fund	Title IA Fund
				\$296		
\$25,754	\$35,525		\$198,516		\$99,275	\$136,752
<u>25,754</u>	<u>35,525</u>	<u>\$0</u>	<u>198,516</u>	<u>296</u>	<u>99,275</u>	<u>136,752</u>
21,018	25,406		183,920		59,673	19,494
			11,880		37,657	15,703
<u>21,018</u>	<u>25,406</u>	<u>0</u>	<u>195,800</u>	<u>0</u>	<u>97,330</u>	<u>35,197</u>
4,736	10,119	0	2,716	296	1,945	101,555
	(10,119)		(5,020)			
<u>4,736</u>	<u>0</u>	<u>0</u>	<u>(2,304)</u>	<u>296</u>	<u>1,945</u>	<u>101,555</u>
2,152	0	997	15,823	3,601	95	(101,555)
<u>\$6,888</u>	<u>\$0</u>	<u>\$997</u>	<u>\$13,519</u>	<u>\$3,897</u>	<u>\$2,040</u>	<u>\$0</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, 2012

	Title VI-B Fund	Preschool Fund	C. Perkins Vocational Education Fund	Title III LEP Fund
REVENUES:				
Local income				
Federal and State assistance	\$157,226	\$6,187	\$12,700	\$17,115
Total revenues	<u>157,226</u>	<u>6,187</u>	<u>12,700</u>	<u>17,115</u>
EXPENDITURES:				
Instructional services	80,885	3,308	12,038	13,765
Support services	51,463			
Non-instructional services				
Capital outlay				
Total expenditures	<u>132,348</u>	<u>3,308</u>	<u>12,038</u>	<u>13,765</u>
EXCESS REVENUES (EXPENDITURES)	24,878	2,879	662	3,350
TRANSFERS (TO) FROM OTHER FUND	<u>(4,088)</u>			
EXCESS FINANCING SOURCES (USES)	20,790	2,879	662	3,350
FUND BALANCE - JUNE 30, 2011	<u>(10,545)</u>	<u>(2,879)</u>	<u>167</u>	<u>(2,563)</u>
FUND BALANCE - JUNE 30, 2012	<u>\$10,245</u>	<u>\$0</u>	<u>\$829</u>	<u>\$787</u>

Title II Teacher Quality Fund	Drug-Free Schools Fund	School Lunch Fund	Bus Depreciation Fund	Lottery Fund	2012 Totals
		\$23,954	\$11,696		\$47,914
\$53,863		257,377			1,068,180
<u>53,863</u>	<u>\$0</u>	<u>281,331</u>	<u>11,696</u>	<u>\$0</u>	<u>1,116,094</u>
53,009					546,353
	348				238,534
		258,908			258,908
			19,013		19,013
<u>53,009</u>	<u>348</u>	<u>258,908</u>	<u>19,013</u>	<u>0</u>	<u>1,062,808</u>
854	(348)	22,423	(7,317)	0	53,286
		839	(18,547)		(36,935)
854	(348)	23,262	(25,864)	0	16,351
(206)	1,222	123,956	99,918	5,978	265,059
<u>\$648</u>	<u>\$874</u>	<u>\$147,218</u>	<u>\$74,054</u>	<u>\$5,978</u>	<u>\$281,410</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR FUND REVENUE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
JOBS BILL FUND:			
Federal assistance	\$112,445	\$2,342	(\$110,103)
GEAR UP GRANT FUND:			
Federal assistance	\$39,000	\$58,673	\$19,673
HS/MS/ELEM LOCAL GRANT:			
Local revenue	\$3,400	\$5,350	\$1,950
DRIVER EDUCATION FUND:			
Local revenue	\$6,902	\$6,618	(\$284)
State assistance	8,000	6,875	(1,125)
	\$14,902	\$13,493	(\$1,409)
STATE VOCATIONAL FUND:			
State assistance	\$24,763	\$25,754	\$991
STATE TECHNOLOGY FUND:			
State assistance	\$25,655	\$35,525	\$9,870
TITLE I FUND:			
Federal assistance	\$195,055	\$198,516	\$3,461
READING 1st GRANT FUND:			
Federal assistance	\$0	\$296	\$296
TITLE I MIGRANT FUND:			
Federal assistance	\$92,849	\$99,275	\$6,426
Title IA			
Federal assistance	\$0	\$136,752	(\$136,752)
TITLE VI-B FUND:			
Federal assistance	\$157,914	\$157,226	\$688
PRESCHOOL FUND:			
Federal assistance	\$6,185	\$6,187	(\$2)

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR FUND REVENUE - BUDGET AND ACTUAL - (CONTINUED)
YEAR ENDED JUNE 30, 2012

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
C. PERKINS VOCATIONAL EDUCATION FUND:			
Federal assistance	\$12,752	\$12,700	(\$52)
TITLE III LEP FUND:			
Federal assistance	\$16,530	\$17,115	\$585
TITLE II TEACHER QUALITY FUND:			
Federal assistance	\$52,641	\$53,863	\$1,222
SCHOOL LUNCH FUND:			
Other local	\$32,800	\$23,954	(\$8,846)
Federal assistance	255,350	257,377	2,027
	<u>\$288,150</u>	<u>\$281,331</u>	<u>(\$6,819)</u>
BUS DEPRECIATION FUND:			
Other local	\$7,356	\$11,696	\$4,340

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	Appropriated	Expended	Variance Favorable (Unfavorable)
JOBS BILL FUND:			
Instruction:			
Salaries	\$6,485	\$38,049	(\$31,564)
Benefits	2,443	11,160	(8,717)
Support Services:			
Salaries	75,367	48,640	26,727
Benefits	24,502	16,938	7,564
	<u>\$108,797</u>	<u>\$114,787</u>	<u>(\$5,990)</u>
GEAR UP GRANT FUND:			
Instruction:			
Salaries	\$5,750	\$19,566	(\$13,816)
Benefits	1,063	3,060	(1,997)
Purchased services	6,600	2,157	4,443
Materials and supplies	3,230	5,768	(2,538)
Support Services:			
Salaries		11,901	(11,901)
Benefits	2,702	2,288	414
Purchased services	19,655	12,377	7,278
	<u>\$39,000</u>	<u>\$57,117</u>	<u>(\$18,117)</u>
HS/MS/ELEM LOCAL GRANT:			
Instruction:			
Salaries		\$517	(\$517)
Benefits		1,891	(1,891)
Purchased services	\$2,336	2,484	(148)
Materials and supplies	5,086	3,197	1,889
Support Services:			
Salaries	800	496	304
Benefits	61	43	18
Purchased services	3,537	2,870	667
Materials and supplies	1,000	523	477
	<u>\$12,820</u>	<u>\$12,021</u>	<u>\$799</u>
DRIVER EDUCATION FUND:			
Instruction:			
Salaries	\$8,300	\$8,194	\$106
Benefits	1,660	1,801	(141)
Purchased services	2,800		2,800
Materials and supplies	2,014	1,400	614
Insurance	128		128
	<u>\$14,902</u>	<u>\$11,395</u>	<u>\$3,507</u>
STATE VOCATIONAL FUND:			
Instruction:			
Salaries	\$10,771	\$9,132	\$1,639
Benefits	2,079	1,725	354
Purchased services	3,011	1,131	1,880
Materials and supplies	5,902	7,892	(1,990)
Capital outlay	3,000	1,138	1,862
	<u>\$24,763</u>	<u>\$21,018</u>	<u>\$3,745</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)
YEAR ENDED JUNE 30, 2012

STATE TECHNOLOGY FUND:	Appropriated	Expended	Variance Favorable (Unfavorable)
Support Services:			
Salaries	\$1,000		\$1,000
Purchased services	5,900	\$1,615	4,285
Materials and supplies	18,755	23,791	(5,036)
	<u>\$25,655</u>	<u>\$25,406</u>	<u>\$249</u>
TITLE I FUND:			
Instruction:			
Salaries	\$137,251	\$127,452	\$9,799
Benefits	57,811	55,727	2,084
Purchased services		268	(268)
Materials and supplies	525	467	58
Support Services:			
Benefits		321	(321)
Purchased services	9,191	11,090	(1,899)
Materials and supplies	1,500	475	1,025
	<u>\$206,278</u>	<u>\$195,800</u>	<u>\$10,478</u>
TITLE I MIGRANT FUND:			
Instruction:			
Salaries	\$28,333	\$40,642	(\$12,309)
Benefits	16,479	18,153	(1,674)
Purchased services		239	(239)
Materials and supplies	500	639	(139)
Support Services:			
Salaries	32,982	21,776	11,206
Benefits	15,225	15,607	(382)
Purchased services	600	274	326
	<u>\$94,119</u>	<u>\$97,330</u>	<u>(\$3,211)</u>
TITLE IA FUND:			
Instruction:			
Salaries		\$15,756	(\$15,756)
Benefits		3,739	(3,739)
Support Services:			
Salaries		13,443	(13,443)
Benefits		2,259	(2,259)
	<u>\$0</u>	<u>\$35,197</u>	<u>(\$35,197)</u>
TITLE VI-B FUND:			
Instruction:			
Salaries	\$57,385	\$58,485	(\$1,100)
Benefits	19,786	17,063	2,723
Purchased services	32,339	1,015	31,324
Materials and supplies	2,500	4,322	(1,822)
Support Services:			
Salaries	33,400	35,100	(1,700)
Benefits	14,741	16,363	(1,622)
	<u>\$160,151</u>	<u>\$132,348</u>	<u>\$27,803</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)
YEAR ENDED JUNE 30, 2012

	Appropriated	Expended	Variance Favorable (Unfavorable)
PRESCHOOL FUND:			
Instruction:			
Salaries	\$5,166	\$2,985	\$2,181
Benefits	413	323	90
Support Services:			
Salaries	383		383
Benefits	197		197
	<u>\$6,159</u>	<u>\$3,308</u>	<u>\$2,851</u>
C. PERKINS VOCATIONAL EDUCATION FUND:			
Instruction:			
Salaries		\$534	(\$534)
Benefits		103	(103)
Purchased services		991	(991)
Materials and supplies	\$12,000	10,410	1,590
Support Services:			
Purchased services	752		752
	<u>\$12,752</u>	<u>\$12,038</u>	<u>\$714</u>
TITLE III LEP FUND:			
Instruction:			
Salaries	\$10,110	\$9,203	\$907
Benefits	6,047	4,562	1,485
Purchased services			0
Materials and supplies			0
	<u>\$16,157</u>	<u>\$13,765</u>	<u>\$2,392</u>
TITLE II TEACHER QUALITY FUND:			
Instruction:			
Salaries	\$36,951	\$41,650	(\$4,699)
Benefits	13,278	11,359	1,919
Purchased services	1,201		1,201
	<u>\$51,430</u>	<u>\$53,009</u>	<u>(\$1,579)</u>
DRUG FREE SCHOOLS FUND:			
Instruction:			
Materials and supplies	\$0	\$348	(\$348)
SCHOOL LUNCH FUND:			
Non-Instruction:			
Salaries	\$91,798	\$85,543	\$6,255
Benefits	47,816	44,709	3,107
Purchased services	1,515	883	632
Materials and supplies	155,200	127,774	27,426
Capital outlay	15,000		15,000
	<u>\$311,329</u>	<u>\$258,909</u>	<u>\$52,420</u>
BUS DEPRECIATION FUND:			
Capital outlay	\$0	\$19,013	(\$19,013)

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SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2012

FUND:	Balance 6/30/11	Receipts	Disbursements	Transfers	Balance 6/30/12
Academic Decathlon	(\$1,461)				(\$1,461)
BPA	1,530	\$2,184	(\$3,588)		126
Drama	300		(164)	(\$136)	0
IDLA	0	750	(175)		575
Duel credit	771	1,090	(925)		936
FCA	7				7
FFA - Booth	838	9,917	(11,885)	432	(698)
FFA	0	2,711	(2,648)		63
AG	677	2,463	(2,291)		849
FCCLA	1,105	9			1,114
National Honor Society	117	191	(348)	51	11
HALO	64			(64)	0
Ski Club	81				81
Student Body	11	1,220	(608)	695	1,318
YEA	0	1,140	(1,140)		0
Tiger Club	220				220
Tiger Force	655	42	(572)	(125)	0
Cheerleaders	508	2,408	(2,006)		910
Youth Legislature	389	577		(389)	577
IDFY	216			(216)	0
Athletic Calendar	2,072	2,845			4,917
Class of 2013	821	1,107	(1,082)		846
Class of 2014	288	273	(39)		522
Track resurfacing	10,238	16,813			27,051
Announcements	379	124	(129)		374
Pop Machine	4,104	2,607	(2,639)		4,072
Music Supplies	0	117			117
Band Rental & Repair	603	925	(1,779)	260	9
Pep Band	2,156	17,243	(18,033)	(605)	761
Musical	0	7,959	(5,718)	481	2,722
First Aid A	2,023	1,029	(2,122)		930
First Aid B	5,049	737	(1,496)		4,290
Athletics	32,976	9,600	(14,378)	(168)	28,030
Gearup	0				0
Plato	70	3,905	(2,295)	75	1,755

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS - (CONTINUED)

YEAR ENDED JUNE 30, 2012

FUND:	Balance 6/30/11	Receipts	Disbursements	Transfers	Balance 6/30/12
Extra/Trans	\$7,084	\$8,511	(\$11,604)	(\$168)	\$3,823
District Tournaments	0	2,821	(3,021)	73	(127)
ACT	59				59
Annual	6,808	9,181	(8,467)	38	7,560
Chemistry	787	432	(354)		865
Art	153	1,355	(1,228)		280
Art Equipment	150				150
Computer Lab	2,269	1,785	(336)		3,718
Accounting class	21	27			48
Counselor	895	1,081	(1,519)	141	598
Drivers Ed	2,991	7,215	(6,215)		3,991
Faculty Pop	187	618	(593)		212
Home Ec	83	504	(286)		301
Interest	260	825	(886)		199
Insurance	35	381	(416)		0
Library	224	173	(137)	(48)	212
Math	504				504
Lockers	81				81
Rental	104	50			154
Sales Tax	761	4,147	(4,902)		6
Telescope	683				683
Texbook Fines	133	963	(131)		965
Savings	5,457				5,457
Football	523	2,675	(2,760)		438
Volleyball	905	6,892	(7,753)		44
Soccer	379	2,531	(2,256)		654
Cross Country	133			(133)	0
Girls Basketball	816	4,877	(5,387)		306
Boys Basketball	1,943	7,189	(7,592)		1,540
Wrestling	8,880	13,890	(10,281)	(204)	12,285
Golf	211	5			216
Track	147	1,237	(1,710)		(326)
Cheerleading	1,192	11,677	(13,143)	10	(264)
	<u>\$111,665</u>	<u>\$181,028</u>	<u>(\$167,037)</u>	<u>\$0</u>	<u>\$125,656</u>
Checking					\$4,720
Savings					5,665
Investments					115,271
					<u>\$125,656</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE MIDDLE SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2012

FUND:	Balance 6/30/11	Receipts	Disbursements	Transfers	Balance 6/30/12
Annual	\$1,473	\$2,025	(\$1,999)		\$1,499
Accelerated reader	444	175	(269)		350
Art	458	452	(351)		559
Athletics - Gen	788	2,315	(2,012)	(\$636)	455
Athletics - VB	138	1,311	(1,168)		281
Athletics - W	(320)	555	(592)	321	(36)
Athletics - GBB	(315)	2,789	(2,284)	315	505
Athletics -BBB	1,598	3,054	(3,051)		1,601
Athletics - CC	297				297
Athletics - Track	574				574
Cheer/Drill	923	210	(132)		1,001
Custodial		462	(323)		139
Computers	1,793	1,022	(242)		2,573
Cool to be kind	402	224	(195)		431
Credit recovery	675		(675)		0
Fundraiser	605	1,425	(1,650)		380
Health/PE	127	1,769	(1,840)		56
Health fair	204		(11)		193
General	17,486	5,043	(3,629)		18,900
Grade 6	205	326	(264)		267
Grade 7	989	430	(493)		926
Grade 8	412	371	(686)		97
Grants	198				198
Locks	1,207	10			1,217
Media Center	271	1,542	(1,482)		331
Migrant	5				5
Milk machine/health	(34)	331	(283)		14
Multi media	164	180	(111)		233
Music - McCombs	754	676	(973)		457
Postage	169	(12)	0		157
Special Services	23				23
Student Govt	740	5,738	(6,753)		(275)
Ski-skate	1,452	5,427	(4,693)		2,186
Teachers	828	310	(25)		1,113
PTSA	2,194				2,194
Vending	921	8,328	(8,939)		310
teen Living		483	(533)		(50)
Yellowstone	906	8			914
	<u>\$38,754</u>	<u>\$46,979</u>	<u>(\$45,658)</u>	<u>\$0</u>	<u>\$40,075</u>
Cash in bank - checking					<u>\$40,075</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

SCHEDULE OF ELEMENTARY STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2012

FUND:	Balance 6/30/11	Receipts	Disbursements	Transfers	Balance 6/30/12
General	\$30,581	\$8,198	(\$8,251)		\$30,528
Vending	8,647	7,185	(6,697)		9,135
Teachers	1,157	103			1,260
Library	296	11	(154)		153
	<u>\$40,681</u>	<u>\$15,497</u>	<u>(\$15,102)</u>	<u>\$0</u>	<u>\$41,076</u>
Cash in bank - checking					<u>\$41,076</u>

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Jones, Yost, Hatt,
Erickson P.A.

SCOTT N. JONES, CPA, RETIRED
KENT L. YOST, CPA, JD
MORGAN J. HATT, CPA
STACY L. ERICKSON, CPA

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 4987
Pocatello, Idaho 83205

MEMBERS OF
American Institute of
Certified Public Accountants
Idaho Society of
Certified Public Accountants

Board of Trustees ·
School District No. 58
Aberdeen, Idaho

**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**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 58, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 in a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial

Board of Trustees
School District No. 58
Page 2

Compliance and other matters

As part of obtaining reasonable assurance about whether School District No. 58's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jones, Yost, Hall, Erickson P.A.

Pocatello, Idaho
September 28, 2012



Jones, Yost, Hatt,
Erickson P.A.

SCOTT N. JONES, CPA, RETIRED
KENT L. YOST, CPA, JD
MORGAN J. HATT, CPA
STACY L. ERICKSON, CPA

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 4987
Pocatello, Idaho 83205

MEMBERS OF
American Institute of
Certified Public Accountants
Idaho Society of
Certified Public Accountants

Board of Trustees
School District No. 58
Aberdeen, Idaho

Report on Compliance with Requirements Applicable to Each Major Program and Internal
Control over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of School District No. 58 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 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, 2012. Major Federal programs are identified in the accompanying summary of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we 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 School District No. 58's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on School District No. 58's compliance with those requirements.

In our opinion, School District No. 58 complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2012.

Board of Trustees
School District No. 58
Page 2

Internal Control over Compliance

The management of School District No. 58 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness the District's internal control over compliance.

A deficiency in internal control over compliance 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 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 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.

Our 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered material weaknesses as defined above.

This report is intended solely for the information and use of the audit committee, management and Federal awarding agencies and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties.

Pocatello, Idaho,
September 28, 2012

Jones, Yost, Hall, Erickson P.A.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

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	\$195,800
Title I-A	84.010.A	35,197
Title I Migrant	84.011	97,330
Title VI-B	84.027	132,348
Vocational Education (Perkins)	84.048	12,038
Title VI-B Preschool	84.173	3,308
Drug Free Schools	84.186	348
Gear Up	84.334	57,117
Title III LEP	84.365	13,765
Improving Teacher Quality	84.367	53,009
Education Jobs Bill (ARRA)	84.410	114,787
		<u>715,047</u>
<u>Department of Agriculture (State Dept. of Education Pass Thru Funding):</u>		
School Breakfast Program	10.553	53,462
School Lunch Program	10.555	192,594
School Lunch non cash commodities	10.555	20,881
Summer Food Service Program For Children	10.559	12,044
		<u>278,981</u>
Total		<u>\$994,028</u>

Note 1 Basis of Presentation

The above schedule of expenditures of Federal awards includes the federal grant activity of School District # 58 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations."

Audits of States, Local Governments, and Non-Profit Organizations.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SUMMARY OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

FINANCIAL STATEMENTS

The auditor's report is unqualified.

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 noncompliance material to 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 OMB Circular A-133 is unqualified.

There are no audit findings required to be reported in accordance with section 510(a) of Circular A-133.

IDENTIFICATION OF MAJOR PROGRAMS

The programs tested as major programs include:

Department of Education	84.010		
Department of Agriculture	10.553	10.555	10.559

The threshold for distinguishing Types A and B programs was \$300,000.

Aberdeen School District No. 58 qualifies as a low-risk auditee.