

BASIC FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

YEAR ENDED JUNE 30, 2014

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
YEAR ENDED JUNE 30, 2014

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SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
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Board of Trustees,
School District No. 58
Aberdeen, Idaho

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 58 as of and for the year ended June 30, 2014, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness.

Of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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.

Opinions

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, and the aggregate remaining fund information of the School District No. 58, as of June 30, 2014, 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our 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 nonmajor 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor 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 our opinion, the combining and individual nonmajor 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*, we have also issued our report dated August 16, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of 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* in considering District's internal control over financial reporting and compliance.

Pocatello, Idaho
August 16, 2014

Jones, Yost, Hatt, Erickson P.A.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

STATEMENT OF NET ASSETS
AT JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Pooled cash and cash equivalents	\$1,513,862
Receivables:	
Property taxes	558,747
State	463,448
Other receivables	14,871
Non-current Assets:	
Capital assets:	
Land	36,474
Property and equipment, net of accumulated depreciation	<u>5,995,118</u>
Total assets	<u>8,582,520</u>
LIABILITIES:	
Current Liabilities:	
Accounts payable	176,176
Accrued salaries	454,543
Interest payable	22,350
Due within one year - bus lease	17,199
Due within one year - series 2011 bonds	615,000
Long-term Liabilities:	
Due in more than one year - bus lease	17,844
Due in more than one year - series 2011 bonds	<u>1,930,000</u>
Total liabilities	<u>3,233,112</u>
NET ASSETS:	
Invested in capital assets, net of related debt	3,429,199
Restricted	934,666
Committed	492,381
Unassigned	<u>493,162</u>
Total net assets	<u><u>\$5,349,408</u></u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instructional services				
Regular instruction	\$2,886,343	\$51,956	\$527,090	(\$2,307,297)
Special education	381,546		155,903	(225,643)
Support services				
Pupil support	409,022	1,040		(407,982)
Staff support	158,878		51,143	(107,735)
Board of education	10,400			(10,400)
District administration	227,374			(227,374)
School administration	296,715			(296,715)
Tech services	83,097		31,215	(51,882)
Business operation	52,601			(52,601)
Operation and maintenance	642,960			(642,960)
Transportation	327,945	27,160		(300,785)
Non instructional	318,719	23,792	299,221	4,294
Interest on long-term debt	73,455			(73,455)
Total governmental activities	<u>\$5,869,055</u>	<u>\$103,948</u>	<u>\$1,064,572</u>	<u>(4,700,535)</u>
General revenues				
Taxes:				
Property taxes levied for general purposes				681,332
Property taxes levied for debt services				557,251
Property taxes levied for plant facilities				272,370
Federal and State aid				
State foundation program				3,716,829
State other				288,059
Interest and investment earnings				1,258
Total general revenues				<u>5,517,099</u>
Excess revenues before special items				816,564
Sale of assets				816,564
Change in net assets				<u>816,564</u>
Net assets, June 30, 2013				4,532,844
Net assets, June 30, 2014				<u>\$5,349,408</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

BALANCE SHEET
GOVERNMENTAL FUNDS

AT JUNE 30, 2014

	Major Funds		Plant Facilities Funds	Non Major Funds	Totals (Memorandum Only)
	General	Debt Service			
ASSETS:					
Cash	\$428,807	\$729,586	\$41,980	\$313,489	\$1,513,862
Receivables:					
Property taxes	257,057	205,080	96,610		558,747
State of Idaho	108,567			354,881	463,448
Other receivables	2,998			11,873	14,871
Due from other funds	185,102				185,102
Total assets	<u>\$982,531</u>	<u>\$934,666</u>	<u>\$138,590</u>	<u>\$680,243</u>	<u>\$2,736,030</u>
LIABILITIES:					
Accounts payable	\$135,235			\$40,941	\$176,176
Salaries payable	354,134			100,409	454,543
Deferred tax revenue	31,385	\$26,814	\$9,633		67,832
Due to other funds				185,102	185,102
Total liabilities	<u>520,754</u>	<u>26,814</u>	<u>9,633</u>	<u>326,452</u>	<u>883,653</u>
FUND BALANCE:					
Restricted		907,852			907,852
Committed			128,957	353,791	482,748
Unassigned	461,777				461,777
Total fund balance	<u>461,777</u>	<u>907,852</u>	<u>128,957</u>	<u>353,791</u>	<u>1,852,377</u>
Total liabilities and fund balance	<u>\$982,531</u>	<u>\$934,666</u>	<u>\$138,590</u>	<u>\$680,243</u>	<u>\$2,736,030</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 AT JUNE 30, 2014

Total fund balances - Governmental Funds		\$1,852,377
<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	\$10,838,733	
Depreciation expense to date	(4,807,141)	
		6,031,592
<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>		
		67,832
<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	(35,043)	
Bonds payable	(2,545,000)	
Accrued interest on bonds	(22,350)	
		(2,602,393)
Total Net Assets		\$5,349,408

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2014

	General Fund	Debt Service Fund	Plant Facilities Fund	Non Major Funds	Total Governmental Funds
REVENUES:					
Local:					
Property taxes (net of cancellations)	\$673,562	\$553,602	\$262,737		\$1,489,901
Earnings on investments	1,258				1,258
Other local	60,939			\$45,616	106,555
State:					
Base support	3,087,603				3,087,603
Transportation	207,444				207,444
State paid benefits	421,782				421,782
Other	211,469	76,590		101,389	389,448
Federal assistance				960,576	960,576
Total revenues	<u>4,664,057</u>	<u>630,192</u>	<u>262,737</u>	<u>1,107,581</u>	<u>6,664,567</u>
EXPENDITURES:					
Instructional services	2,610,239			460,898	3,071,137
Support Services:					
Pupil support	202,146			231,876	434,022
Staff support	109,306			49,572	158,878
Technology	45,954			37,143	83,097
Board of education	10,400				10,400
District administration	227,374				227,374
School administration	296,715				296,715
Business operation	52,601				52,601
Operation and maintenance	568,165		133,780		701,945
Transportation	282,227				282,227
Other non instructional	502			304,692	305,194
Debt Service:					
Principal		600,000			600,000
Interest		75,687			75,687
Capital Assets				21,630	21,630
Total expenditures	<u>4,405,629</u>	<u>675,687</u>	<u>133,780</u>	<u>1,105,811</u>	<u>6,320,907</u>
EXCESS REVENUES (EXPENDITURES)	258,428	(45,495)	128,957	1,770	343,660
OTHER FINANCING SOURCES (USES):					
Transfers (to) from other funds	(7,944)			7,944	0
NET CHANGE IN FUND BALANCES	250,484	(45,495)	128,957	9,714	343,660
FUND EQUITY - JUNE 30, 2013	<u>211,293</u>	<u>953,347</u>	<u>0</u>	<u>344,077</u>	<u>1,508,717</u>
FUND EQUITY - JUNE 30, 2014	<u>\$461,777</u>	<u>\$907,852</u>	<u>\$128,957</u>	<u>\$353,791</u>	<u>\$1,852,377</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, 2014

Total net change in fund balances - Governmental Funds		\$343,660
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Depreciation expense this year	(\$267,771)	
Current year capital outlays	<u>73,878</u>	(193,893)
<p>Governmental funds report debt proceeds as financing sources, while repayment of debt 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.</p>		
Current year repayment of bond principal	625,000	
Current year bus lease payment	<u>16,578</u>	641,578
<p>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.</p>		
		21,052
<p>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</p>		
		<u>4,167</u>
Total Change in Net Assets		<u><u>\$816,564</u></u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$688,891	\$673,562	(\$15,329)
Investment interest	2,000	1,258	(742)
Other local	50,558	60,939	10,381
State base support	3,077,099	3,087,603	10,504
State transportation	207,297	207,444	147
State paid benefits	420,646	421,782	1,136
Other State	198,408	211,469	13,061
Total General Fund Revenues	\$4,644,899	\$4,664,057	\$19,158
EXPENDITURES:			
INSTRUCTION:			
Elementary Programs:			
Salaries	\$706,653	\$716,028	(\$9,375)
Benefits	263,673	260,573	3,100
Purchased services	200		200
Materials and supplies	41,200	32,387	8,813
	1,011,726	1,008,988	2,738
Secondary Programs:			
Salaries	912,694	890,743	21,951
Benefits	314,186	305,209	8,977
Purchased services	17,300	3,541	13,759
Materials and supplies	4,000	1,175	2,825
	1,248,180	1,200,668	47,512
Special Programs:			
Salaries	225,373	215,927	9,446
Benefits	77,855	75,487	2,368
Purchased services	4,000	2,733	1,267
Materials and supplies	5,100	4,800	300
	312,328	298,947	13,381
Activity Programs:			
Salaries	59,308	53,204	6,104
Benefits	9,786	7,172	2,614
Purchased services	41,570	40,698	872
Materials and supplies		67	(67)
Insurance	768		768
	111,432	101,141	10,291
Summer/After School Programs:			
Salaries	4,864	40	4,824
Benefits	618	522	96
Materials and supplies	150	(67)	217
	5,632	495	5,137
Total instruction	2,689,298	2,610,239	79,059
SUPPORT SERVICES:			
Guidance/Health			
Salaries	89,453	89,930	(477)
Benefits	31,034	30,806	228
Purchased services	3,418	234	3,184
Materials and supplies	50	50	0
	123,955	121,020	2,935
Special Services			
Salaries	62,060	62,060	0
Benefits	23,275	18,344	4,931
Purchased services	20,400	674	19,726
Materials and supplies	50	48	2
	105,785	81,126	24,659
Instructional Improvement:			
Salaries	998	998	0
Benefits	202	(61)	263
Purchased services	15,200	12,607	2,593
	16,400	13,544	2,856
Media Program:			
Salaries	61,016	61,035	(19)
Benefits	29,236	28,668	568
Purchased services	2,397	2,297	100
Materials and supplies	4,730	3,762	968
	97,379	95,762	1,617

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, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Technology:			
Salaries	\$27,655	\$26,768	\$887
Benefits	10,455	9,952	503
Purchased services	9,037	9,234	(197)
Materials and supplies	500		500
	47,647	45,954	1,693
Board of Education:			
Benefits	25	25	0
Purchased services	19,300	7,514	11,786
Materials and supplies	3,300	2,755	545
Insurance	106	106	0
	22,731	10,400	12,331
District Administration:			
Salaries	163,298	164,078	(780)
Benefits	59,540	60,278	(738)
Purchased services	5,725	2,570	3,155
Materials and supplies	300	448	(148)
	228,863	227,374	1,489
School Administration:			
Salaries	216,328	200,784	15,544
Benefits	95,481	86,425	9,056
Purchased services	5,320	7,459	(2,139)
Materials and supplies	4,800	2,047	2,753
	321,929	296,715	25,214
Business Operation:			
Benefits	170	66	104
Purchased services	33,400	26,507	6,893
Materials and supplies	27,300	26,028	1,272
	60,870	52,601	8,269
Technology			
Purchased services	1,000	0	0
Operation and maintenance:			
Salaries	180,045	180,625	(580)
Benefits	70,442	69,403	1,039
Purchased services	204,195	222,092	(17,897)
Materials and supplies	60,000	46,679	13,321
Insurance	50,400	49,366	1,034
	565,082	568,165	(3,083)
Transportation:			
Salaries	108,352	107,034	1,318
Benefits	84,108	73,944	10,164
Purchased services	35,050	13,709	21,341
Materials and supplies	82,800	77,609	5,191
Insurance/Judgments	9,232	9,931	(699)
	319,542	282,227	37,315
Capital outlay/contingency	35,565	0	0
School lunch	100	502	63,148
Total support services	1,946,848	1,795,390	178,443
Total General Fund Expenditures	4,636,146	4,405,629	257,502
Excess Revenues over Expenditures	8,753	258,428	249,675
Transfers (to) from other funds	(8,753)	(7,944)	809
Excess revenues and other financing sources over expenditures and other financing uses	\$0	250,484	\$250,484
FUND EQUITY - JUNE 30, 2013		211,293	
FUND EQUITY - JUNE 30, 2014		\$461,777	

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, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$563,097	\$553,602	(\$9,495)
State	76,590	76,590	0
	639,687	630,192	(9,495)
EXPENDITURES:			
Principal	600,000	600,000	0
Interest	75,550	75,687	(137)
	675,550	675,687	(137)
Excess revenues over expenditures	(35,863)	(45,495)	(9,632)
FUND EQUITY - JUNE 30, 2013	953,256	953,347	(91)
FUND EQUITY - JUNE 30, 2014	\$917,393	\$907,852	(\$9,541)

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$275,000	\$262,737	(\$12,263)
Other	0	0	0
	<u>275,000</u>	<u>262,737</u>	<u>(12,263)</u>
EXPENDITURES:			
Building care	66,000	55,790	10,210
Building maintenance	199,000	69,341	129,659
Grounds maintenance	10,000	8,649	1,351
	<u>275,000</u>	<u>133,780</u>	<u>141,220</u>
Excess revenues over expenditures	0	128,957	128,957
FUND EQUITY - JUNE 30, 2013	<u>0</u>	<u>0</u>	<u>0</u>
FUND EQUITY - JUNE 30, 2014	<u>\$0</u>	<u>\$128,957</u>	<u>\$128,957</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

STATEMENT OF FIDUCIARY FUND ASSETS AND LIABILITIES

AT JUNE 30, 2014

ASSETS:

Cash and equivalents		<u>\$222,056</u>
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LIABILITIES

Due to High School Student groups	\$113,632	
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Due to Middle School Student groups	53,231	
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Due to Elementary School Student groups	45,071	
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Due to Rapha Brown Scholarships	<u>10,122</u>	
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		<u>\$222,056</u>
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SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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>7/1/13</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/14</u>
Capital Assets not being depreciated:				
Land	<u>\$36,474</u>	<u> </u>	<u> </u>	<u>\$36,474</u>
Capital Assets being depreciated:				
Buildings & improvements	9,093,174	\$51,800		9,144,974
Furniture & equipment	600,975	22,078		623,053
Vehicles	<u>1,034,232</u>			<u>1,034,232</u>
	<u>10,728,381</u>	<u>73,878</u>	<u>\$0</u>	<u>10,802,259</u>
Accumulated Depreciation:				
Buildings & improvements	3,316,587	191,753		3,508,340
Furniture & equipment	399,084	30,216		429,300
Vehicles	<u>823,699</u>	<u>45,802</u>		<u>869,501</u>
	<u>4,539,370</u>	<u>267,771</u>	<u>0</u>	<u>4,807,141</u>
 Total Capital Assets-Net of Depreciation	 <u><u>\$6,225,485</u></u>			 <u><u>\$6,031,592</u></u>

Depreciation was charged to functions as follows:

Non instructional	\$12,182
Transportation	39,456
Operation & maintenance	12,363
Regular instruction	<u>194,429</u>
	<u><u>\$258,430</u></u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2014

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, 2014, the required contribution rate as a percentage of covered payrolls for members was 6.79%. The employer rate as a percentage of covered payroll was 11.32%.

The District's contributions required and paid were \$361,114, \$338,350, and \$346,978 for the three years ended June 30, 2014, 2013, and 2012 respectively.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2014

6. **LONG-TERM DEBT**

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>
8/1/2014	\$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>\$2,545,000</u>	<u>\$147,075</u>	<u>\$2,692,075</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>
1/27/15	\$17,199	\$1,314	\$18,513
1/27/16	17,844	669	18,513
	<u>\$35,043</u>	<u>\$1,983</u>	<u>\$37,027</u>

The following is a summary of long term debt transactions for the year ended June 30, 2014:

	<u>Balance</u> <u>7/1/13</u>	<u>Debt</u> <u>Acquired</u>	<u>Debt</u> <u>Retired</u>	<u>6/30/14</u>
Bus lease - Ireland Bank	\$52,198		(\$17,155)	\$35,043
2011 Series Bonds	3,145,000		(600,000)	2,545,000
	<u>\$3,197,198</u>	<u>\$0</u>	<u>(\$617,155)</u>	<u>\$2,580,043</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2014

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	\$185,102	
Gear Up Grant Fund		\$2,104
Title I Fund		49,187
Title I Migrant Fund		27,137
Title VI-B Fund		57,630
Preschool Fund		2,126
Small Rural Grant Fund		8,834
C Perkins Vocational Education Fund		13,165
Title III LEP Fund		6,100
Title II Teacher Quality Fund		17,355
Medicaid Fund		1,464

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**

Bond Fund exceeded budget by \$137.
Pre School Fund exceeded budget by \$369.
School Lunch Fund exceeded budget by \$9,872.

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.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2014

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.

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

As of June 30, 2014 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. Most of the District's investments are in Local Government Investment Pool which by its nature is a diversified account. As of June 30, 2014 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.

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SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

COMBINING BALANCE SHEET
 NON MAJOR FUNDS

AT JUNE 30, 2014

	Gear Up Grant Fund	HS/MS/ Elem Local Grants Fund	Driver Education Fund
ASSETS:			
Cash		\$1,821	\$1,128
Other Receivables	\$9,793		2,080
Federal and State receivable			3,750
Total assets	\$9,793	\$1,821	\$6,958
 LIABILITIES:			
Accounts payable	\$823	\$65	
Salaries payable	4,077		
Due to other funds	2,104		
Total liabilities	7,004	65	\$0
 FUND BALANCE:			
Committed	2,789	1,756	6,958
Total fund balance	2,789	1,756	6,958
Total liabilities and fund balance	\$9,793	\$1,821	\$6,958

State Vocational Fund	State Technology Fund	Title I Fund	Title I Migrant Fund	Title Title V1B Fund	Preschool Fund
\$3,099	\$26,497				
		\$121,779	\$57,914	\$73,919	\$2,878
\$3,099	\$26,497	\$121,779	\$57,914	\$73,919	\$2,878
\$602		\$12,084	\$6,770	\$5,489	\$123
1,340		39,182	15,130	10,800	629
		49,187	27,137	57,630	2,126
1,942	\$0	100,453	49,037	73,919	2,878
1,157	26,497	21,326	8,877	0	0
1,157	26,497	21,326	8,877	0	0
\$3,099	\$26,497	\$121,779	\$57,914	\$73,919	\$2,878

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

COMBINING BALANCE SHEET
NON MAJOR FUNDS - (CONTINUED)

AT JUNE 30, 2014

	Small Rural Grant Fund	C. Perkins Vocational Education Fund	Title III LEP Fund	Title II Teacher Quality Fund
ASSETS:				
Cash				
Other receivables				
Federal and State receivable	\$10,031	\$15,318	\$8,734	\$30,489
Total assets	\$10,031	\$15,318	\$8,734	\$30,489
 LIABILITIES:				
Accounts payable	\$290	\$510	\$998	\$550
Salaries payable	907	814	1,556	1,742
Due to other funds	8,834	13,165	6,100	17,355
Total liabilities	10,031	14,489	8,654	19,647
 FUND BALANCE:				
Unrestricted	0	829	80	10,842
Total fund balance	0	829	80	10,842
Total liabilities and fund balance	\$10,031	\$15,318	\$8,734	\$30,489

Medicaid Fund	School Lunch Fund	Bus Depreciation Fund	Lottery Fund	2014 Totals
	\$141,293	\$121,337	\$18,314	\$313,489
\$16,182	13,887			11,873
				354,881
<u>\$16,182</u>	<u>\$155,180</u>	<u>\$121,337</u>	<u>\$18,314</u>	<u>\$680,243</u>
\$4,961	\$7,676			\$40,941
9,757	14,475			100,409
1,464				185,102
<u>16,182</u>	<u>22,151</u>	<u>\$0</u>	<u>\$0</u>	<u>326,452</u>
<u>0</u>	<u>133,029</u>	<u>121,337</u>	<u>18,314</u>	<u>353,791</u>
<u>0</u>	<u>133,029</u>	<u>121,337</u>	<u>18,314</u>	<u>353,791</u>
<u>\$16,182</u>	<u>\$155,180</u>	<u>\$121,337</u>	<u>\$18,314</u>	<u>\$680,243</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2014

	<u>Gear Up Grant Fund</u>	<u>HS/MS Elem Local Grants Fund</u>	<u>Driver Education Fund</u>
REVENUES:			
Local income		\$3,680	\$5,335
Federal and State assistance	\$40,056		7,000
Total revenues	<u>40,056</u>	<u>3,680</u>	<u>12,335</u>
EXPENDITURES:			
Instructional services	26,135	5,373	12,406
Support services	14,419	1,698	
Non-instructional services			
Capital outlay			
Total expenditures	<u>40,554</u>	<u>7,071</u>	<u>12,406</u>
EXCESS REVENUES (EXPENDITURES)	(498)	(3,391)	(71)
TRANSFERS (TO) FROM OTHER FUNDS	<u>0</u>		
EXCESS FINANCING SOURCES (USES)	(498)	(3,391)	(71)
FUND BALANCE - JUNE 30, 2013	<u>3,287</u>	<u>5,147</u>	<u>7,029</u>
FUND BALANCE - JUNE 30, 2014	<u><u>\$2,789</u></u>	<u><u>\$1,756</u></u>	<u><u>\$6,958</u></u>

State Vocational Fund	State Technology Fund	Title I Fund	Title I Migrant Fund	Title VI-B Fund	Preschool Fund
\$13,167	\$31,215	\$258,341	\$112,181	\$150,052	\$5,851
<u>13,167</u>	<u>31,215</u>	<u>258,341</u>	<u>112,181</u>	<u>150,052</u>	<u>5,851</u>
18,810	37,143	193,977	72,068	76,945	5,654
		58,361	50,552	74,823	33
<u>18,810</u>	<u>37,143</u>	<u>252,338</u>	<u>122,620</u>	<u>151,768</u>	<u>5,687</u>
(5,643)	(5,928)	6,003	(10,439)	(1,716)	164
		(7,145)	(2,174)	(4,201)	(164)
<u>(5,643)</u>	<u>(5,928)</u>	<u>(1,142)</u>	<u>(12,613)</u>	<u>(5,917)</u>	<u>0</u>
6,800	32,425	22,468	21,490	5,917	0
<u>6,800</u>	<u>32,425</u>	<u>22,468</u>	<u>21,490</u>	<u>5,917</u>	<u>0</u>
<u>\$1,157</u>	<u>\$26,497</u>	<u>\$21,326</u>	<u>\$8,877</u>	<u>\$0</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, 2014

	Small Rural Grant Fund	C. Perkins Vocational Education Fund	Title III LEP Fund
REVENUES:			
Local income			
Federal and State assistance	\$14,529	\$15,318	\$13,884
Total revenues	<u>14,529</u>	<u>15,318</u>	<u>13,884</u>
EXPENDITURES:			
Instructional services	14,122		17,851
Support services		15,318	
Non-instructional services			
Capital outlay			
Total expenditures	<u>14,122</u>	<u>15,318</u>	<u>17,851</u>
EXCESS REVENUES (EXPENDITURES)	407	0	(3,967)
TRANSFERS (TO) FROM OTHER FUNDS	<u>(407)</u>		<u>(278)</u>
EXCESS FINANCING SOURCES (USES)	0	0	(4,245)
FUND BALANCE - JUNE 30, 2013	<u>0</u>	<u>829</u>	<u>4,325</u>
FUND BALANCE - JUNE 30, 2014	<u>\$0</u>	<u>\$829</u>	<u>\$80</u>

<u>Title II Teacher Quality Fund</u>	<u>Medicaid Fund</u>	<u>School Lunch Fund</u>	<u>Bus Depreciation Fund</u>	<u>Lottery Fund</u>	<u>2014 Totals</u>
		\$23,792	\$12,791	\$18	\$45,616
<u>\$51,143</u>	<u>\$34,646</u>	<u>299,221</u>		<u>15,361</u>	<u>1,061,965</u>
<u>51,143</u>	<u>34,646</u>	<u>323,013</u>	<u>12,791</u>	<u>15,379</u>	<u>1,107,581</u>
	17,557				460,898
49,572	16,672				318,591
		304,692			304,692
			18,513	3,117	21,630
<u>49,572</u>	<u>34,229</u>	<u>304,692</u>	<u>18,513</u>	<u>3,117</u>	<u>1,105,811</u>
1,571	417	18,321	(5,722)	12,262	1,770
<u>(1,427)</u>	<u>(417)</u>	<u>(1,341)</u>	<u>25,498</u>		<u>7,944</u>
144	0	16,980	19,776	12,262	9,714
<u>10,698</u>	<u>0</u>	<u>116,049</u>	<u>101,561</u>	<u>6,052</u>	<u>344,077</u>
<u>\$10,842</u>	<u>\$0</u>	<u>\$133,029</u>	<u>\$121,337</u>	<u>\$18,314</u>	<u>\$353,791</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR FUND REVENUE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2014

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
GEAR UP GRANT FUND:			
Federal assistance	\$43,908	\$40,056	(\$3,852)
HS/MS/ELEM LOCAL GRANT:			
Local revenue	\$3,150	\$3,680	\$530
DRIVER EDUCATION FUND:			
Local revenue	\$7,000	\$5,335	(\$1,665)
State assistance	6,250	7,000	750
	\$13,250	\$12,335	(\$915)
STATE VOCATIONAL FUND:			
State assistance	\$18,810	\$13,167	(\$5,643)
STATE TECHNOLOGY FUND:			
State assistance	\$10,000	\$31,215	\$21,215
TITLE I FUND:			
Federal assistance	\$258,341	\$258,341	\$0
TITLE I MIGRANT FUND:			
Federal assistance	\$111,181	\$112,181	\$1,000
TITLE VI-B FUND:			
Federal assistance	\$150,052	\$150,052	\$0
PRESCHOOL FUND:			
Federal assistance	\$5,851	\$5,851	\$0

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR FUND REVENUE - BUDGET AND ACTUAL - (CONTINUED)
 YEAR ENDED JUNE 30, 2014

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
SMALL RURAL GRANT FUND:			
Federal assistance	\$14,529	\$14,529	\$0
C. PERKINS VOCATIONAL EDUCATION FUND:			
Federal assistance	\$15,318	\$15,318	\$0
TITLE III LEP FUND:			
Federal assistance	\$13,884	\$13,884	\$0
TITLE II TEACHER QUALITY FUND:			
Federal assistance	\$51,143	\$51,143	\$0
MEDICAID FUND:			
State assistance	\$89,084	\$34,646	(\$54,438)
SCHOOL LUNCH FUND:			
Other local	\$18,700	\$23,792	\$5,092
Federal assistance	185,529	299,221	113,692
	<u>\$204,229</u>	<u>\$323,013</u>	<u>\$118,784</u>
BUS DEPRECIATION FUND:			
Other local	\$11,500	\$12,792	\$1,292
LOTTERY FUND:			
Other local		\$18	\$18
State assistance	\$15,361	15,361	0
	<u>\$15,361</u>	<u>\$15,379</u>	<u>\$18</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	Appropriated	Expended	Variance Favorable (Unfavorable)
GEAR UP GRANT FUND:			
Instruction:			
Salaries	\$18,982	\$20,996	(\$2,014)
Benefits	3,793	4,202	(409)
Support Services:	300	937	(637)
Purchased services	16,833	11,517	5,316
Materials and supplies	4,000	2,902	1,098
	<u>\$43,908</u>	<u>\$40,554</u>	<u>\$3,354</u>
HS/MS/ELEM LOCAL GRANT:			
Instruction:			
Purchased services	\$1,468	\$1,699	(\$231)
Materials and supplies	6,598	5,372	1,226
	<u>\$8,066</u>	<u>\$7,071</u>	<u>\$995</u>
DRIVER EDUCATION FUND:			
Instruction:			
Salaries	\$7,600	\$8,185	(\$585)
Benefits	674	687	(13)
Materials and supplies	11,029	3,310	7,719
Insurance	976	224	752
	<u>\$20,279</u>	<u>\$12,406</u>	<u>\$7,873</u>
STATE VOCATIONAL FUND:			
Instruction:			
Salaries	\$8,037	\$8,037	\$0
Benefits	1,675	1,675	0
Purchased services	3,471	3,471	0
Materials and supplies	5,627	5,627	0
	<u>\$18,810</u>	<u>\$18,810</u>	<u>\$0</u>
STATE TECHNOLOGY FUND:			
Support Services:			
Salaries	\$7,351	\$7,098	\$253
Benefits	2,748	2,762	(14)
Purchased services	\$14,865	9,856	5,009
Materials and supplies	17,461	17,427	34
	<u>\$42,425</u>	<u>\$37,143</u>	<u>\$5,282</u>
TITLE I FUND:			
Instruction:			
Salaries	\$133,388	\$142,759	(\$9,371)
Benefits	50,987	51,156	(169)
Purchased services	2,450		2,450
Materials and supplies	801	63	738
Support Services:			
Salaries	46,804	39,031	7,773
Benefits	14,542	13,105	1,437
Purchased services	14,158	3,492	10,666
Materials and supplies	10,534	2,732	7,802
	<u>\$273,664</u>	<u>\$252,338</u>	<u>\$21,326</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)
YEAR ENDED JUNE 30, 2014

TITLE I MIGRANT FUND:	Appropriated	Expended	Variance Favorable (Unfavorable)
Instruction:			
Salaries	\$50,062	\$44,844	\$5,218
Benefits	25,982	24,679	1,303
Purchased services	1,339	2,104	(765)
Materials and supplies		441	(441)
Support Services:			
Salaries	32,982	33,427	(445)
Benefits	16,847	16,269	578
Purchased services		67	(67)
Materials and supplies	2,416	789	1,627
	<u>\$129,628</u>	<u>\$122,620</u>	<u>\$7,008</u>
TITLE VI-B FUND:			
Instruction:			
Salaries	\$56,875	\$51,296	\$5,579
Benefits	24,128	25,319	(1,191)
Purchased services	2,993	64	2,929
Materials and supplies	2131	266	1865
Support Services:			
Salaries	43,200	48,600	(5,400)
Benefits	21,355	25,101	(3,746)
Purchased services	300	495	(195)
Materials and supplies	786	627	159
	<u>\$151,768</u>	<u>\$151,768</u>	<u>\$0</u>
PRESCHOOL FUND:			
Instruction:			
Salaries	\$4,804	\$4,601	\$203
Benefits	417	956	(539)
Materials and supplies	471	97	
Support Services:			
Salaries		33	(33)
	<u>\$5,692</u>	<u>\$5,687</u>	<u>(\$369)</u>
SMALL RURAL GRANT FUND:			
Instruction:			
Salaries	5,440	9,489	(4,049)
Benefits	1,762	2,733	(971)
Materials and supplies	6,920	1,900	5,020
	<u>\$14,122</u>	<u>\$14,122</u>	<u>\$0</u>
C. PERKINS VOCATIONAL EDUCATION FUND:			
Support Services:			
Salaries	\$1,569	\$1,569	\$0
Benefits	317	317	0
Purchased services	2,722	2,722	0
	10,710	10,710	0
Materials and supplies	<u>\$15,318</u>	<u>\$15,318</u>	<u>\$0</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)
YEAR ENDED JUNE 30, 2014

	Appropriated	Expended	Variance Favorable (Unfavorable)
TITLE III LEP FUND:			
Instruction:			
Salaries	\$9,333	\$10,775	(\$1,442)
Benefits	6,556	6,649	(93)
Purchased services	800	169	631
Materials and supplies	1,243	258	985
	<u>\$17,932</u>	<u>\$17,851</u>	<u>\$81</u>
TITLE II TEACHER QUALITY FUND:			
Support Services:			
Salaries	\$17,951	\$25,889	(\$7,938)
Benefits	5,088	7,421	(2,333)
Purchased services	35,266	15,717	19,549
Materials and supplies	2,104	545	1,559
	<u>\$60,409</u>	<u>\$49,572</u>	<u>\$10,837</u>
MEDICAID FUND:			
Instruction:			
Salaries	\$37,510	\$7,222	\$30,288
Benefits	19,480	10,335	9,145
Support Services:			
Salaries	4,859	810	4,049
Benefits	2,785	6,525	(3,740)
Purchased services	22,050	9,119	12,931
Materials and supplies	1,000	218	782
	<u>\$87,684</u>	<u>\$34,229</u>	<u>\$53,455</u>
SCHOOL LUNCH FUND:			
Non-Instruction:			
Salaries	\$92,648	\$91,967	\$681
Benefits	48,322	48,157	165
Purchased services	4,850	717	4,133
Materials and supplies	127,000	156,888	(29,888)
Capital outlay	22,000	6,963	15,037
	<u>\$294,820</u>	<u>\$304,692</u>	<u>(\$9,872)</u>
BUS DEPRECIATION FUND:			
Capital outlay	<u>\$18,513</u>	<u>\$18,513</u>	<u>\$0</u>
LOTTERY FUND:			
Capital outlay	<u>\$15,000</u>	<u>\$3,117</u>	<u>\$11,883</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2014

FUND:	Balance 6/30/13	Receipts	Disbursements	Transfers	Balance 6/30/14
Academic Decathlon	(\$1,391)				(\$1,391)
College Prep	300				300
BPA	1,172	\$643	(\$1,505)	\$710	1,020
Drama	0				0
IDLA	208	1,600	(2,150)	25	(317)
Duel credit -Social	231	200			431
FCA	0				0
FFA - Booth	(1,014)	8,836	(7,239)	(148)	435
FFA	132	5,829	(6,445)	148	(336)
Duel credit -English	0	350			350
AG	686	1,285	(2,133)		(162)
FCCLA	0	100			100
Scholarships	146	470	(25)		591
National Honor Society	43	409	(315)		137
Ind Alt HS	(20)	1,255	(1,225)	45	55
Ski Club	81				81
Student Body	1,918	1,266	(2,917)		267
YEA	0				0
Tiger Club	44				44
Tiger Force	0				0
Class of 2017	0	202			202
Class of 2012	40				40
Class of 2015	768	246			1,014
Class of 2016	209	555	(88)		676
Athletic Calendar	1,674	2,120	(1,774)	(2,020)	0
Class of 2013	1,664	97	(1,058)		703
Class of 2014	1,164	1,209	(795)		1,578
Track resurfacing	37,291	13,736	(829)		50,198
Announcements	0				0
Pop Machine	2,986	938	(2,166)		1,758
Music Supplies	13	53	(84)		(18)
Band Rental & Repair	6	1,709	(1,853)	100	(38)
Pep Band	197	11,582	(11,525)	264	518
Jazz Band	475				475
Musical	(801)	8,008	(9,438)		(2,231)
First Aid A	831		(112)		719
First Aid B	4,099	1,640	(325)		5,414
Athletics	16,779	12,592	(26,920)	(1,826)	625
Athletic Equip - direct	500				500
Plato	431	845		(70)	1,206

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS - (CONTINUED)

YEAR ENDED JUNE 30, 2014

FUND:	Balance 6/30/13	Receipts	Disbursements	Transfers	Balance 6/30/14
Extra/Trans	\$9,052	\$8,061			\$17,113
District Tournaments	(127)	3,289	(\$3,234)	(\$55)	(127)
ACT	60				60
Annual	11,166	5,127	(4,446)	(1,504)	10,343
Chemistry	810	130	(286)		654
Art	451	2,220	(2,535)		136
Art Equipment	183				183
Computer Lab	5,640	1,137	(7,400)	2,814	2,191
Accounting class	48				48
Counselor	73	100	(40)		133
Drivers Ed	(1,405)	8,053	(3,392)		3,256
Faculty Pop	551	1,398	(1,866)		83
Gear Up 2	0		(221)		(221)
Home Ec	0				0
Interest	3,273	53	(200)		3,126
Insurance	0				0
Library	222	235	(179)		278
Math	20				20
Lockers	81				81
Rental	154				154
Sales Tax	34	3,109	(2,832)	(309)	2
Telescope	683				683
Textbook Fines	727	86	(237)		576
Teacher Accounts	0	400	(128)		272
Savings	5,457				5,457
Football	241	3,343	(4,033)	968	519
Volleyball	317	5,329	(5,578)	(20)	48
Soccer	811	1,898	(1,886)	30	853
Cross Country	0				0
Girls Basketball	(562)	3,267	(3,421)	713	(3)
Boys Basketball	2,357	4,085	(5,997)	80	525
Wrestling	6,925	4,529	(10,162)		1,292
Golf	138	78			216
Track	(233)	500		45	312
Cheerleading	(329)	13,278	(12,534)	10	425
	<u>\$117,680</u>	<u>\$147,480</u>	<u>(\$151,528)</u>	<u>\$0</u>	<u>\$113,632</u>
Checking					\$2,343
Savings					6,002
Investments					105,287
					<u>\$113,632</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE MIDDLE SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2014

FUND:	Balance 6/30/13	Receipts	Disbursements	Transfers	Balance 6/30/14
Annual	\$1,279	\$1,641	(\$2,009)		\$911
Accelerated reader	764	2,062			2,826
Art	1,104	410	(959)		555
Athletics - Gen	173	1,426	(1,218)		381
Athletics - VB	1,005	1,367	(831)		1,541
Athletics - W	237	406	(105)		538
Athletics - GBB	1,680	2,168	(1,111)		2,737
Athletics -BBB	2,865	6,699	(3,045)		6,519
Athletics - CC	297				297
Athletics - Track	1,699	1,000	(40)		2,659
Cheer/Drill	1,034	15			1,049
Custodial	443	245	(420)		268
Computers	2,578	830	(362)		3,046
Cool to be kind	292				292
Credit recovery	125				125
Exploratory	0	185	(210)		(25)
Fundraiser	1,025	2,662	(2,657)		1,030
Health/PE	(477)	1,543	(545)		521
Health fair	142		(86)		56
General	20,893	4,100	(1,962)	(\$281)	22,750
Grade 6	331	470	(423)		378
Grade 7	740	433	(328)		845
Grade 8	219	519	(359)		379
Grants	198				198
Locks	(281)	10		281	10
Media Center	2,102	485	(132)		2,455
Migrant	5	118	(118)		5
Milk machine/health	(3)	262	(240)		19
Multi media	232		(31)		201
Music - Millett	785	2,271	(2,130)		926
Postage	132		(13)		119
Special Services	84				84
Student Govt	403	3,675	(2,811)		1,267
Ski-skate	3,449	4,347	(4,017)		3,779
Stem	0	349	(99)		250
Sunshine	0	101	(52)		49
Teachers	2,332	1,607	(871)		3,068
PTSA	2,194		(83)		2,111
Vending	2,237	7,019	(6,600)		2,656
Yellowstone	913				913
	<u>\$53,230</u>	<u>\$48,425</u>	<u>(\$33,867)</u>	<u>\$0</u>	<u>\$67,788</u>
Cash in bank - checking					\$41,371
Cash in bank - Savings					11,860
					<u>\$53,231</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

SCHEDULE OF ELEMENTARY STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2014

FUND:	Balance 6/30/13	Receipts	Disbursements	Transfers	Balance 6/30/14
General	\$30,770	\$5,589	(\$4,246)		\$32,113
Vending	10,592	8,255	(7,655)		11,192
Teachers	1,408	189	(85)		1,512
Library	125	405	(276)		254
	<u>\$42,895</u>	<u>\$14,438</u>	<u>(\$12,262)</u>	<u>\$0</u>	<u>\$45,071</u>
Cash in bank - checking					<u>\$45,071</u>



Jones, Yost, Hatt,
Erickson P.A.

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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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No 58, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated August 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Pocatello, Idaho
August 16, 2014

Jones, Gost, Hatt, Erickson P.A.



Jones, Yost, Hatt,
Erickson P.A.

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

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

Report on Compliance for Each Major Federal Program

We have audited School District No. 58's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the District'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2014.

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 our audit of compliance, we 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 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 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 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pocatello, Idaho
August 16, 2014

Jones, Yost, Hall, Erickson P.A.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

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	\$252,338
Title I Migrant	84.011	122,620
Title VI-B	84.027	150,052
Vocational Education (Perkins)	84.048	15,318
Title VI-B Preschool	84.173	5,687
Gear Up	84.334	40,554
Rural Education	84.358	14,122
Title III LEP	84.365	17,851
Improving Teacher Quality	84.367	49,572
College Access Challenge	84.378	1,200
		<u>669,314</u>
<u>Department of Agriculture (State Dept. of Education Pass Thru Funding):</u>		
School Breakfast Program	10.553	58,829
School Lunch Program	10.555	246,099
Summer Food Service Program For Children	10.559	11,545
Fruit and Vegetables	10.582	13,630
		<u>330,103</u>
Total		<u><u>\$999,417</u></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, 2014

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 Agriculture	84.010	84.027	84.173
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The threshold for distinguishing Types A and B programs was \$300,000.

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