

BASIC FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

YEAR ENDED JUNE 30, 2017

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

BASIC FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
YEAR ENDED JUNE 30, 2017

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SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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YEAR ENDED JUNE 30, 2017
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Board of Trustees,
School District No. 58
Aberdeen, Idaho

Independent Auditor's Report

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 58 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinion on Statement of Net Position & Statement of Activities

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

Qualified Opinion

In my opinion, except for the effects of not providing information regarding Other Post-employment Benefit Obligations as described in the previous paragraph, the Statement of Net Position and the Statement of Activities, present fairly, in all material respects, the net position of School District No. 58 as of June 30, 2017, and the respective changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In my opinion, the Governmental Fund Statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of School District No 58, as of June 30, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information:

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

Accounting principles generally accepted in the United States of America require that the schedules of Net Pension Liability & Employer's Contributions and the major fund budgetary comparison information be presented to supplement the basic financial statements. Such

information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information:

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements, and are also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 11, 2017 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Pocatello, Idaho
September 11, 2017

Morgan J Hatt CPA PC

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

STATEMENT OF NET POSITION
AT JUNE 30, 2017

	Governmental Activities
ASSETS:	
Current Assets:	
Pooled cash and cash equivalents	\$11,500,541
Cash restricted for debt service	278,176
Receivables:	
Property taxes	621,831
State	407,135
Non-current Assets:	
Capital assets:	
Land	36,474
Property and equipment, net of accumulated depreciation	8,750,988
Total Assets:	21,595,145
 DEFERRED OUTFLOWS:	
Deferred PERSI outflow of resources	1,182,015
Total Assets and Deferred Outflows of Resources:	\$22,777,160
 LIABILITIES:	
Current Liabilities:	
Accounts payable	\$238,532
Accrued salaries	471,918
Interest payable	77,433
Due within one year - bus leases	61,400
Due within one year - series 2011 bonds	660,000
Long-term Liabilities:	
Due in more than one year - bus leases	63,929
Due in more than one year - series 2011 bonds	
Due in more than one year - series 2016 bonds	12,131,185
Net PERSI unfunded pension liability	2,322,457
Total Liabilities:	16,026,854
 DEFERRED INFLOWS:	
Deferred PERSI inflow of resources	759,586
 NET POSITION:	
Net investment in capital assets	3,933,511
Restricted	433,035
Unrestricted	1,624,174
Total Net Position:	5,990,720
Total Liabilities and Deferred Inflows of Resources and Net Position:	\$22,777,160

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for Services	Operating Grants and Contributions	Changes in Net Assets Governmental Activities
Governmental Activities:				
Instructional services:				
Regular instruction	\$3,270,593	\$31,559	\$561,365	(\$2,677,669)
Special education	320,777	11,438	164,431	(144,908)
Support services:				
Pupil support	433,304		38,283	(395,021)
Staff support	133,819		141,083	7,264
Tech services	135,153		117,045	(18,108)
Board of Education	14,898			(14,898)
District administration	240,975			(240,975)
School administration	393,499			(393,499)
Business operation	60,219			(60,219)
Operation and maintenance	591,093		109,209	(481,884)
Transportation	406,940	25,095		(381,845)
Capital outlay	1,893			(1,893)
Non-instructional:	328,750	11,492	286,625	(30,633)
Interest on long-term debt	588,828			(588,828)
Total Governmental Activities:	<u>\$6,920,741</u>	<u>\$79,584</u>	<u>\$1,418,041</u>	<u>(5,423,116)</u>
General Revenues:				
Taxes:				
Property taxes levied for general purposes				932,872
Property taxes levied for debt services				526,595
Property taxes levied for plant facilities				384,660
Federal and State aid:				
State foundation program				4,034,556
State other				175,779
Interest and investment earnings:				81,847
Total General Revenues:				<u>6,136,309</u>
Excess revenues before special items				713,193
Sale of assets				-
Change in Net Position				713,193
Net position, June 30, 2016				<u>5,277,527</u>
Net positions, June 30, 2017				<u>\$5,990,720</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

BALANCE SHEET
GOVERNMENTAL FUNDS

AT JUNE 30, 2017

	Major Funds				Non-major Funds	Totals (Memorandum Only)
	General	Debt Service	Title I Fund	Construction Fund		
ASSETS:						
Cash	\$1,640,410			\$9,133,717	\$726,414	\$11,500,541
Cash restricted for debt service		\$278,176				278,176
Receivables:						
Property taxes	339,221	184,496			98,114	621,831
State of Idaho	102,960		\$107,394		196,781	407,135
Due from other funds	133,051					133,051
Total assets:	<u>\$2,215,642</u>	<u>\$462,672</u>	<u>\$107,394</u>	<u>\$9,133,717</u>	<u>\$1,021,309</u>	<u>\$12,940,734</u>
LIABILITIES:						
Accounts payable	\$149,654		\$11,615		\$77,263	\$238,532
Salaries payable	386,762		33,493		51,663	471,918
Due to other funds			51,648		81,403	133,051
Total Liabilities:	<u>536,416</u>	<u>\$0</u>	<u>96,756</u>	<u>\$0</u>	<u>210,329</u>	<u>843,501</u>
DEFERRED RESOURCES:						
Unavailable property taxes	<u>58,243</u>	<u>29,637</u>			<u>17,476</u>	<u>105,356</u>
FUND BALANCE:						
Restricted		433,035				433,035
Committed			10,638	9,133,717	793,504	9,937,859
Unassigned	1,620,983					1,620,983
Total Fund Balance:	<u>1,620,983</u>	<u>433,035</u>	<u>10,638</u>	<u>9,133,717</u>	<u>793,504</u>	<u>11,991,877</u>
Total Liabilities and Fund Balance:	<u>\$2,215,642</u>	<u>\$462,672</u>	<u>\$107,394</u>	<u>\$9,133,717</u>	<u>\$1,021,309</u>	<u>\$12,940,734</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 AT JUNE 30, 2017

Total fund balances - governmental funds		\$11,991,877
<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	\$14,238,036	
Depreciation expense to date	<u>(5,450,574)</u>	8,787,462
<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>		
		105,356
<p>Deferred amounts are not current financial resources/uses. Therefore, they are not reported in the governmental funds.</p>		
Deferred PERSI outflows	1,182,015	
Deferred PERSI inflows	<u>(759,586)</u>	422,429
<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	(125,329)	
Bonds payable	(12,791,185)	
Accrued interest on bonds	(77,433)	
District's share of PERSI unfunded pension liability	<u>(2,322,457)</u>	<u>(15,316,404)</u>
Total Net Position:		<u><u>\$5,990,720</u></u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2017

	Major Funds				Non-major Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Title I Fund	Construction Fund		
REVENUES:						
Local:						
Property taxes (net of cancellations)	\$912,351	\$516,831				\$1,429,182
Earnings on investments	16,633	1,015		\$64,199		81,847
Other local	74,548				\$443,493	518,041
State:						
Base support	3,370,725					3,370,725
Transportation	220,653					220,653
State paid benefits	443,178					443,178
Other	317,007	114,786			207,563	639,356
Federal assistance			\$242,597		652,214	894,811
Total Revenues:	<u>5,355,095</u>	<u>632,632</u>	<u>242,597</u>	<u>64,199</u>	<u>1,303,270</u>	<u>7,597,793</u>
EXPENDITURES:						
Instructional services	2,865,694		211,974		293,446	3,371,114
Support Services:						
Pupil support	264,823				103,428	368,251
Staff support	101,517		64,257		31,992	197,766
Technology	59,251				75,732	134,983
Board of Education	14,898					14,898
District administration	240,366					240,366
School administration	392,281					392,281
Business operation	60,219					60,219
Operation and maintenance	557,202				172,166	729,368
Transportation	329,779					329,779
Other non-instructional					314,877	314,877
Debt Service:						
Principal		640,000				640,000
Interest		243,854				243,854
Capital Assets				2,788,693	153,397	2,942,090
Total Expenditures:	<u>4,886,030</u>	<u>883,854</u>	<u>276,231</u>	<u>2,788,693</u>	<u>1,145,038</u>	<u>9,979,846</u>
EXCESS REVENUES (EXPENDITURES)	469,065	(251,222)	(33,634)	(2,724,494)	158,232	(2,382,053)
OTHER FINANCING SOURCES (USES):						
Bond Proceeds				11,425,000		11,425,000
Bond Issue Premium				706,185		706,185
Bond Issue Costs				(272,974)		(272,974)
Transfers (to) from other funds	(49,412)		11,775		37,637	0
NET CHANGE IN FUND BALANCES	419,653	(251,222)	(21,859)	9,133,717	195,869	9,476,158
FUND EQUITY - JUNE 30, 2016	<u>1,201,330</u>	<u>684,257</u>	<u>32,497</u>	<u>0</u>	<u>597,635</u>	<u>2,515,719</u>
FUND EQUITY - JUNE 30, 2017	<u>\$1,620,983</u>	<u>\$433,035</u>	<u>\$10,638</u>	<u>\$9,133,717</u>	<u>\$793,504</u>	<u>\$11,991,877</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
AT JUNE 30, 2017

Total net change in fund balances - governmental funds	\$9,476,158
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Amounts reported for governmental activities in the statement of activities are different because:

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

Depreciation expense this year	(\$322,368)	
Current year capital outlays	3,032,103	
		2,709,735

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.

Current year bonds issued	(11,425,000)	
Current year bond issue premium	(706,185)	
Current year repayment of bond principal	640,000	
Current year bus lease payments	66,546	
		(11,424,639)

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.

36,141

Net pension liability and related pension source deferred outflow and deferred inflow of resources are not due and payable in the current period and therefore are not reported in the governmental funds.

(12,202)

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.

(72,000)

Total Change in Net Position:

\$713,193

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

STATEMENT OF FIDUCIARY NET POSITION

AT JUNE 30, 2017

ASSETS:	Private Purpose Trust Funds <u>Scholarship</u>	Agency Funds Student Activity <u>Accounts</u>	<u>Total</u>
Cash and equivalents	\$10,122	\$216,239	\$226,361
LIABILITIES:			
Due to High School Student Groups		\$80,322	\$80,322
Due to Middle School Student Groups		81,918	81,918
Due to Elementary School Student Groups		53,999	53,999
Total Liabilities:	0	216,239	216,239
NET POSITION:			
Restricted for scholarships	10,122		10,122
Unrestricted		0	0
Total Liabilities and Net Position:	\$10,122	\$0	\$10,122

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

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

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

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

The District reports the following major funds:

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

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

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

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

Additionally the District reports the following fiduciary funds:

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

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

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

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

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

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

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

During May of each year, the Superintendent submits to the School Board a proposed operating budget for the next fiscal year commencing on July 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 re-budgeted the following year. The District does not reserve a fund balance for outstanding encumbrances at year-end.

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

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

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

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so it will not be recognized as an outflow of resources (expenditure) until then. The District does have items that qualify for reporting in this category. They are the deferred outflows of resources related to the PERSI pension base plan. See note 13 for details on the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of these items, which arises under the government-wide accrual basis of accounting that qualifies for reporting in this category and one item, which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The other item (reported in the government-wide statements) is an amount related to the pension base plan. See note 13 for details on the pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Non-spendable portions of the fund balance are those that cannot be spent, because they are in a non-spendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for a specific purpose pursuant to formal action of the governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the District first utilizes restricted resources. When

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

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

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

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

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

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

Pensions – For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from the Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

2. DEPOSITS AND INVESTMENTS

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

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

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

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

Investments allowable under “Idaho Code Section 67-1210” are:

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

2. DEPOSITS AND INVESTMENTS - (CONTINUED)

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

- l. Share, savings and deposit accounts of state and federal credit unions located within the geographical boundaries of the state in amounts not to exceed the insurance provided by the National Credit Union Share Insurance Fund and/or any other authorized deposit guaranty corporation, including but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.

3. PROPERTY TAXES

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

4. **CAPITAL ASSETS**

Governmental Activities:	<u>7/1/16</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/17</u>
Capital Assets not being depreciated:				
Land	<u>\$36,474</u>			<u>\$36,474</u>
Capital Assets being depreciated:				
Buildings & improvements	9,466,545	2,938,341	(80,000)	12,324,886
Furniture & equipment	660,097	\$6,979		667,076
Vehicles	<u>1,122,817</u>	<u>86,783</u>		<u>1,209,600</u>
	<u>11,249,459</u>	<u>3,032,103</u>	<u>(80,000)</u>	<u>14,201,562</u>
Accumulated Depreciation:				
Buildings & improvements	3,922,458	209,909	(80,000)	4,052,367
Furniture & equipment	496,786	32,014		528,800
Vehicles	<u>788,962</u>	<u>80,445</u>		<u>869,407</u>
	<u>5,208,206</u>	<u>322,368</u>	<u>(80,000)</u>	<u>5,450,574</u>
Total Capital Assets-Net of Depreciation	<u><u>\$6,077,727</u></u>			<u><u>\$8,787,462</u></u>
Depreciation was charged to functions as follows:				
Non-instructional		\$13,525		
Transportation		76,653		
Operation & maintenance		12,480		
Regular instruction		<u>219,710</u>		
		<u><u>\$322,368</u></u>		

5. **DEFICIT FUND BALANCE**

For most of these federal and state programs, the District spends its own money and then requests reimbursement from the various funding agencies. For those funds with deficits, reimbursement has not yet been received.

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

6. DUE TO/ DUE FROM

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

	<u>Due From</u>	<u>Due To</u>
General Fund	\$133,051	
Title I Fund		\$51,648
Gear Up Grant Fund		22,353
Title I Migrant Fund		12,807
Title VI-B Fund		16,012
Preschool Fund		490
Small Rural Grant Fund		1,786
C Perkins Vocational Education Fund		10,500
Title III LEP Fund		824
Title II Teacher Quality Fund		16,631

7. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Construction Fund expenses exceeded budget by:	\$2,788,693
State Professional Technology Fund exceeded budget by:	\$71
State Technology fund exceeded budget by:	\$19,143
Title II Teacher Quality fund exceeded budget by:	\$9,861
Bus Depreciation Fund exceeded budget by:	\$28

8. RISK MANAGEMENT

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

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

9. **LONG-TERM DEBT**

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

2015 72 Passenger School Bus 4.5% interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
August 2017	\$17,694	\$1,628	\$19,322
August 2018	18,491	831	19,322
	\$36,185	\$2,459	\$38,644

2015 18 Passenger School Bus 4.5% interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
August 2017	\$13,101	\$1,206	\$14,307
August 2018	13,690	617	14,307
	\$26,791	\$1,823	\$28,614

2016 72 Passenger School Bus 3.75% interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Jun 2018	\$17,983	\$1,374	\$19,357
Jun 2019	18,657	700	19,357
	\$36,640	\$2,074	\$38,714

2016 24 Passenger School Bus 3.65% interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Jun 2018	\$12,622	\$938	\$13,560
Jun 2019	13,090	470	13,560
	\$25,712	\$1,408	\$27,120

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

9. **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>
8/1/2017	<u>\$660,000</u>	<u>\$9,900</u>	<u>\$669,900</u>

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

	<u>Principal</u>	<u>Coupon %</u>	<u>Interest</u>	<u>Total Debt Service</u>
9/15/2017			\$167,360.00	\$167,360.00
3/15/2018			167,360.00	167,360.00
9/15/2018	\$445,000.00	3.00%	167,360.00	612,360.00
3/15/2019			160,685.00	160,685.00
9/15/2019	460,000.00	3.00%	160,685.00	620,685.00
3/15/2020			153,785.00	153,785.00
9/15/2020	475,000.00	3.00%	153,785.00	628,785.00
3/15/2021			146,660.00	146,660.00
9/15/2021	485,000.00	3.00%	146,660.00	631,660.00
3/15/2022			139,385.00	139,385.00
9/15/2022	500,000.00	4.00%	139,385.00	639,385.00
3/15/2023			129,385.00	129,385.00
9/15/2023	520,000.00	4.00%	129,385.00	649,385.00
3/15/2024			118,985.00	118,985.00
9/15/2024	545,000.00	4.00%	118,985.00	663,985.00
3/15/2025			108,085.00	108,085.00
9/15/2025	565,000.00	4.00%	108,085.00	673,085.00
3/15/2026			96,785.00	96,785.00
9/15/2026	585,000.00	4.00%	96,785.00	681,785.00
3/15/2027			85,085.00	85,085.00

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

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

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

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

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

The following is a summary of long-term debt transactions for the year ended June 30, 2017:

	Balance <u>7/1/16</u>	Debt <u>Acquired</u>	Debt <u>Retired</u>	<u>6/30/17</u>	Due within <u>one year</u>
Bus lease purchases	\$184,308		(\$58,979)	\$125,329	\$61,400
2011 Series Bonds	1,300,000		(640,000)	660,000	660,000
2016 Series Bonds		\$11,425,000		11,425,000	0
Unamortized bond issue premium		706,185		706,185	0
District's share of PERSI unfunded liability	1,482,251	840,206		2,322,457	0
	<u>\$2,966,559</u>	<u>\$12,971,391</u>	<u>(\$698,979)</u>	<u>\$15,238,971</u>	<u>\$721,400</u>

10. **CONTINGENT LIABILITIES**

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)
YEAR ENDED JUNE 30, 2016

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

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

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

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

Concentration Credit Risk - The District does not place a limit on the amount that the District may invest in any one issuer. Most of the District's investments are in Local Government Investment Pool which by its nature is a diversified account. As of June 30, 2017, the fund consisted of U.S. Treasury Notes, Government Agency Notes, Idaho Bank Deposits, Repurchase Agreements, Corporate Bonds and Commercial Paper, and Government Agency Notes.

12. PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

School District #58 contributes to the Base Plan which is a cost-sharing, multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

12. PUBLIC EMPLOYEES RETIREMENT SYSTEM - (CONTINUED)

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens, not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute as 60% of employer rate for general employees and 72% for police and firefighters. As of June 30, 2016, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

12. PUBLIC EMPLOYEES RETIREMENT SYSTEM - (CONTINUED)

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

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participation PERSI Base Plan employers. At June 30, 2017, the District's proportion was .11456747 percent.

For the year ended June 30, 2017, the District recognized pension expense of \$407,731. At June 30, 2017, the District reported deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$53,726
Changes in assumptions or other inputs	(2,354)	0
Net difference between projected and actual earnings on pension plan investments	584,878	(250,213)
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	213,466	956,073
Aberdeen School District contributions subsequent to the measurement date	386,025	0
Total	\$1,182,015	\$759,586

\$386,025, reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

12. PUBLIC EMPLOYEES RETIREMENT SYSTEM - (CONTINUED)

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015, the beginning of the measurement period ended June 30, 2016 is 4.9 and 5.5 for the measurement period June 30, 2015.

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

Year ended June 30, 2016:

2017	\$ 2,360
2018	\$ 2,360
2019	\$ 269,444
2020	\$ 148,264
2021	\$ 0

Actuarial Assumptions

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

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25-10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

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

12. PUBLIC EMPLOYEES RETIREMENT SYSTEM - (CONTINUED)

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

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

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers, and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of the System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2016.

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

12. PUBLIC EMPLOYEES RETIREMENT SYSTEM - (CONTINUED)

Capital Market Assumptions

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

* Expected arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed Inflation - Standard	3.25%
Deviation	
Portfolio Arithmetic Mean	2.00%
Return	8.42%
Portfolio Long-term Expected Geometric Rate of Return	
Assumed Expenses	7.50%
	0.40%
Long-term Expected Geometric Rate of Return, Net of Investment Expenses	7.10%

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

12. PUBLIC EMPLOYEES RETIREMENT SYSTEM - (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.10 percent) or 1 percentage point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$4,555,837	\$2,322,457	\$465,155

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.gov.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017

Schedule of Employer's Share of Net Pension Liability
PERSI – Base Plan
Last 10 – Fiscal Years *

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

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2017.

Schedule of Employer Contributions
PERSI – Base Plan
Last 10 – Fiscal Years*

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

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2017.

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$928,219	\$912,351	(\$15,868)
Investment interest	4,000	16,633	12,633
Other local	68,848	74,548	5,700
State base support	3,389,465	3,370,725	(18,740)
State transportation	218,605	220,653	2,048
State paid benefits	443,009	443,178	169
Other State	306,350	317,007	10,657
Total General Fund Revenues:	\$5,358,496	\$5,355,095	(\$3,401)
EXPENDITURES:			
INSTRUCTION:			
Elementary Programs:			
Salaries	\$781,855	\$713,942	\$67,913
Benefits	295,235	267,530	27,705
Purchased services	2,750	2,750	0
Materials and supplies	112,283	113,141	(858)
	<u>1,192,123</u>	<u>1,097,363</u>	<u>94,760</u>
Secondary Programs:			
Salaries	944,155	944,011	144
Benefits	333,052	329,218	3,834
Purchased services	62,233	4,754	57,479
Materials and supplies	88,379	50,370	38,009
	<u>1,427,819</u>	<u>1,328,353</u>	<u>99,466</u>
Special Programs:			
Salaries	238,164	238,938	(774)
Benefits	93,860	76,499	17,361
Purchased services	2,071	2,032	39
Materials and supplies	4,381	2,310	2,071
	<u>338,476</u>	<u>319,779</u>	<u>18,697</u>
Activity Programs:			
Salaries	55,808	53,259	2,549
Benefits	7,870	7,984	(114)
Purchased services	42,795	40,243	2,552
Materials and supplies	2,059	1,946	113
	<u>108,532</u>	<u>103,432</u>	<u>5,100</u>
Summer/After School Programs:			
Salaries	22,613	14,297	8,316
Benefits	4,898	2,445	2,453
Materials and supplies	500	25	475
	<u>28,011</u>	<u>16,767</u>	<u>11,244</u>
Total Instruction:	3,094,961	2,865,694	229,267
SUPPORT SERVICES:			
Guidance/Health:			
Salaries	105,701	102,707	2,994
Benefits	36,153	35,552	601
Purchased services	6,740	1,073	5,667
Materials and supplies	1,474	1,382	92
	<u>150,068</u>	<u>140,714</u>	<u>9,354</u>
Special Services:			
Salaries	75,057	69,143	5,914
Benefits	29,568	27,985	1,583
Purchased services	27,068	26,519	549
Materials and supplies	1,206	462	744
	<u>132,899</u>	<u>124,109</u>	<u>8,790</u>
Instructional Improvement:			
Purchased services	38,461	1,870	36,591
Materials and supplies	500		500
	<u>38,961</u>	<u>1,870</u>	<u>37,091</u>
Media Program:			
Salaries	61,963	61,476	487
Benefits	30,477	29,331	1,146
Purchased services	2,100	1,230	870
Materials and supplies	6,828	7,610	(782)
	<u>101,368</u>	<u>99,647</u>	<u>1,721</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, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Technology:			
Salaries	\$35,843	\$36,038	(\$195)
Benefits	12,788	12,834	(46)
Purchased services	22,650	10,379	12,271
	<u>71,281</u>	<u>59,251</u>	<u>12,030</u>
Board of Education:			
Benefits		26	(26)
Purchased services	14,466	10,296	4,170
Materials and supplies	4,382	4,470	(88)
Insurance	106	106	0
	<u>18,954</u>	<u>14,898</u>	<u>4,056</u>
District Administration:			
Salaries	168,893	169,737	(844)
Benefits	64,149	63,776	373
Purchased services	6,388	5,719	669
Materials and supplies	1,179	1,134	45
	<u>240,609</u>	<u>240,366</u>	<u>243</u>
School Administration:			
Salaries	267,589	262,155	5,434
Benefits	117,683	116,302	1,381
Purchased services	7,556	10,451	(2,895)
Materials and supplies	4,400	3,373	1,027
	<u>397,228</u>	<u>392,281</u>	<u>4,947</u>
Business Operation:			
Benefits		84	(84)
Purchased services	49,125	41,682	7,443
Materials and supplies	35,879	18,453	17,426
	<u>85,004</u>	<u>60,219</u>	<u>24,785</u>
Operation and Maintenance:			
Salaries	177,186	188,396	(11,210)
Benefits	71,335	70,052	1,283
Purchased services	223,379	194,809	28,570
Materials and supplies	70,117	56,873	13,244
Capital outlay	8,000		8,000
Insurance	47,072	47,072	0
	<u>597,089</u>	<u>557,202</u>	<u>39,887</u>
Transportation:			
Salaries	131,685	152,386	(20,701)
Benefits	97,152	91,687	5,465
Purchased services	18,267	13,815	4,452
Materials and supplies	79,557	59,082	20,475
Insurance	12,819	12,809	10
	<u>339,480</u>	<u>329,779</u>	<u>9,701</u>
Capital Outlay/Contingency	<u>0</u>	<u>0</u>	<u>0</u>
School Lunch	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Total Support Services:	<u>2,174,441</u>	<u>2,020,336</u>	<u>154,105</u>
Total General Fund Expenditures:	<u>5,269,402</u>	<u>4,886,030</u>	<u>383,372</u>
Excess Revenues over Expenditures	89,094	469,065	379,971
Transfers (to) from other funds	(45,380)	(49,412)	(4,032)
Excess revenues and other financing sources over expenditures and other financing uses	<u>\$43,714</u>	<u>419,653</u>	<u>\$375,939</u>
FUND EQUITY - JUNE 30, 2016		<u>1,201,330</u>	
FUND EQUITY - JUNE 30, 2017		<u>\$1,620,983</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, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Property taxes	\$653,716	\$516,831	(\$136,885)
State	92,835	114,786	21,951
Investment income	500	1,015	515
	747,051	632,632	(114,419)
EXPENDITURES:			
Principal	640,000	640,000	0
Interest	297,913	243,854	54,059
	937,913	883,854	54,059
Excess revenues over expenditures	(\$190,862)	(251,222)	(\$60,360)
FUND EQUITY - JUNE 30, 2016		684,257	
FUND EQUITY - JUNE 30, 2017		\$433,035	

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE:			
Federal assistance	\$242,597	\$242,597	\$0
Other			0
	<u>242,597</u>	<u>242,597</u>	<u>0</u>
 EXPENDITURES:			
Instruction:			
Salaries	134,582	143,347	(8,765)
Benefits	50,043	52,349	(2,306)
Purchased services	29,000	15,006	13,994
Materials and supplies	5,772	1,272	4,500
Support Services:			
Salaries	49,248	45,611	3,637
Benefits	15,517	15,305	212
Purchased services		2,957	(2,957)
Materials and supplies	2,705	384	2,321
	<u>286,867</u>	<u>276,231</u>	<u>10,636</u>
Excess revenues over expenditures	(44,270)	(33,634)	10,636
Transfers (to) from other funds	<u>11,775</u>	<u>11,775</u>	<u>-</u>
Excess revenues and other financing sources over expenditures and other financing uses	<u>(\$32,495)</u>	<u>(21,859)</u>	<u>\$10,636</u>
FUND EQUITY - JUNE 30, 2016		<u>32,497</u>	
FUND EQUITY - JUNE 30, 2017		<u>\$10,638</u>	

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Interest income	\$30,000	\$64,199	\$34,199
Other			0
	30,000	64,199	34,199
EXPENDITURES:			
Construction	0	2,788,693	(2,788,693)
	0	2,788,693	(2,788,693)
Excess revenues over expenditures	30,000	(2,724,494)	(2,754,494)
Other Financing Sources / (Uses):			
Bond Proceeds	11,841,576	11,425,000	(416,576)
Bond Issue Premium		706,185	706,185
Bond Issue Costs		(272,974)	(272,974)
	\$11,871,576	9,133,717	(\$2,737,859)
Excess revenues and other financing sources over expenditures and other financing uses	\$11,871,576	9,133,717	(\$2,737,859)
FUND EQUITY - JUNE 30, 2016		0	
FUND EQUITY - JUNE 30, 2017		\$9,133,717	

OTHER INFORMATION

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

COMBINING BALANCE SHEET
 NON-MAJOR FUNDS

AT JUNE 30, 2017

	<u>Gear Up Grant Fund</u>	<u>Local Grants Fund</u>	<u>Driver Education Fund</u>	<u>State Professional Technical Fund</u>
ASSETS:				
Cash		\$496	\$16,760	\$6,169
Property taxes receivable				
Federal and State receivable	\$18,990			
 Total Assets:	 <u>\$18,990</u>	 <u>\$496</u>	 <u>\$16,760</u>	 <u>\$6,169</u>
 LIABILITIES:				
Accounts payable	\$538			\$3,899
Salaries payable	2,666			1,666
Due to other funds	22,353			
 Total Liabilities:	 <u>25,557</u>	 <u>\$0</u>	 <u>\$0</u>	 <u>5,565</u>
 DEFERRED RESOURCES:				
Unavailable property taxes	0	0	0	0
 FUND BALANCE:				
Committed	(6,567)	496	16,760	604
 Total Liabilities and Fund Balance:	 <u>\$18,990</u>	 <u>\$496</u>	 <u>\$16,760</u>	 <u>\$6,169</u>

State Technology Fund	State Substance Abuse Fund	Title I Migrant Fund	Title Title V1B Fund	Preschool Fund	Small Rural Grant Fund
\$32,133	\$19,426				
		\$46,578	\$62,446	\$5,070	\$8,267
<u>\$32,133</u>	<u>\$19,426</u>	<u>\$46,578</u>	<u>\$62,446</u>	<u>\$5,070</u>	<u>\$8,267</u>
\$10,370		\$4,142	\$5,744	\$642	\$4,052
		9,437	13,991	3,172	1,349
		12,807	16,012	490	1,786
<u>\$10,370</u>	<u>\$0</u>	<u>26,386</u>	<u>35,747</u>	<u>4,304</u>	<u>7,187</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
21,763	19,426	20,192	26,699	766	1,080
<u>\$32,133</u>	<u>\$19,426</u>	<u>\$46,578</u>	<u>\$62,446</u>	<u>\$5,070</u>	<u>\$8,267</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

COMBINING BALANCE SHEET
 NON-MAJOR FUNDS - (CONTINUED)

AT JUNE 30, 2017

	C. Perkins Vocational Education Fund	Title III LEP Fund	Title II Teacher Quality Fund	Medicaid Fund
ASSETS:				
Cash				\$21,729
Property taxes receivable				
Federal and state receivable	\$11,329	\$6,331	\$26,185	
Total Assets:	\$11,329	\$6,331	\$26,185	\$21,729
 LIABILITIES:				
Accounts payable		\$634	\$572	\$1,557
Salaries payable		832	1,691	2,008
Due to other funds	\$10,500	824	16,631	
Total Liabilities:	10,500	2,290	18,894	3,565
 DEFERRED RESOURCES:				
Unavailable property taxes				
 FUND BALANCE:				
Committed	829	4,041	7,291	18,164
Total Liabilities and Fund Balance:	\$11,329	\$6,331	\$26,185	\$21,729

School Lunch Fund	Bus Depreciation Fund	Lottery Fund	Plant Facilities Fund	2017 Totals
\$73,051	\$25,020	\$138,120	\$393,510	\$726,414
			98,114	98,114
11,585				196,781
<u>\$84,636</u>	<u>\$25,020</u>	<u>\$138,120</u>	<u>\$491,624</u>	<u>\$1,021,309</u>
\$8,788			\$36,325	\$77,263
14,851				51,663
				81,403
<u>23,639</u>	<u>\$0</u>	<u>\$0</u>	<u>\$36,325</u>	<u>210,329</u>
			17,476	17,476
<u>60,997</u>	<u>25,020</u>	<u>138,120</u>	<u>437,823</u>	<u>793,504</u>
<u>\$84,636</u>	<u>\$25,020</u>	<u>\$138,120</u>	<u>\$491,624</u>	<u>\$1,021,309</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

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

YEAR ENDED JUNE 30, 2017

	Gear Up Grant Fund	Local Grants Fund	Driver Education Fund	State Professional Technical Fund
REVENUES:				
Local income		\$31,430	\$9,755	
Federal and State assistance	\$21,119		6,226	\$23,554
Total Revenues:	21,119	\$31,430	15,981	23,554
EXPENDITURES:				
Instructional services	24,471	31,602	9,803	24,049
Support services	5,953			
Non-instructional services				
Capital outlay				
Total Expenditures:	30,424	31,602	9,803	24,049
EXCESS REVENUES (EXPENDITURES)	(9,305)	(172)	6,178	(495)
TRANSFERS (TO) FROM OTHER FUNDS				
EXCESS FINANCING SOURCES (USES)	(9,305)	(172)	6,178	(495)
FUND BALANCE - JUNE 30, 2016	2,738	668	10,582	1,099
FUND BALANCE - JUNE 30, 2017	(\$6,567)	\$496	\$16,760	\$604

State Technology Fund	State Substance Abuse Fund	Title I Migrant Fund	Title V1B Fund	Preschool Fund	Small Rural Grant Fund
<u>\$74,663</u>	<u>\$11,260</u>	<u>\$91,951</u>	<u>\$158,486</u>	<u>\$5,945</u>	<u>\$15,797</u>
<u>74,663</u>	<u>11,260</u>	<u>91,951</u>	<u>158,486</u>	<u>5,945</u>	<u>15,797</u>
		29,786	72,574	5,487	15,060
75,732	4,018	55,759	69,690		
<u>75,732</u>	<u>4,018</u>	<u>85,545</u>	<u>142,264</u>	<u>5,487</u>	<u>15,060</u>
(1,069)	7,242	6,406	16,222	458	737
		(3,126)	(5,219)	(202)	(537)
(1,069)	7,242	3,280	11,003	256	200
<u>22,832</u>	<u>12,184</u>	<u>16,912</u>	<u>15,696</u>	<u>510</u>	<u>880</u>
<u>\$21,763</u>	<u>\$19,426</u>	<u>\$20,192</u>	<u>\$26,699</u>	<u>\$766</u>	<u>\$1,080</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, 2017

	C. Perkins Vocational Education Fund	Title III LEP Fund	Title II Teacher Quality Fund
REVENUES:			
Local income			
Federal and State assistance	\$11,328	\$12,230	\$48,733
Total Revenues:	11,328	12,230	48,733
EXPENDITURES:			
Instructional services	11,328	10,480	37,262
Support services			
Non-instructional services			
Capital outlay			
Total Expenditures:	11,328	10,480	37,262
EXCESS REVENUES (EXPENDITURES)	0	1,750	11,471
TRANSFERS (TO) FROM OTHER FUNDS			(21,649)
EXCESS FINANCING SOURCES (USES)	0	1,750	(10,178)
FUND BALANCE - JUNE 30, 2016	829	2,291	17,469
FUND BALANCE - JUNE 30, 2017	\$829	\$4,041	\$7,291

Medicaid Fund	School Lunch Fund	Bus Depreciation Fund	Lottery Fund	Plant Facilities Fund	2017 Totals
\$27,817	\$11,492	\$12,012		\$378,804	\$443,493
<u>27,817</u>	<u>286,625</u>	<u>12,012</u>	<u>\$64,043</u>	<u>378,804</u>	<u>859,777</u>
	<u>298,117</u>	<u>12,012</u>	<u>64,043</u>	<u>378,804</u>	<u>1,303,270</u>
21,544					293,446
	314,877			172,166	383,318
		153,397			314,877
		<u>153,397</u>			<u>153,397</u>
<u>21,544</u>	<u>314,877</u>	<u>153,397</u>	<u>0</u>	<u>172,166</u>	<u>1,145,038</u>
6,273	(16,760)	(141,385)	64,043	206,638	158,232
	<u>7,255</u>	<u>61,115</u>			<u>37,637</u>
6,273	(9,505)	(80,270)	64,043	206,638	195,869
<u>11,891</u>	<u>70,502</u>	<u>105,290</u>	<u>74,077</u>	<u>231,185</u>	<u>597,635</u>
<u>\$18,164</u>	<u>\$60,997</u>	<u>\$25,020</u>	<u>\$138,120</u>	<u>\$437,823</u>	<u>\$793,504</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR FUND REVENUE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2017

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
GEAR UP GRANT FUND:			
Federal assistance	<u>\$44,780</u>	<u>\$21,119</u>	<u>(\$23,661)</u>
LOCAL GRANT FUND:			
Local revenue	<u>\$31,430</u>	<u>\$31,430</u>	<u>\$0</u>
DRIVER EDUCATION FUND:			
Local revenue	\$7,112	\$9,755	\$2,643
State assistance	7,250	6,226	(1,024)
	<u>\$14,362</u>	<u>\$15,981</u>	<u>\$1,619</u>
STATE PROFESSIONAL TECHNICAL FUND:			
State assistance	<u>\$23,978</u>	<u>\$23,554</u>	<u>(\$424)</u>
STATE TECHNOLOGY FUND:			
State assistance	<u>\$55,748</u>	<u>\$74,663</u>	<u>\$18,915</u>
STATE SUBSTANCE ABUSE FUND:			
State revenue	<u>\$11,100</u>	<u>\$11,260</u>	<u>\$160</u>
TITLE I MIGRANT FUND:			
Federal assistance	<u>\$91,951</u>	<u>\$91,951</u>	<u>\$0</u>
TITLE VI-B FUND:			
Federal assistance	<u>\$153,510</u>	<u>\$158,486</u>	<u>\$4,976</u>
PRESCHOOL FUND:			
Federal assistance	<u>\$5,945</u>	<u>\$5,945</u>	<u>\$0</u>
SMALL RURAL GRANT FUND:			
Federal assistance	<u>\$14,655</u>	<u>\$15,797</u>	<u>\$1,142</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR FUND REVENUE - BUDGET AND ACTUAL - (CONTINUED)
 YEAR ENDED JUNE 30, 2017

	Estimated Revenues	Actual Revenues	Variance Favorable (Unfavorable)
C. PERKINS VOCATIONAL EDUCATION FUND:			
Federal assistance	<u>\$11,328</u>	<u>\$11,328</u>	<u>\$0</u>
TITLE III LEP FUND:			
Federal assistance	<u>\$13,709</u>	<u>\$12,230</u>	<u>(\$1,479)</u>
TITLE II TEACHER QUALITY FUND:			
Federal assistance	<u>\$49,068</u>	<u>\$48,733</u>	<u>(\$335)</u>
MEDICAID FUND:			
State assistance	<u>\$22,553</u>	<u>\$27,817</u>	<u>\$5,264</u>
SCHOOL LUNCH FUND:			
Local revenue	\$27,990	\$11,492	(\$16,498)
Federal assistance	<u>290,870</u>	<u>286,625</u>	<u>(4,245)</u>
	<u>\$318,860</u>	<u>\$298,117</u>	<u>(\$20,743)</u>
BUS DEPRECIATION FUND:			
Other local	<u>\$11,000</u>	<u>\$12,012</u>	<u>\$1,012</u>
LOTTERY FUND:			
State assistance	<u>\$0</u>	<u>\$64,043</u>	<u>\$64,043</u>
PLANT FACILITIES FUND:			
Property taxes	<u>\$268,510</u>	<u>\$378,804</u>	<u>\$110,294</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2017

	Appropriated	Expended	Variance Favorable (Unfavorable)
GEAR UP GRANT FUND:			
Instruction:			
Salaries	\$20,957	\$18,383	\$2,574
Benefits	4,170	3,647	523
Materials and supplies	6,328	1,991	4,337
Insurance	3,725	450	3,275
Support Services:			
Purchased services	7,450	5,953	1,497
Materials and supplies	2,150		2,150
	<u>\$44,780</u>	<u>\$30,424</u>	<u>\$14,356</u>
LOCAL GRANTS FUND:			
Instruction:			
Salaries	\$1,174	\$678	\$496
Benefits	298	29	269
Purchased services	19,208	19,293	(85)
Materials and supplies	11,995	11,602	393
	<u>\$32,675</u>	<u>\$31,602</u>	<u>\$1,073</u>
DRIVER EDUCATION FUND:			
Instruction:			
Salaries	\$8,580	\$7,866	\$714
Benefits	764	801	(37)
Materials and supplies	4,792	900	3,892
Capital outlay	7,004		7,004
Insurance	113	236	(123)
	<u>\$21,253</u>	<u>\$9,803</u>	<u>\$11,450</u>
STATE PROFESSIONAL TECHNOLOGY FUND:			
Instruction:			
Salaries	\$8,118	\$9,997	(\$1,879)
Benefits	1,642	2,117	(475)
Purchased services	4,980	3,065	1,915
Materials and supplies	9,238	8,870	368
	<u>\$23,978</u>	<u>\$24,049</u>	<u>(\$71)</u>
STATE TECHNOLOGY FUND:			
Support Services:			
Salaries	\$11,253	\$11,947	(\$694)
Benefits	3,879	4,128	(249)
Purchased services	12,057	35,360	(23,303)
Materials and supplies	29,400	24,297	5,103
	<u>\$56,589</u>	<u>\$75,732</u>	<u>(\$19,143)</u>
STATE SUBSTANCE ABUSE FUND:			
Instruction:			
Purchased services	\$6,300	\$1,241	\$5,059
Materials and supplies	4,800	2,777	2,023
	<u>\$11,100</u>	<u>\$4,018</u>	<u>\$7,082</u>
TITLE I MIGRANT FUND:			
Instruction:			
Salaries	\$22,272	\$19,480	\$2,792
Benefits	11,900	9,967	1,933
Purchased services	750		750
Materials and supplies	7,563	339	7,224
Support Services:			
Salaries	36,193	36,593	(400)
Benefits	18,391	18,218	173
Purchased services	4,775	948	3,827
Materials and supplies	1,500		1,500
	<u>\$103,344</u>	<u>\$85,545</u>	<u>\$17,799</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)
YEAR ENDED JUNE 30, 2017

	Appropriated	Expended	Variance Favorable (Unfavorable)
TITLE VI-B FUND:			
Instruction:			
Salaries	\$68,938	\$48,008	\$20,930
Benefits	20,977	20,195	782
Purchased services	500	928	(428)
Materials and supplies	4500	3442	1,058
Support Services:			
Salaries	42,120	39,942	2,178
Benefits	21,628	26,151	(4,523)
Materials and supplies	5,000	3,598	1,402
	<u>\$163,663</u>	<u>\$142,264</u>	<u>\$21,399</u>
PRESCHOOL FUND:			
Instruction:			
Salaries	\$4,185	\$3,914	\$271
Benefits	883	837	46
Purchased services	646	705	(59)
Materials and supplies	458	31	427
	<u>\$6,172</u>	<u>\$5,487</u>	<u>\$685</u>
SMALL RURAL GRANT FUND:			
Instruction:			
Salaries	\$7,786	\$8,072	(\$286)
Benefits	3,453	3,508	(55)
Purchased services	4,507	3,480	1,027
Materials and supplies			
	<u>\$15,746</u>	<u>\$15,060</u>	<u>\$686</u>
C. PERKINS VOCATIONAL EDUCATION FUND:			
Instruction:			
Salaries	\$501	\$437	\$64
Benefits	101	88	13
Purchased services	3,500	6,744	(3,244)
Materials and supplies	8,054	4,059	3,995
	<u>\$12,156</u>	<u>\$11,328</u>	<u>\$828</u>
TITLE III LEP FUND:			
Support Services:			
Salaries	\$7,308	\$6,126	\$1,182
Benefits	4,603	4,235	368
Purchased services	2,000		2,000
Materials and supplies	942	119	823
	<u>\$14,853</u>	<u>\$10,480</u>	<u>\$4,373</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF NON-MAJOR EXPENDITURES - BUDGET AND ACTUAL - (CONTINUED)
YEAR ENDED JUNE 30, 2017

	<u>Appropriated</u>	<u>Expended</u>	Variance Favorable (Unfavorable)
TITLE II TEACHER QUALITY FUND:			
Support Services:			
Salaries	\$20,005	\$25,145	(\$5,140)
Benefits	4,730	6,369	(1,639)
Purchased services	1,500	4,001	(2,501)
Materials and supplies	1,166	1,747	(581)
	<u>\$27,401</u>	<u>\$37,262</u>	<u>(\$9,861)</u>
MEDICAID FUND:			
Instruction:			
Salaries	\$12,046	\$12,046	\$0
Benefits	9,777	9,498	279
	<u>\$21,823</u>	<u>\$21,544</u>	<u>\$279</u>
SCHOOL LUNCH FUND:			
Non-instruction:			
Salaries	\$101,824	\$98,118	\$3,706
Benefits	56,553	55,034	1,519
Purchased services	731	388	343
Materials and supplies	170,016	161,337	8,679
Capital outlay			0
	<u>\$329,124</u>	<u>\$314,877</u>	<u>\$14,247</u>
BUS DEPRECIATION FUND:			
Capital outlay	<u>\$153,369</u>	<u>\$153,397</u>	<u>(\$28)</u>
LOTTERY FUND:			
Capital outlay	<u>\$10,000</u>	<u></u>	<u>\$10,000</u>
PLANT FACILITIES FUND:			
Support Services:			
Salaries	\$54,618	\$55,378	(\$760)
Benefits	18,110	18,719	(609)
Purchased services	93,000	64,007	28,993
Materials and supplies	114,000	34,062	79,938
	<u>\$279,728</u>	<u>\$172,166</u>	<u>\$107,562</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2017

FUND:	Balance 6/30/16	Receipts	Disbursements	Transfers	Balance 6/30/17
Academic Decathlon	(\$1,291)			\$135	(\$1,156)
BPA	683	\$898	(\$1,063)		518
IDLA	(240)	1,325	(1,275)		(190)
Duel Credit -Social	1,181	400			1,581
Krehbiel	100			(100)	0
FFA - Booth	445	10,813	(10,891)		367
Office Teacher	36	958	(1,347)	1,087	734
FFA	148	3,178	(3,718)		(392)
Duel Credit -English	373	400	(773)		0
AG	748	8,019	(2,834)		5,933
Scholarships	868	500	(75)		1,293
National Honor Society	100	2,131	(2,089)		142
Ind Alt HS	80	150	(150)		80
Sunshine Club	135	128	(210)		53
Student Body	(521)	1,516	(1,574)	1,575	996
Tiger Club	17		(17)		0
Class of 2015	435			(435)	0
Class of 2016	2,417		(1,212)	(1,205)	0
Class of 2017	1,172	1,105	(503)		1,774
Class of 2018	759	1,229	(475)	(35)	1,478
Class of 2019	343	511	(146)		708
Class of 2020		960	(98)		862
Seniors-Current		185	(185)		0
Wrestling room	1,791	861		(1,791)	861
Pop Machine	260	792	(913)		139
Music	38	1,080	(1,081)		37
Music Supplies	76	32	(54)		54
Band Rental & Repair	11	1,067	(1,048)		30
Pep Band	418	18,360	(17,874)		904
Jazz Band	0	1,943	(1,978)	35	0
Musical	317	6,874	(4,438)		2,753
First Aid A	500		(107)		393
First Aid B	1,288	725	(1,498)		515
Weight Room	713	725	(1,033)		405
Athletics	12,844	29,135	(21,410)	(8,042)	12,527
Athletic Equip - direct	500				500
Plato	398				398

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF HIGH SCHOOL STUDENT BODY FUNDS - (CONTINUED)

YEAR ENDED JUNE 30, 2017

FUND:	Balance 6/30/16	Receipts	Disbursements	Transfers	Balance 6/30/17
Extra/Trans	\$23,154	\$5,502	(\$6,679)	(\$190)	\$21,787
District Tournaments	2,025				2,025
ACT	60				60
Annual	7,249	11,506	(13,003)		5,752
Chemistry	424	10	(479)	683	638
Art	274	1,570	(1,625)	\$65	284
Art Equipment	183				183
Computer Lab	1,695	316	(796)		1,215
Counselor	167	115	(198)		84
Drivers Ed	2,370	7,250	(9,610)		10
Faculty Pop	103	419	(531)		(9)
Gear Up 2	(301)	3,663	(4,062)		(700)
Interest	2,311	2,906	(1,077)		4,140
Library	216	208	(228)		196
Math	20				20
Lockers	162				162
Sales Tax	8	1,892	(1,900)		0
Telescope	683			(683)	0
Textbook Fines	1,646	35	(574)		1,107
Teacher Accounts	1,137	1,260	(841)	(932)	624
Special Education		50			50
Principal		100	(50)		50
Savings	5,418				5,418
Football	(183)	380	(2,271)	2,533	459
Volleyball	(428)	7,988	(7,305)	1,833	2,088
Girls Soccer	49				49
Boys Soccer	99	80		337	516
Soccer	651		(1,420)	810	41
Girls Basketball	(848)	5,850	(6,205)	2,960	1,757
Boys Basketball	394	230	(777)	338	185
Wrestling	1,925	4,096	(10,426)	337	(4,068)
Golf	318	42	(300)	338	398
Track	432	4,959	(5,514)	337	214
Cheerleading	562	1,031	(313)	10	1,290
	<u>\$79,117</u>	<u>\$157,458</u>	<u>(\$156,253)</u>	<u>(\$0)</u>	<u>\$80,322</u>
Checking					\$16,762
Savings					6,253
Investments					57,307
					<u>\$80,322</u>

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE MIDDLE SCHOOL STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2017

FUND:	Balance 6/30/16	Receipts	Disbursements	Transfers	Balance 6/30/17
Annual	(\$10)	\$1,515	(\$1,472)		\$33
Accelerated Reader	1,246	2,627			3,873
Art	406	295	(292)		409
Athletics - Gen	277	2,363	(2,639)		1
Athletics - VB	2,184	1,148	(777)		2,555
Athletics - W	1,259	1,772	(2,256)		775
Athletics - GBB	3,581	1,484	(1,676)		3,389
Athletics - BBB	8,200	1,227	(1,360)		8,067
Athletics - CC	297				297
Athletics - Track	3,684	1,187	(964)		3,907
CD Certificate	11,865				11,865
Cheer/Drill	858	100	(703)		255
Custodial	147		(144)		3
Computers	3,450	1,008	(1,236)		3,222
Cool to be Kind	188		(109)		79
Credit Recovery	125				125
Exploratory	324	465	(205)		584
Fundraiser	1,022				1,022
Health/PE	143				143
Health Fair	69				69
General	11,641	3,400	(2,508)		12,533
Grade 6	392	810	(605)		597
Grade 7	898	765	(737)		926
Grade 8	(70)	525	(105)		350
Grants	198				198
Locks	20				20
Media Center	2,472	12	(210)		2,274
Migrant	5				5
Milk Machine/ Health	17				17
Multi-media	492	137	(145)		484
Music - Millett	1,133	2,620	(2,664)		1,089
Postage	98				98
Special Services	84				84
Student Govt	1,031	1,889	(1,788)		1,132
Ski-skate	7,351	4,808	(3,248)		8,911
Stem grants	67	1,840	(801)		1,106
Sunshine	436	172	(56)		552
Teachers	5,270	1,921	(1,021)		6,170
PTSA	1,770				1,770
Vending	2,492	2,202	(2,639)		2,055
World cultures		300	(283)		17
Life skills		130	(38)		92
World sports		380	(300)		80
Yellowstone	685				685
	<u>\$75,797</u>	<u>\$37,102</u>	<u>(\$30,981)</u>	<u>\$0</u>	<u>\$81,918</u>
Cash in bank - Checking					\$70,048
Cash in bank - Savings					11,870
					<u>\$81,918</u>

SCHOOL DISTRICT NO. 58
 ABERDEEN, IDAHO

SCHEDULE OF ELEMENTARY STUDENT BODY FUNDS

YEAR ENDED JUNE 30, 2017

	Balance 6/30/16	Receipts	Disbursements	Transfers	Balance 6/30/17
FUND:					
General	\$35,237	\$4,658	(\$3,714)		\$36,181
Vending	13,240	5,551	(3,646)		15,145
Teachers	1,853	367	(26)		2,194
Library	47	1,437	(1,005)		479
	\$50,377	\$12,013	(\$8,391)	\$0	\$53,999
Cash in bank - checking					\$53,999

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Board of Trustees
School District No. 58
Aberdeen, Idaho

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No 58, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated September 11, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Pocatello, Idaho
September 11, 2017

Morgan J Hatt CPA PC

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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 the Uniform Guidance

Report on Compliance for Each Major Federal Program

I have audited School District No. 58's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2017. 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

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

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

Opinion on Each Major Federal Program

In my opinion, 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, 2017.

Report on Internal Control over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Pocatello, Idaho
September 11, 2017

Morgan J Hatt CPA PC

SINGLE AUDIT SECTION

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

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	\$276,231
Title I - Migrant	84.011	88,671
Title VI-B	84.027	147,483
Title VI-B Preschool	84.173	5,689
Total Special Education Cluster:		<u>153,172</u>
Vocational Education (Perkins)	84.048	11,328
Gear Up	84.334	30,425
Rural Education	84.358	15,597
Title III LEP	84.365	10,480
Improving Teacher Quality	84.367	58,911
Total Department of Education:		<u>644,815</u>
<u>Department of Agriculture (State Dept. of Education Pass Thru Funding):</u>		
School Breakfast Program	10.553	58,979
School Lunch Program	10.555	205,694
School Lunch Commodities - Non-cash	10.555	34,313
Summer Food Service Program for Children	10.559	11,544
Total Child Nutrition Cluster:		<u>310,530</u>
Fruit and Vegetables	10.582	10,367
Total Department of Agriculture:		<u>320,897</u>
Total		<u><u>\$965,712</u></u>

Note 1: Basis of Presentation -The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of School District #58 under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the *financial position, changes in net assets, or cash flows of School District #58*.

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

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

SCHOOL DISTRICT NO. 58
ABERDEEN, IDAHO

SUMMARY OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENTS

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

Internal control over financial reporting:

There are no material weaknesses identified.

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

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

FEDERAL AWARDS

There are no material weaknesses identified.

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

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

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

IDENTIFICATION OF MAJOR PROGRAMS

The programs tested as major programs include:

Department of Agriculture	10.553	10.555	10.559	10.582
Department of Education	84.027	84.173		

The threshold for distinguishing Types A and B programs was \$750,000.

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