

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

Chairman and Board of Trustees  
Hansen School District No. 415  
Hansen, ID 83334

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hansen School District No. 415 (the District), as of and for the year ended June 30, 2019, 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.

### *Auditors' Responsibility*

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

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

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

### *Opinions*

#### **Basis for Qualified Opinion on the Governmental Activities Opinion Unit**

Management has not performed the actuarial calculations for Other Post-Employment Benefits – Health and Dental for the governmental activities and, accordingly, has not considered the District's other post-employment benefit liability. Accounting principles generally accepted in the United States of America require a liability and related expense be recorded for other post-employment benefits, which would decrease net position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities has not been determined.

#### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities Opinion Unit" paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities of the District as of June 30, 2019, 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.

#### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Notes 1, 9 and 10 to the financial statement, the District has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The adoption of the new standard pertains to the District's participation in a cost-sharing multi-employer defined benefit plan administered by the Public Employees Retirement System. This has resulted in a restatement of beginning net position as of July 1, 2018. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

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

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the schedule of receipts, disbursements and changes in fund balance – agency funds (school activity fund) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & CO., PLLC  
Twin Falls, Idaho  
October 5, 2019

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**HANSEN SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 298,655
Investments	891,836
Property taxes receivable	25,611
Other receivables	431,490
Total current assets	1,647,592
Noncurrent assets:	
Capital assets, net	4,973,513
Construction in progress	7,200
Net OPEB asset	110,699
Total noncurrent assets	5,091,412
<b>Total assets</b>	<b>6,739,004</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	370,572
OPEB	36,158
<b>Total deferred outflows of resources</b>	<b>406,730</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 7,145,734</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 56,666
Interest payable	4,913
Current portion of long-term obligations	310,000
Salaries and benefits payable	283,831
Total current liabilities	655,410
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	-
Lease payable	108,477
Net pension liability	828,206
Total noncurrent liabilities	936,683
<b>Total liabilities</b>	<b>1,592,093</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	173,575
OPEB	6,836
<b>Total deferred outflows of resources</b>	<b>180,411</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,555,036
Restricted for:	
School lunch	22,528
Non K-12 programs	72,026
Capital projects	113,245
Debt service	338,124
Unrestricted	272,271
Total net position	5,373,230
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 7,145,734</b>

See Notes to Financial Statements.

**HANSEN SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
	<b>Expenses</b>	<b>Operating Grants and Contributions</b>	<b>Charges for Services</b>	<b>Governmental Activities</b>
<b>Instruction:</b>				
Instructional Staff	\$ 1,820,217	\$ 1,640,434	\$ -	\$ (179,783)
Instructional -Other	261,117	235,326	-	(25,791)
<b>Support Services:</b>				
Pupil Support Services	278,634	251,113	-	(27,521)
Staff Support Services	101,708	91,662	-	(10,046)
District Administration	160,275	144,445	-	(15,830)
School Administration	214,786	193,572	-	(21,214)
Business Administrative	236,445	213,091	-	(23,354)
Operation and maintenance of facilities	334,911	301,832	-	(33,079)
Transportation	139,026	84,000	-	(55,026)
School lunch services	78,525	127,109	19,008	67,592
Interest on long-term debt	15,769	-	-	(15,769)
Total governmental activities	<u>3,641,413</u>	<u>3,282,584</u>	<u>19,008</u>	<u>(339,821)</u>

**General Revenues:**

Taxes:

Property taxes, levied for general purposes	405,854
Property taxes, levied for debt service	283,364
Federal and state aid not restricted to specific purposes	-
Interest and investment earnings	25,563
Miscellaneous	121,464
Total general revenues, extraordinary items and transfers	<u>836,245</u>
Change in net assets	496,424
Net position-beginning of year, restated	<u>4,876,806</u>
Net position-end of year	<u><u>\$ 5,373,230</u></u>

See Notes to Financial Statements.



## **FUND FINANCIAL STATEMENTS**

**HANSEN SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,727	\$ 260,466	\$ 55,548	\$ 175,702	\$ 493,443
Investments	866,051	535	25,250	-	891,836
Receivables, net	11,429	10,395	3,787	-	25,611
Receivable from other governments	183,847	89,259	31,879	126,505	431,490
<b>Total assets</b>	<u>1,063,054</u>	<u>360,655</u>	<u>116,464</u>	<u>302,207</u>	<u>1,842,380</u>
<b>DEFERRED OUTFLOWS</b>					
	-	-	-	-	-
<b>Total assets and deferred outflows</b>	<u>\$ 1,063,054</u>	<u>\$ 360,655</u>	<u>\$ 116,464</u>	<u>\$ 302,207</u>	<u>\$ 1,842,380</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>					
Accounts payable	\$ 45,843	\$ -	\$ -	\$ 10,823	\$ 56,666
Pooled cash deficit	127,525	-	-	67,263	194,788
Salaries and benefits payable	209,565	-	-	74,266	283,831
<b>Total liabilities</b>	<u>382,933</u>	<u>-</u>	<u>-</u>	<u>152,352</u>	<u>535,285</u>
<b>DEFERRED INFLOWS</b>					
Unavailable revenue-property taxes	9,540	8,809	3,219	-	21,568
<b>FUND BALANCE</b>					
Nonspendable					
Restricted					
Capital projects	-	-	113,245	-	113,245
Debt service	-	351,846	-	-	351,846
Federal programs	-	-	-	5,250	5,250
State programs	-	-	-	66,776	66,776
Child Nutrition	-	-	-	22,528	22,528
Local Grants	-	-	-	55,557	55,557
Committed					
General Board Reserves	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	670,581	-	-	(256)	670,325
<b>Total fund balances</b>	<u>670,581</u>	<u>351,846</u>	<u>113,245</u>	<u>149,855</u>	<u>1,285,527</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 1,063,054</u>	<u>\$ 360,655</u>	<u>\$ 116,464</u>	<u>\$ 302,207</u>	<u>\$ 1,842,380</u>

See Notes to Financial Statements.

**HANSEN SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

**Total fund balances for governmental funds** \$ 1,285,527

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	52,487	
Buildings and improvements, net of \$3,269,235 accumulated depreciation		4,684,645	
Equipment, net of \$43,339 accumulated depreciation		60,510	
Transportation buses, net of \$243,282 accumulated depreciation		175,871	
Construction in Progress		7,200	
Total		4,980,713	4,980,713

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 unavailable revenue- property taxes in the funds. 21,568

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$4,914 (4,913)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

Leases Payable		(108,477)	
Bonds Payable		(310,000)	
Other post employment benefits asset		110,699	
Due in more than one year-pension liabilities		(828,206)	

Deferred outflows of resources not reported in the funds 406,730  
 Deferred inflows of resources not reported in the funds (180,411)

**Total net position of governmental activities** \$ 5,373,230

**HANSEN SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
<b>REVENUES</b>					
Property taxes	\$ 304,164	\$ 281,514	\$ 99,436	\$ -	\$ 685,114
Earnings on investments	24,920	31	582	30	25,563
School lunch revenue	-	-	-	14,608	14,608
Other local	53,242	-	-	66,661	119,903
State aid	2,409,364	15,785	-	100,920	2,526,069
Federal aid	-	-	-	849,590	849,590
<b>Total revenues</b>	<u>2,791,690</u>	<u>297,330</u>	<u>100,018</u>	<u>1,031,809</u>	<u>4,220,847</u>
<b>EXPENDITURES</b>					
Current operating:					
General government	2,632,605	-	-	840,427	3,473,032
Debt service:					
Principal	-	295,000	-	-	295,000
Interest and other charges	-	20,444	-	-	20,444
Capital outlay	791,374	-	60,967	-	852,341
Food Service	-	-	-	185,342	185,342
<b>Total expenditures</b>	<u>3,423,979</u>	<u>315,444</u>	<u>60,967</u>	<u>1,025,769</u>	<u>4,826,159</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(632,289)	(18,114)	39,051	6,040	(605,312)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	-	-	-
Transfers in	-	-	-	54,210	54,210
Transfers out	(54,210)	-	-	-	(54,210)
<b>Total other financing sources (uses)</b>	<u>(54,210)</u>	<u>-</u>	<u>-</u>	<u>54,210</u>	<u>-</u>
<b>Net change in fund balance</b>	(686,499)	(18,114)	39,051	60,250	(605,312)
<b>Fund balances-beginning</b>	<u>1,357,080</u>	<u>369,960</u>	<u>74,194</u>	<u>89,605</u>	<u>1,890,839</u>
<b>Fund balances-ending</b>	<u>\$ 670,581</u>	<u>\$ 351,846</u>	<u>\$ 113,245</u>	<u>\$ 149,855</u>	<u>\$ 1,285,527</u>

See Notes to Financial Statements.

**HANSEN SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

**Net change in fund balances-total governmental funds** \$ (605,312)

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 for furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 857,429	
Depreciation expense	(158,925)	
Total		698,504

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Lease payments	20,773	
Repayment of bond principal	295,000	
Interest expense - general obligation bonds	4,675	
Total		320,448

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues increased this year. 4,107

Benefits paid on behalf of retirees for other post-employment benefits (OPEB) in the Statement of Activities differs from the amount reported in the governmental funds because these costs are recognized as an expenditure in the governmental funds when they are paid, thus requiring the use of current financial resources. In the Statement of Activities, however, the OPEB obligation is recognized based on the actuarial valuations, regardless of when it is paid. 16,260

Changes in net pension liability and related pension obligation deferred outflow and employer pension assumption deferred inflows of resources do not provide or required current financial resources and therefore are not reflected in the funds. 62,417

**Change in net position of governmental activities** \$ 496,424

**HANSEN SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2019**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 60,910
<b>Total Assets</b>	<b>\$ 60,910</b>
 <b>LIABILITIES AND NET ASSETS</b>	
Liabilities	
Due to student activities	\$ 60,910
<b>Total Liabilities</b>	60,910
<b>Net Position</b>	-
<b>Total Liabilities and Net Position</b>	<b>\$ 60,910</b>

See Notes to Financial Statements.

## **NOTES TO FINANCIAL STATEMENTS**

**HANSEN SCHOOL DISTRICT No. 415**  
**HANSEN, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the School District**

Hansen School District No. 415 (the District) provides public school educational services as authorized by Section 33 of Idaho Code. The District is governed by an elected Board of Trustees which possesses final decision-making authority and is held primarily accountable for those decisions. The Board is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds and/or issuing bonds to finance school system operations and construction. The statements reflect all funds and accounts directly under the control of the District.

**B. Basis of Presentation**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units and to state laws applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The more significant accounting policies of the District are described below:

**C. Financial Reporting Entity**

The District follows GASB in determining the reporting entity. The financial reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, and agencies of the primary government whose budgets are controlled or whose boards are appointed by the District's Board of Trustees. Control or dependence on the District was determined on the basis of appointment authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District and legal standing.

The District contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI). PERSI is administered by the State of Idaho. A ten-year history is provided in PERSI's annual report.

**D. Fund Accounting**

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follows:

*Governmental Funds*

Governmental funds are used to account for the District's general governmental activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The general fund and debt service fund, are considered major funds while the remaining governmental funds are considered non-major. Governmental funds include:

General fund – the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special revenue funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.



**HANSEN SCHOOL DISTRICT No. 415**  
**HANSEN, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Debt service fund – account for the servicing of general long-term debt.

Capital project fund– accounts for the acquisition of fixed assets or construction of major capital projects.

*Fiduciary Funds*

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Agency funds are used to account for assets that the government holds for others in the agency capacity. The agency funds are custodial in nature and do not present results of operations or have a measurement focus.

The District has the following agency funds:

School activity funds – accounts for assets held by the District as an agent for the individual schools and school organizations.

**E. Measurement Focus and Basis of Accounting**

Government-Wide Financial Statements (GWFS) - The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the Government Wide Financial Statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

*Program revenues*

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District’s taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District’s general revenues. Program revenues include charges to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

*Allocation of indirect expenses*

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is not specifically identified by function and is considered an unallocated indirect expense. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Fund Financial Statements* – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

*Ad valorem taxes* are susceptible to accrual.

*Entitlements and shared revenues* (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

*Other receipts* become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for twelve-month employees are accrued at June 30, 2019.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

**F. Cash and Investments**

*Cash and Cash Equivalents*

The District pools cash of all funds into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principal offices in Idaho.

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Restricted Cash and Investments*

The restricted cash and investments are comprised of restricted deposits for specific program expenditures, unexpended bond proceeds, capital project deposits, and debt services funds that are restricted for use on specifically identified programs, capital projects and debt service payments.

*Investments*

Investments are stated at fair value, as determined by quoted market prices, except for any certificates of deposit, which are non-participating contracts, and are therefore carried at amortized cost. Idaho Code provides authorization for the investment of funds as well as to what constitutes an allowable investment. The District policy allows for investment of idle funds consistent with the Idaho State Code 67-1210 and 67-1210A.

The Code limits investments to the following general types:

Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.

Time deposit accounts, tax anticipation and interest-bearing notes.

Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies.

Repurchase agreements secured by the above.

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

An annual audit of Joint Powers Investment Pool ("Pool") is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool.

**G. Short-term Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as receivable from other funds or payable to other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category: the pension obligation and the post-employment obligation (OPEB) reported on the government-wide statement of net position. The pension and OPEB obligations result from changes in the assumptions or other inputs in the actuarial calculation of the District's net pension liability and OPEB asset.

**HANSEN SCHOOL DISTRICT No. 415**  
**HANSEN, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category: the employer pension assumption and the OPEB obligation. The employer pension assumption and OPEB obligation results from differences between the expected and actual experience and the net difference between projected and actual earnings on pension plan investments and OPEB investments derived from the actuarial calculation of the District's net pension liability and OPEB liability. On the fund level financial statements, the District has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category: unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**I. 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 two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<b>Asset</b>	<b>Years</b>
Buildings and improvements	40
Furniture	7
Buses	10

Depreciation expense for buildings, furniture and equipment relate to multiple programs, for which allocating among programs is not easily identifiable. As such, depreciation is not allocated.

**J. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In 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 and bond premiums are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**HANSEN SCHOOL DISTRICT No. 415**  
**HANSEN, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**K. Equity and Fund Balance Classifications**

**Equity classifications**

In the District-wide financial statements, equity is classified as net position and displayed in three components:

*Invested in capital assets, net of related debt*—Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

*Restricted* - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* - All other net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Fund balance classifications**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

*Nonspendable Fund Balance* - consists of amounts that are not in a spendable form or are required to be maintained intact.

*Restricted Fund Balance* - consists of amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. The restricted for State Programs and Restricted for Federal Programs balances reflect amounts restricted for specific state and federal programs as mandated by respective state and federal grant or funding agreements. The Restricted for Debt Service balance is to be used for future servicing of the outstanding bonds and are restricted through debt covenants.

The Restricted for Capital Projects balance reflect amounts that are restricted for construction or other capital outlay projects.

*Committed Fund Balance*—consists of amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the District Board. These amounts cannot be used for any other purpose unless the District’ Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

*Assigned Fund Balance*—consists of amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District’s Board or Superintendent.

*Unassigned Fund Balance*—consists of any remaining fund balance that has not been reported in any other classification.

**HANSEN SCHOOL DISTRICT No. 415**  
**HANSEN, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

For the purposes of fund balance classification, the District’s policy is to have expenditures spent from the restricted fund balances first, followed in order by committed fund balance (if any), assigned fund balance (if any) and last unassigned fund balance.

**L. Interfund Transfers**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers.

**M. Unavailable and Advanced Revenue**

The District reports unavailable and advance revenues on its Statement of Net Position and Fund Balance Sheet. Advanced revenues are reported when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for advanced revenue is removed from the combined balance sheet and the revenue is recognized. On the government fund financial statements property taxes that are delinquent are recorded as unavailable revenue since they are not available within 60 days of the fiscal year end; however, in the government-wide financial statements all property taxes are recognized in the year they are measurable.

**N. Salaries and Benefits Payable**

Teaching personnel are paid on contracts that provide monthly payments throughout the year, even though school is not in session during the summer months. Salaries and benefits payable represent payment for teachers that are distributed during July and August, but are for services performed for the year ended June 30, 2019. It also includes an amount for full time administrative employees for vacation earned but not paid at year end.

**O. 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 (Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**P. Other Post-Employment Benefits-Health and Dental**

The District does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the School insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average cost is referred to as an “implicit subsidy” since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that liabilities and related expenses can be recorded in the government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the District accounts for the other post-employment benefits for retirees on the pay-as-you-go basis.

**HANSEN SCHOOL DISTRICT No. 415**  
**HANSEN, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Q. Other Post-Employment Benefits (OPEB)-PERSI Sick Leave**

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense;(expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund’s fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

**R. Property Taxes**

Property tax revenues are recognized when received or, if received within the two-month period subsequent to year-end, are accrued on the fund financial statements. Property tax revenues are recognized when levied with appropriate accrual made at year-end on the government-wide financial statements. The District’s property taxes, levied on the Thursday prior to the second Monday in September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Occupancy taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion that meets the revenue recognition criteria is recognized as revenue on the fund financial statements. Under State law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Twin Falls County bill and collect property taxes for the District.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no material allowance for uncollectible taxes.

**S. Elimination and Reclassifications**

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activity’s column.

**T. Grants and Other Intergovernmental Revenues**

Federal and state reimbursement-type grants are recorded as intergovernmental revenues when the related expenditures/expenses are incurred and, in governmental funds, when the revenues meet the availability criterion. For programs that are supported by multiple funding sources, federal and state grant monies are applied to expenditures first.

**U. Encumbrances**

Purchase orders, contracts, and other commitments for the expenditure of funds are considered to be encumbrances for budgeting control purposes during the year. Outstanding encumbrances at year-end do not constitute expenditures and are either charged to an appropriation the following year or the contractual commitment is canceled.

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**V. Nonmonetary Transactions**

Items received via food commodities programs are recognized at their stated fair market value.

**W. Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

**X. Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental fund types.

**NOTE 2 – CASH AND INVESTMENTS**

At June 30, 2019 the District’s cash and investments, excluding trust and agency funds, consisted of the following:

	Bank Deposit Balance	Carrying Amounts
Cash and Equivalents:		
Insured or collateralized	\$ 250,000	\$ 250,000
Uninsured or uncollateralized	68,852	48,655
Total Deposits	\$ 318,852	\$ 298,655

	Rating	Duration	Fair Value
Investments:			
State Treasurer's local government pool	Unrated	88 Days	\$ 891,836

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover the value of its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another part. The District does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

The District minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be identified as to the Hansen School District ownership and be held in the District’s name.



**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2 – CASH AND INVESTMENTS – Continued**

**Credit Risk**

Credit risk is the risk that an issuer of debt securities or counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody’s, Standard & Poor’s and Fitch’s. The investments of the District are not rated and the District’s policy does not restrict them to rated investments. Most of the Investments of the District as of June 30, 2019, are invested in the LGIP which is not required to be rated.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. At June 30, 2019, the District is not subject to interest rate risk as all investments are held in the LGIP and certificates of deposits, which have short maturities. The District does not have a policy concerning interest rate risk.

**Concentration of Credit Risk**

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when 5% of the total entity’s investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District has no policy limiting the amount it may invest in any one issuer.

**NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND INTERFUND TRANSFERS**

At June 30, 2019 the composition of interfund balances are as follows:

<u>Receivable Funds</u>	<u>Payable Funds</u>	
Capital Projects and Debt Service	Title I-A	\$ 10,041
	Perkins	152
	Title I-C Migrant	1,558
	Federal Forest Fund	104
	IDEA School Age	7,590
	IDEA Preschool	538
	Title V-A	2,536
	SIG Grants	7,359
	21 <sup>st</sup> Century	17,667
	Improving Teacher Quality	2,021
	Rural Education	17,179
	Various Federal	518
	General	<u>127,525</u>
	Total	<u>\$ 194,788</u>

The balances resulted from loans made to cover operating cash deficits. The amounts are shown on the balance sheet as deficit in pooled cash.

**HANSEN SCHOOL DISTRICT No. 415  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND INTERFUND TRANSFERS - Continued**

The following operating transfers occurred during the fiscal year:

	<u>Transfers in</u>		<u>Transfers Out</u>
Medicaid	<u>\$ 54,210</u>	General	<u>\$ 54,210</u>

**NOTE 4 – DUE FROM OTHER AGENCIES AND UNITS OF GOVERNMENTS**

Amounts due from other agencies and units of government were as follows as of June 30, 2019:

State agencies	\$ 213,993
County agencies	<u>217,497</u>
Total	<u>\$ 431,490</u>

**NOTE 5 – UNAVAILABLE AND ADVANCED REVENUES**

Revenues are considered unavailable in accordance with the modified accrual basis of accounting for the fund financial statements. The following revenues are measurable but do not represent available expendable resources for the Fund Financial Statements or were received in advance before the District has legal claim to them for the fiscal year ended June 30, 2019:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Delinquent taxes	<u>\$ 9,540</u>	<u>\$ 8,809</u>	<u>\$ 3,219</u>	<u>\$ 21,568</u>

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 - CAPITAL ASSETS**

The following presents a summary of activity in the capital assets as follows:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
<b>Sites</b>				
Elementary	\$ 47,480	-	-	\$ 47,480
Secondary	5,007	-	-	5,007
<b>Total Sites</b>	<u>52,487</u>	<u>-</u>	<u>-</u>	<u>52,487</u>
<b>Buildings &amp; Equipment</b>				
Elementary	3,458,268	-	-	3,458,268
Secondary	3,001,827	32,007	-	3,033,834
Vo-Ed	430,605	-	-	430,605
Community Gym	-	1,135,022	-	1,135,022
<b>Total Buildings</b>	<u>6,890,700</u>	<u>1,167,029</u>	<u>-</u>	<u>8,057,729</u>
<b>Transportation Equip.</b>	<u>333,828</u>	<u>85,326</u>	<u>-</u>	<u>419,154</u>
<b>Total Capital Assets</b>	7,277,015	1,252,355	-	8,529,370
Accum. Depreciation	(3,396,932)	(158,925)	-	(3,555,857)
<b>Net Capital Assets</b>	<u>\$ 3,880,083</u>	<u>\$ 1,093,430</u>	<u>\$ -</u>	<u>\$ 4,973,513</u>

**NOTE 7 - GENERAL OBLIGATION BONDS**

The following is a summary of bond transactions of the District for the year ended June 30, 2019:

	<b>Bonds Payable June 30, 2018</b>	<b>Bond Issuance</b>	<b>Principal Payments</b>	<b>Bonds Payable June 30, 2019</b>
2006 Series	<u>\$ 605,000</u>	<u>\$ -</u>	<u>\$ (295,000)</u>	<u>\$ 310,000</u>

General obligation bonds payable as of June 30, 2019 consist of the following:

Series 2006 General Obligation Bonds in the original principal amount of \$1,770,000 maturing through August 15, 2019. Principal payments are dues annually on August 15, and interest is payable semiannually on February 15 and August 15 of each year. Interest rates on the bonds range from 3.75% to 4.25% on the outstanding bonds.

\$ 310,000

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7 - GENERAL OBLIGATION BONDS - Continued**

The annual requirements to pay principal and interest on outstanding general obligation bonds payable are as follows:

	2006 Series	Interest	Total
Fiscal Year 2020	\$ 310,000	\$ 6,588	\$ 316,588

**NOTE 8 – PENSION PLAN**

*Plan Description*

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

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

*Pension Benefits*

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

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

*Member and Employer Contributions*

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

**HANSEN SCHOOL DISTRICT No. 415  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 – PENSION PLAN – Continued**

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2018, 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% general employees and 11.66% for police and firefighters. The District's contributions were \$211,598 for the year ended June 30, 2018.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 participating PERSI Base Plan employers. At June 30, 2018, the District's proportion was .000580986 percent.

For the year ended June 30, 2019, the District recognized pension expense (revenue) of \$62,417. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,070	\$ 64,722
Changes in assumptions or other inputs	55,762	-
Net difference between projected and actual earnings on pension plan investments	-	95,214
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	624	13,639
The District's contributions subsequent to the measurement date	220,116	-
<b>Total</b>	<b>\$ 370,572</b>	<b>\$ 173,575</b>

\$220,116 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2017 the beginning of the measurement period ended June 30, 2018 is 4.9 and 5.5 for the measurement period June 30, 2018.

**HANSEN SCHOOL DISTRICT No. 415  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 – PENSION PLAN – Continued**

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

Year ended June 30,		
2018	\$	(49,645)
2019		85,796
2020		24,344
2021		(54,086)

*Actuarial Assumptions*

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

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

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

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, 2018 is based on the results of an actuarial valuation date July 1, 2018.

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.

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 – PENSION PLAN – Continued**

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

**Capital Market Assumptions**

<b>Asset Class</b>	<b>Expected Return</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Equities			70%	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%
	<b>Expected Return</b>	<b>Expected Inflation</b>	<b>Expected Real Return</b>	<b>Expected Risk</b>
<b>Total Fund</b>				
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\* Expected arithmetic return net of fees and expenses

**Actuarial Assumptions:**

Assumed Inflation - Mean	3.25%
Assumed Inflation -Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	<u>0.40%</u>
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b><u><u>7.10%</u></u></b>

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 – PENSION PLAN – 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 plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

*Sensitivity of the 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:

<b>1% Decrease (6.05%)</b>	<b>Current Discount Rate (7.05%)</b>	<b>1% Increase (8.05%)</b>
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District's proportionate share of the net pension liability (asset)	\$ 2,145,176	\$ 828,206	\$ (209,727)
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*Pension plan fiduciary net position*

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

**NOTE 9 - OPEB PLAN**

*Plan Description*

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by 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 the Sick Leave Plan. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Sick Leave 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.



**HANSEN SCHOOL DISTRICT No. 415**  
**HANSEN, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9 - OPEB PLAN-Continued**

*OPEB Benefits*

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company.

*Employer Contributions*

The contribution rate for employers are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The District's contributions were \$21,640 for the year ended June 30, 2018.

*OPEB Liabilities, OPEB Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2019, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2018, the District's proportion was .001387499 percent.

For the year ended June 30, 2019, the District recognized OPEB expense (expense offset) of (\$16,260). \$22,554 reported as deferred outflows of resources related to OPEBs resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2019.

*Actuarial Assumptions*

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses

The long-term expected rate of return on OPEB 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 OPEB 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.

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9 - OPEB PLAN-Continued**

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. 30

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

**Capital Market Assumptions**

<b>Asset Class</b>	<b>Expected Return</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Equities			70%	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%
	<b>Expected Return</b>	<b>Expected Inflation</b>	<b>Expected Real Return</b>	<b>Expected Risk</b>
<b>Total Fund</b>				
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\* Expected arithmetic return net of fees and expenses

**Actuarial Assumptions:**

Assumed Inflation - Mean	2.25%
Assumed Inflation -Standard Deviation	1.50%
Portfolio Arithmetic Mean Return	6.75%
Portfolio Long-Term Expected Geometric Rate of Return	6.13%
Assumed Investment Expenses	<u>0.40%</u>
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b><u><u>5.73%</u></u></b>

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9 - OPEB PLAN-Continued**

*Discount Rate*

The discount rate used to measure the total OPEB liability was 7.05%. 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

*Sensitivity of the net OPEB asset to changes in the discount rate.*

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

<b>1% Decrease (6.05%)</b>	<b>Current Discount Rate (7.05%)</b>	<b>1% Increase (8.05%)</b>
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District's proportionate share of the net OPEB liability (asset)	\$ (101,617)	\$ (110,699)	\$ (127,735)
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*OPEB plan fiduciary net position*

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

**HANSEN SCHOOL DISTRICT No. 415  
HANSEN, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 10 – ADOPTION OF NEW STANDARD**

As of July 1, 2018, the District adopted GASB Statement no. 75, Accounting and Financial Reporting for Other Post-Employment Benefits (OPEB)-PERSI Sick Leave. The implementation of this standard requires governments to calculate and report the cost and obligations associated with the net OPEB liability in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net OPEB asset. The restatement of net position is identified as follows:

Beginning net position as previously reported at June 30, 2018		\$ 4,753,045
Restatement - Implementation of GASB 75		
Net OPEB (PERSI Sick Leave) asset	102,121	
Deferred outflow - contributions after measurement date	21,640	
Total prior period adjustment		123,761
Beginning net position, restated		\$ 4,876,806

**NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the fund year ended June 30, 2019, expenditures exceeded appropriations in the general fund by \$3,299.

**NOTE 12 – FUND BALANCE AND NET POSITION DEFICITS**

Fund deficits as of June 30, 2019 included the Perkins Fund which had a deficit of \$152 and the Federal Forest Fund which had a deficit of \$104.

**NOTE 13 – RISK FROM LOSSES/CONTINGENT LIABILITIES**

The District is not aware of any pending or threatened litigation that would adversely affect the District. The District purchases commercial insurance to protect assets from losses from workmen’s compensation claims, fire and casualty, general liability and fidelity losses.

The District has received several Federal/State grants for specific purposes that were subject to review and audit of the compliance conditions of each program. This audit found no elements of non-compliance with terms and conditions of the individual programs.

**NOTE 14 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 5, 2019, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HANSEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Local Sources:				
Property taxes	\$ 302,500	\$ 302,286	\$ 304,164	\$ 1,878
Earnings on investments	6,000	25,000	24,920	(80)
Other local	16,000	31,600	53,242	21,642
Total local sources	<u>324,500</u>	<u>358,886</u>	<u>382,326</u>	<u>23,440</u>
State Sources:				
State aid	2,423,922	2,416,999	2,409,364	(7,635)
Total state sources	<u>2,423,922</u>	<u>2,416,999</u>	<u>2,409,364</u>	<u>(7,635)</u>
Federal Sources				
Federal aid	-	-	-	-
Total federal sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>2,748,422</u>	<u>2,775,885</u>	<u>2,791,690</u>	<u>15,805</u>
<b>EXPENDITURES</b>				
Instruction:				
Salaries	1,069,594	1,042,172	1,041,865	307
Employee benefits	417,557	414,237	420,516	(6,279)
Purchased Services	-	-	4,709	(4,709)
Supplies and materials	30,550	30,550	22,804	7,746
Total instruction	<u>1,517,701</u>	<u>1,486,959</u>	<u>1,489,894</u>	<u>(2,935)</u>
Supporting services:				
Pupil support services	74,446	75,672	82,896	(7,224)
Staff support services	60,951	54,488	54,679	(191)
District administration	124,631	126,433	159,823	(33,390)
School administration	215,217	213,556	215,951	(2,395)
Business administration	159,437	146,237	156,389	(10,152)
Operation and maintenance of facilities	393,923	394,707	336,895	57,812
Student transportation	142,036	138,616	126,739	11,877
Total supporting services	<u>1,170,641</u>	<u>1,149,709</u>	<u>1,133,372</u>	<u>16,337</u>
Noninstruction:				
Child nutrition	7,737	7,527	9,339	(1,812)
Total noninstruction	<u>7,737</u>	<u>7,527</u>	<u>9,339</u>	<u>(1,812)</u>
Capital:				
Capital: Outlay	711,401	766,035	791,374	(25,339)
Total capital	<u>711,401</u>	<u>766,035</u>	<u>791,374</u>	<u>(25,339)</u>
Total expenditures	<u>3,407,480</u>	<u>3,410,230</u>	<u>3,423,979</u>	<u>(13,749)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(659,058)</b>	<b>(634,345)</b>	<b>(632,289)</b>	<b>2,056</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(24,142)	(48,855)	(54,210)	(5,355)
Total other financing sources (uses)	<u>(24,142)</u>	<u>(48,855)</u>	<u>(54,210)</u>	<u>(5,355)</u>
<b>Net change in fund balance</b>	<b>(683,200)</b>	<b>(683,200)</b>	<b>(686,499)</b>	<b>(3,299)</b>
<b>Fund balances-beginning</b>	<u>1,357,080</u>	<u>1,357,080</u>	<u>1,357,080</u>	<u>-</u>
<b>Fund balances-ending</b>	<u>\$ 673,880</u>	<u>\$ 673,880</u>	<u>\$ 670,581</u>	<u>\$ (3,299)</u>

See Notes to Required Supplementary Information.

**HANSEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Local Sources:				
Property taxes	\$ 280,000	\$ 280,000	\$ 281,514	\$ 1,514
Earnings on investments	510	510	31	(479)
State aid	16,000	15,785	15,785	-
Total local sources	<u>296,510</u>	<u>296,295</u>	<u>297,330</u>	<u>1,035</u>
<b>Total revenues</b>	<u>296,510</u>	<u>296,295</u>	<u>297,330</u>	<u>1,035</u>
<b>EXPENDITURES</b>				
Principal reduction	295,000	295,000	295,000	-
Interest and bank charges	20,444	20,444	20,444	-
Total expenditures	<u>315,444</u>	<u>315,444</u>	<u>315,444</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(18,934)</u>	<u>(19,149)</u>	<u>(18,114)</u>	<u>1,035</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(18,934)</u>	<u>(19,149)</u>	<u>(18,114)</u>	<u>1,035</u>
<b>Fund balances-beginning</b>	<u>369,960</u>	<u>369,960</u>	<u>369,960</u>	<u>-</u>
<b>Fund balances-ending</b>	<u>\$ 351,026</u>	<u>\$ 350,811</u>	<u>\$ 351,846</u>	<u>\$ 1,035</u>

See Notes to Required Supplementary Information.

**HANSEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Property taxes	\$ 100,000	\$ 100,000	\$ 99,436	\$ (564)
State aid	-	-	-	-
Earnings on investments	\$ 125	\$ 125	582	457
Total state sources	<u>100,125</u>	<u>100,125</u>	<u>100,018</u>	<u>457</u>
<b>Total revenues</b>	<u>100,125</u>	<u>100,125</u>	<u>100,018</u>	<u>457</u>
<b>EXPENDITURES</b>				
Capital outlay	156,965	234,381	60,967	173,414
Total expenditures	<u>156,965</u>	<u>234,381</u>	<u>60,967</u>	<u>173,414</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(56,840)</u>	<u>(134,256)</u>	<u>39,051</u>	<u>173,871</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	24,142	24,142	-	(24,142)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>24,142</u>	<u>24,142</u>	<u>-</u>	<u>(24,142)</u>
<b>Net change in fund balance</b>	(32,698)	(110,114)	39,051	149,165
<b>Fund balances-beginning</b>	<u>74,194</u>	<u>74,194</u>	<u>74,194</u>	<u>-</u>
<b>Fund balances-ending</b>	<u>\$ 41,496</u>	<u>\$ (35,920)</u>	<u>\$ 113,245</u>	<u>\$ 173,871</u>

See Notes to Required Supplementary Information.



**HANSEN SCHOOL DISTRICT  
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
PERSI - BASE PLAN  
LAST 10 FISCAL YEARS\***

	2018	2017	2016	2015	2014
District's portion of the net pension liability	0.000580986	0.000545591	0.000589739	0.000589739	0.000589047
District's proportionate share of the net pension liability	\$ 828,206	\$ 894,658	\$ 1,157,077	\$ 776,082	\$ 433,631
District's covered-employee payroll	\$ 1,869,240	\$ 1,568,348	\$ 1,568,348	\$ 1,651,846	\$ 1,595,804
District's proportional share of the net pension liability as a percentage of its covered-employee payroll	44.31%	57.04%	73.78%	46.98%	27.17%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	87.26%	91.38%	94.95%

\*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a 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, 2018, 2017, 2016, 2015 and 2014.

**HANSEN SCHOOL DISTRICT  
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
PERSI - BASE PLAN  
LAST 10 FISCAL YEARS\***

	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 211,598	\$ 191,825	\$ 177,537	\$ 186,989	\$ 180,645
Contribution in relation to the statutorily required contribution	211,598	191,825	177,537	186,989	180,645
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered -employee payroll	\$ 1,869,240	\$ 1,694,567	\$ 1,568,348	\$ 1,651,846	\$ 1,595,804
Contributions as a percentage of covered-employee payroll	11.32%	11.32%	11.32%	11.32%	11.32%

\*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 each year's most recent fiscal year end.

**HANSEN SCHOOL DISTRICT  
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB ASSET  
PERSI - SICK LEAVE  
LAST 10 FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>
District's portion of the net OPEB asset	0.001387499	0.001330344
District's proportionate share of the net OPEB asset	\$ 110,699	\$ 102,121
District's covered-employee payroll	\$ 1,869,240	\$1,568,348
District's proportional share of the OPEB asset as a percentage of its covered-employee payroll	5.92%	6.51%
Plan fiduciary net position as a percentage of the net OPEB asset	135.69%	136.78%

\*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a 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, 2018 and 2017.

**HANSEN SCHOOL DISTRICT  
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
PERSI - SICK LEAVE  
LAST 10 FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 21,640	\$ 19,657
Contribution in relation to the statutorily required contribution	<u>21,640</u>	<u>19,657</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered -employee payroll	\$ 1,869,240	\$ 1,694,567
Contributions as a percentage of covered-employee payroll	1.16%	1.16%

\*GASB Statement No. 75 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 each year's most recent fiscal year end.

**HANSEN SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**NOTE 1- BUDGETARY INFORMATION**

*Budgetary-GAAP Reporting Reconciliation*

The accompanying Budgetary Comparison Schedules compare the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis do not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP).

*Budgetary Policies*

Hansen School District prepares an annual budget of revenue and expenditures prior to the beginning of the fiscal year. The budget is prepared on the modified accrual basis of accounting. Budget figures are based on prior levels of revenue and expenditures taking into account specific items which may be planned in advance by the District such as capital outlay expenditures. Any excess of budgeted expenditures over budgeted revenues are temporary situations and are budgeted so as to utilize cash balances in the individual fund.

**SUPPLEMENTARY INFORMATION**

HANSEN SCHOOL DISTRICT NO. 415  
HANSEN, IDAHO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019

	<u>Title I-A</u>	<u>Drivers Ed</u>	<u>Professional Technical</u>	<u>Perkins</u>	<u>Title I-C Migrant</u>	<u>Federal Forest Funds</u>	<u>IDEA School Age</u>	<u>IDEA Pre-School</u>	<u>Title V-A</u>
<b>Assets</b>									
Cash	\$ -	\$ 1,500	\$ 13,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	-
Due From Other Governments	25,865	-	-	-	2,900	-	16,314	1,107	2,536
<b>Total Assets</b>	25,865	1,500	13,258	-	2,900	-	16,314	1,107	2,536
<b>Deferred Outflows</b>	-	-	-	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows</b>	<u>\$ 25,865</u>	<u>\$ 1,500</u>	<u>\$ 13,258</u>	<u>\$ -</u>	<u>\$ 2,900</u>	<u>\$ -</u>	<u>\$ 16,314</u>	<u>\$ 1,107</u>	<u>\$ 2,536</u>
<b>Liabilities</b>									
Accounts Payable	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pooled Cash Deficits	10,041	-	-	152	1,558	104	7,590	538	2,536
Contracts and Benefits Payable	15,824	-	1,333	-	1,342	-	8,724	569	-
<b>Total Liabilities</b>	25,865	1,500	1,333	152	2,900	104	16,314	1,107	2,536
<b>Deferred Inflows</b>	-	-	-	-	-	-	-	-	-
<b>Fund Equity</b>									
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted									
Child Nutrition	-	-	-	-	-	-	-	-	-
Federal Programs	-	-	-	-	-	-	-	-	-
State Programs	-	-	11,925	-	-	-	-	-	-
School Lunch Program	-	-	-	-	-	-	-	-	-
Local Grants	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(152)	-	(104)	-	-	-
<b>Total Fund Equity</b>	-	-	11,925	(152)	-	(104)	-	-	-
<b>Total Liabilities, Deferred Inflows and Fund Equity</b>	<u>\$ 25,865</u>	<u>\$ 1,500</u>	<u>\$ 13,258</u>	<u>\$ -</u>	<u>\$ 2,900</u>	<u>\$ -</u>	<u>\$ 16,314</u>	<u>\$ 1,107</u>	<u>\$ 2,536</u>

**HANSEN SCHOOL DISTRICT NO. 415  
HANSEN, IDAHO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	<b>Substance Abuse</b>	<b>SIG Grants</b>	<b>21st Century</b>	<b>Improving Teacher Quality</b>	<b>Technology</b>	<b>Medicaid</b>	<b>Rural Education</b>	<b>Local Grants</b>	<b>Various Federal</b>	<b>Child Nutrition</b>	<b>Totals</b>
<b>Assets</b>											
Cash	\$ 6,196	\$ -	\$ -	-	\$ 57,666	\$ 12,945	\$ -	\$ 55,557	\$ -	\$ 28,580	\$ 175,702
Investments	-	-	-	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	-	-	-
Due From Other Governments	-	20,805	25,929	2,280	-	750	20,903	-	7,116	-	126,505
<b>Total Assets</b>	<b>6,196</b>	<b>20,805</b>	<b>25,929</b>	<b>2,280</b>	<b>57,666</b>	<b>13,695</b>	<b>20,903</b>	<b>55,557</b>	<b>7,116</b>	<b>28,580</b>	<b>302,207</b>
<b>Deferred Outflows</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>\$ 6,196</b>	<b>\$ 20,805</b>	<b>\$ 25,929</b>	<b>\$ 2,280</b>	<b>\$ 57,666</b>	<b>\$ 13,695</b>	<b>\$ 20,903</b>	<b>\$ 55,557</b>	<b>\$ 7,116</b>	<b>\$ 28,580</b>	<b>\$ 302,207</b>
<b>Liabilities</b>											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 9,030	\$ -	\$ -	\$ -	\$ -	\$ 293	\$ 10,823
Pooled Cash Deficits	-	7,359	17,667	2,021	-	-	17,179	-	518	-	67,263
Contracts and Benefits Payable	800	13,446	8,262	-	-	13,695	3,164	-	1,348	5,759	74,266
<b>Total Liabilities</b>	<b>800</b>	<b>20,805</b>	<b>25,929</b>	<b>2,021</b>	<b>9,030</b>	<b>13,695</b>	<b>20,343</b>	<b>-</b>	<b>1,866</b>	<b>6,052</b>	<b>152,352</b>
<b>Deferred Inflows</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Fund Equity</b>											
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted										22,528	22,528
Child Nutrition	-	-	-	-	-	-	-	-	-	-	-
Federal Programs	-	-	-	-	-	-	-	-	5,250	-	5,250
State Programs	5,396	-	-	259	48,636	-	560	-	-	-	66,776
School Lunch Program	-	-	-	-	-	-	-	-	-	-	-
Local Grants	-	-	-	-	-	-	-	55,557	-	-	55,557
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	(256)
<b>Total Fund Equity</b>	<b>5,396</b>	<b>-</b>	<b>-</b>	<b>259</b>	<b>48,636</b>	<b>-</b>	<b>560</b>	<b>55,557</b>	<b>5,250</b>	<b>22,528</b>	<b>149,855</b>
<b>Total Liabilities, Deferred Inflows and Fund Equity</b>	<b>\$ 6,196</b>	<b>\$ 20,805</b>	<b>\$ 25,929</b>	<b>\$ 2,280</b>	<b>\$ 57,666</b>	<b>\$ 13,695</b>	<b>\$ 20,903</b>	<b>\$ 55,557</b>	<b>\$ 7,116</b>	<b>\$ 28,580</b>	<b>\$ 302,207</b>



HANSEN SCHOOL DISTRICT NO. 415  
HANSEN, IDAHO  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Title I-A</u>	<u>Drivers Ed</u>	<u>Professional Technical</u>	<u>Perkins</u>	<u>Title I-C Migrant</u>	<u>Federal Forest Funds</u>	<u>IDEA School Age</u>	<u>IDEA Pre-School</u>	<u>Title V-A</u>
<b>Revenues</b>									
Local sources	\$ -	\$ 4,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	2,000	10,499	-	-	-	-	-	-
Federal sources	124,047	-	-	5,412	12,547	496	79,619	6,835	8,382
<b>Total Revenues</b>	124,047	6,400	10,499	5,412	12,547	496	79,619	6,835	8,382
<b>Expenditures</b>									
Supporting services:									
Instructional	124,047	6,400	13,537	4,884	12,547	-	79,619	6,835	-
Other	-	-	-	-	-	81	-	-	8,382
School lunch expenditures	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	124,047	6,400	13,537	4,884	12,547	81	79,619	6,835	8,382
<b>Other Sources (Uses)</b>									
Transfers In (Out)	-	-	-	-	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	-	-	-	-	-	-	-	-	-
<b>Excess Revenues Over (Under) Expenditures</b>	-	-	(3,038)	528	-	415	-	-	-
<b>Fund Balance - Beginning</b>	-	-	14,963	(680)	-	(519)	-	-	-
<b>Fund Balance - Ending</b>	\$ -	\$ -	\$ 11,925	\$ (152)	\$ -	\$ (104)	\$ -	\$ -	\$ -

**HANSEN SCHOOL DISTRICT NO. 415  
HANSEN, IDAHO  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Substance Abuse</u>	<u>SIG Grants</u>	<u>21st Century</u>	<u>Improving Teacher Quality</u>	<u>Technology</u>	<u>Medicaid</u>	<u>Rural Education</u>	<u>Local Grants</u>	<u>Various Federal</u>	<u>Child Nutrition</u>	<u>Totals</u>
<b>Revenues</b>											
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,261	\$ -	\$ 14,639	\$ 81,300
State sources	5,959	-	-	-	82,461	-	-	-	-	-	100,919
Federal sources	-	118,644	146,544	15,124	-	113,377	20,903	-	28,735	168,925	849,590
<b>Total Revenues</b>	5,959	118,644	146,544	15,124	82,461	113,377	20,903	62,261	28,735	183,564	1,031,809
<b>Expenditures</b>											
Supporting services:											
Instructional	5,977	84,581	136,318	511	-	-	-	9,979	23,485	-	508,720
Other	-	34,063	10,226	14,354	70,900	167,587	25,753	361	-	-	331,707
School lunch expenditures	-	-	-	-	-	-	-	-	-	158,495	158,495
Capital outlay	-	-	-	-	-	-	-	-	-	26,847	26,847
<b>Total Expenditures</b>	5,977	118,644	146,544	14,865	70,900	167,587	25,753	10,340	23,485	185,342	1,025,769
<b>Other Sources (Uses)</b>											
Transfers In (Out)	-	-	-	-	-	54,210	-	-	-	-	54,210
<b>Total Other Sources (Uses)</b>	-	-	-	-	-	54,210	-	-	-	-	54,210
<b>Excess Revenues Over (Under) Expenditures</b>	(18)	-	-	259	11,561	-	(4,850)	51,921	5,250	(1,778)	60,250
<b>Fund Balance - Beginning</b>	5,414	-	-	-	37,075	-	5,410	3,636	-	24,306	89,605
<b>Fund Balance - Ending</b>	\$ 5,396	\$ -	\$ -	\$ 259	\$ 48,636	\$ -	\$ 560	\$ 55,557	\$ 5,250	\$ 22,528	\$ 149,855

**HANSEN SCHOOL DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
 AGENCY FUNDS (SCHOOL ACTIVITY FUNDS)  
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>6/30/2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>6/30/2019</u>
<b>HANSEN HIGH SCHOOL</b>	\$ 34,956	\$ 87,340	\$ (75,512)	\$ 46,784
<b>HANSEN ELEMENTARY SCHOOL</b>	<u>10,550</u>	<u>18,797</u>	<u>(15,221)</u>	<u>14,126</u>
<b>Total</b>	<u>\$ 45,506</u>	<u>\$ 106,137</u>	<u>\$ (90,733)</u>	<u>\$ 60,910</u>

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***



Mahlke Hunsaker & Company PLLC  
C e r t i f i e d P u b l i c A c c o u n t a n t s

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**INDEPENDENT AUDITORS' 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***

Chairman and Board of Trustees  
Hansen School District No. 415  
Hansen, Id. 83334

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hansen School District No. 415, Hansen, Idaho (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2019.

In our report, our opinion on the financial statements was qualified, as discussed in the "Basis for Qualified Opinion" paragraph in the report on the financial statements. Management has not performed the actuarial calculations for other post-employment benefits for the governmental activities and, accordingly, has not considered the District's other post-employment benefit liability. As a result, the OPEB asset/liability and related revenue/expense have not been recorded on the Statement of Net Position.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & CO., pllc  
Twin Falls, Idaho  
October 5, 2019