

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2016**

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2016**



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Kendrick, Idaho

Table of Contents

	<u>PAGE</u>
Independent Auditor’s Report	1-3
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	4-5
Management’s Discussion and Analysis	6-10
 FINANCIAL STATEMENTS	
Statement of Net Position	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Funds	19
Statement of Net Position – Internal Service Fund	20
Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Fund – Budget and Actual.....	21

	<u>PAGE</u>
Statement of Cash Flows – Internal Service Fund	22
Statement of Fiduciary Net Position – Fiduciary Funds and Component Unit.....	23
Statement of Revenues, Expenditures and Changes in Fiduciary Net Position – Fiduciary Funds and Component Unit	24
Notes to the Financial Statements	25-41
 REQUIRED SUPPLEMENTARY INFORMATION	
Net Pension Liability Related Schedules.....	42
 SUPPLEMENTARY INFORMATION	
 GENERAL FUND	
Schedule of Expenditures by Function - Budget and Actual.....	43-46
 NONMAJOR SPECIAL REVENUE FUNDS	
Description of Funds	47
Combining Balance Sheet - Nonmajor Special Revenue Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	49
 CAPITAL PROJECTS FUNDS	
Description of Funds	50
Combining Balance Sheet – All Capital Projects Funds.....	51
Combining Statement of Revenues, Expenditures and Changes In Fund Balance – All Capital Projects Funds	52
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	 53

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Kendrick Joint School District No. 283
Kendrick, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Kendrick Joint School District No. 283, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Aggregate discretely presented component unit	Qualified
General Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Internal Service Fund	Unmodified
Aggregate remaining fund information	Unmodified

Basis for Qualified Opinions on Governmental Activities and Aggregate Discretely Presented Component Unit

The financial statements of Kendrick Juliaetta 7 Ridges Education Foundation, Inc. have not been audited, and we were not engaged to audit the Kendrick Juliaetta 7 Ridges Education Foundation, Inc.'s financial statements as a part of our audit of Kendrick Joint School District No. 283's basic financial statements. Kendrick Juliaetta 7 Ridges Education Foundation, Inc.'s financial activities are included in the District's basic financial statements as a discretely presented component unit and represent all of the assets, net position, and revenues, respectively, of the District's aggregate discretely presented component units.

Kendrick Joint School District No. 283 believes the cost of adopting GASB 45 cannot be justified at the present time. The District believes the future cost of the implicit rate subsidy built into the current health care premiums is not material to the financial statements. The amount by which this GAAP departure would affect the liabilities and net position of the Statement of Net Position is not determinable.

Qualified Opinions

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions on Governmental Activities and Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and aggregate discretely presented component unit of Kendrick Joint School District No. 283, as of June 30, 2016, and the changes in financial position thereof and 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 Kendrick Joint School District No. 283, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows, and the respective budget comparison for the General Fund, Debt Service Fund, Capital Projects Funds and the Internal Service Fund, thereof, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-10 and the net pension liability related schedules on page 41 be

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kendrick Joint School District No. 283's basic financial statements. The introductory section and the combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016 on our consideration of the Kendrick Joint School District No. 283's internal control over financial reporting and 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 the 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 Kendrick Joint School District No. 283's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
September 20, 2016

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Kendrick Joint School District No. 283
Kendrick, Idaho

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 governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Kendrick Joint School District No. 283, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise Kendrick Joint School District No. 283's basic financial statements, and have issued our report thereon dated September 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kendrick Joint School District No. 283'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 Kendrick Joint School District No. 283's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kendrick Joint School District No. 283'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 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 Kendrick Joint School District No. 283'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hayden Ross, PLLC

Moscow, Idaho
September 20, 2016

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

The discussion and analysis of the Kendrick Joint School District No. 283's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016.

Financial Highlights

- In 2015-2016 the patrons of the school district authorized a \$25,000 increase for a one-year supplemental over-ride levy totaling \$850,000. These additional dollars were requested to keep up with the increase of operational costs, while maintaining a monthly cash flow for payroll.
- The 2015-16 the General Fund increased from a beginning balance of \$498,406 to an ending balance of \$668,819. The increase came from an adjustment of account structure removing Medicaid revenue and expenditures from the Maintenance of Effort in the General Fund to its own account, reducing the expenditures from the General Funds. A change in classified employees who chose reduced benefits, also affected the increase in the ending fund balance.
- Teacher negotiations resulted a 2% salary increase on the base amount of \$27732 and \$34000 as the minimum teacher salary. The Employee Medical Benefit Pool will cover the 3.1% medical policy increase. The district will continue to pay \$742 fringe benefit to each employee, prorated to employees who work 20 hours/week or more.
- Plant facility building improvements included Phase I replacement of windows at Kendrick High School to energy efficient windows. The roof project was continued, adding a solvent free silicon to the existing roofs which is $\frac{3}{4}$ complete. The high school stand-alone greenhouse was removed and replaced with an addition to the existing AG shop. The improvements added an aquaculture program that will aid the existing horticulture program.
- Medical Benefit Pool continues to be a healthy Trust account that absorbs the Medical Insurance increases instead of the employees. This pool also covers the fees for Helbling Benefit to broker our insurance policy.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business. The statements present an aggregate view of the District’s finances. They contain useful long-term information for the just completed fiscal year.

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

In the government-wide financial statements, the District’s activities are all classified as government activities. Governmental activities include all regular and special education, all educational support activities, administration, custodial, maintenance, transportation and food service. Most of these activities are supported by property taxes and formula aid from the State of Idaho.

Fund Financial Statements. Funds are accounting devices the District uses to track sources of funding and spending for specific programs and to demonstrate compliance with various regulatory requirements. Fund Financial statements generally report operation in more detail than the government-wide statements. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on those which are considered most significant.

Governmental Funds. Most of the District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported on the “modified accrual” basis of accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides.

Proprietary Fund. This internal service fund records transactions for the medical risk pool. It uses the same basis of accounting as business-type activities, and is consolidated with the governmental activities in the statements for the District as a whole.

Fiduciary Funds. The District serves as trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organization, and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operation.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a district's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,207,233.

Statement of Net Position			
	<u>2016 - 2015</u>	<u>2015 - 2014</u>	<u>Change</u>
Assets			
Current Assets	2,817,507	2,600,880	216,627
Noncurrent Assets	4,337,481	4,486,283	(148,802)
Total Assets	<u>7,154,988</u>	<u>7,087,163</u>	<u>67,825</u>
Deferred Outflows of Resources	<u>487,019</u>	<u>220,964</u>	<u>266,055</u>
Liabilities			
Current Liabilities	392,738	402,512	(9,774)
Noncurrent Liabilities	2,521,769	2,255,207	266,562
Total Liabilities	<u>2,914,507</u>	<u>2,657,719</u>	<u>256,788</u>
Deferred Inflows of Resources	<u>1,520,267</u>	<u>1,609,046</u>	<u>(88,779)</u>
Net Position			
Net investment in capital assets	2,477,399	2,558,173	(80,774)
Restricted	779,638	757,559	22,079
Unrestricted	(49,804)	(274,370)	224,566
Total Net Position	<u><u>\$ 3,207,233</u></u>	<u><u>\$ 3,041,362</u></u>	<u><u>\$ 165,871</u></u>

The largest portions of the District's net position are (77.24%) reflect investments in capital assets (i.e. land, building, and improvements, furniture, and equipment) net of related debt (general obligation bonds) used to acquire those assets still outstanding. These capital assets provide services to students; consequently, these assets are not available for future spending.

An additional portion of the District's net position (24.31%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (-1.55%) may be used to meet the District's ongoing obligations to students, employee, and creditors.

The unrestricted net position amount has been earmarked for the following purposes: To meet cash flow needs throughout the year and to provide a General Fund contingency. With the

implementation of GASB 68 (see note 7), the District is reporting a deficit in unrestricted net position.

Changes in Net Position - The table below shows the changes in net position. The District had total revenues of \$3,444,710 and total expenses of \$3,278,839 that generated an increase in net position of \$165,871.

Changes in Net Position			
	<u>2016 - 2015</u>	<u>2015 - 2014</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for services	48,063	50,505	(2,442)
Operating grants and contributions	503,126	509,580	(6,454)
General Revenues:			
Property taxes	1,055,850	1,078,925	(23,075)
Federal and state revenues	1,801,326	1,783,398	17,928
Local revenues	36,345	31,638	4,707
Total Revenues	<u>3,444,710</u>	<u>3,454,046</u>	<u>(9,336)</u>
Expenses			
Program Expenses:			
Instruction	1,552,581	1,482,144	70,437
Support services	1,295,472	1,384,977	(89,505)
Child Nutrition	148,772	136,761	12,011
Capital Outlay	28,426	3,645	24,781
Debt Service	84,547	83,935	612
Depreciation, unallocated	169,041	174,262	(5,221)
Total Expenses	<u>3,278,839</u>	<u>3,265,724</u>	<u>13,115</u>
Change in Net Position	165,871	188,322	(22,451)
Net Position - Beginning	3,041,362	3,828,200	(786,838)
Prior Period Adjustment	-	(975,160)	975,160
Net Position - Ending	<u>\$ 3,207,233</u>	<u>\$ 3,041,362</u>	<u>\$ 165,871</u>

District's Fund Financial Analysis

General Fund. The General fund is the maintenance and operation fund and the most significant budgeted fund. At the end of the current fiscal year, the General Fund balance is \$668,819, which is up 43.03% from the ending balance in the prior fiscal year of \$467,598. The reason for the increase was because there was an increase in revenue and a decrease in expenses in the General Fund. A minimum fund balance of two month's expenses is recommended by the Government Finance Officers Association. The District has a fund balance of just over a month and a half at the end of fiscal year 2016. Revenues in the General fund totaled \$2,832,138, a 1.18% increase from the prior year of \$2,799,127. Expenditures in the General Fund totaled \$2,601,345, a 6.05% decrease from the prior year of \$2,758,832.

Internal Service Fund. The District has an internal service fund which accounts for the activities of the Self-Insured Employee Medical Pool. To mitigate the effects of increasing health insurance premiums and position the District for partially self-insuring medical deductibles in the future, the Board contributed \$30,000 of the 2001 “Gainsharing” distribution into this fund. This fund has a net position totaling \$311,759 at June 30, 2016.

Capital Assets. The Plant Facility Fund is used for capital construction, building and site improvement, remodeling, and equipment; to purchase school buses; for lease and lease purchase agreements for any of the above purposes. A levy in the amount of \$50,000 was approved by the voters in 2009 and continues for ten years. At the end of the current fiscal year, the balance in the Capital Projects Funds is \$179,938. This is an increase from the prior balance of \$151,630.

**Capital Assets
Governmental Activities
Net of Accumulated Depreciation**

	<u>2016 - 2015</u>	<u>2015 - 2014</u>	<u>Change</u>
Sites	331,575	337,408	(5,833)
Construction in progress	23,142	2,903	20,239
Buildings	3,844,942	3,958,957	(114,015)
Equipment	21,751	37,575	(15,824)
Transportation	116,071	149,440	(33,369)
Total Net Assets	<u>\$ 4,337,481</u>	<u>\$ 4,486,283</u>	<u>\$ (148,802)</u>

Long-term debt. *General Obligation Bonds* - The Debt Service Fund has a total fund balance of \$189,473 all of which is restricted for the payment of debt service on a general obligation bond. The debt of the District is secured by an annual debt service tax levy authorized by the patrons of the District in 2009.

At year end the District had \$1,830,000 outstanding.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances. Any questions or requests for additional information should be directed to the District’s Business Manager, Mellissa Eichner at the District’s Administrative Office, P.O. Box 283, Kendrick, ID 83537, by phone at (208) 289-4211, or by email at sd283@tds.net.

FINANCIAL STATEMENTS



KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

STATEMENT OF NET POSITION

June 30, 2016

ASSETS

Current Assets		
Cash	327,860	
Investments	967,546	
Taxes receivable	80,358	
Unbilled taxes receivable	1,025,690	
Other receivables:		
Due from other governmental units	366,290	
Other receivables	46,763	
Prepaid expenses	3,000	
Total current assets	<u>2,817,507</u>	
Noncurrent Assets		
Non-depreciated capital assets	319,912	
Depreciated capital assets	7,045,394	
Less: Accumulated Depreciation	<u>(3,027,825)</u>	
Total noncurrent assets	<u>4,337,481</u>	
Total Assets		<u>7,154,988</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related items		<u>487,019</u>
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LIABILITIES

Current Liabilities		
Accounts payable and other current liabilities	317,738	
Current portion of long-term debt	<u>75,000</u>	
Total current liabilities	<u>392,738</u>	
Noncurrent Liabilities		
Noncurrent portion of long-term debt	1,755,000	
Net pension liability	<u>766,769</u>	
Total noncurrent liabilities	<u>2,521,769</u>	
Total Liabilities		<u>2,914,507</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	1,025,690	
Pension related items	<u>494,577</u>	
Total Deferred Inflows of Resources		<u>1,520,267</u>

NET POSITION

Net investment in capital assets	2,477,399	
Restricted for:		
Debt service	199,921	
Capital projects	183,309	
Grant programs	84,649	
Medical benefits	311,759	
Unrestricted	<u>(49,804)</u>	
Total Net Position		<u>\$ 3,207,233</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Preschool - 12 Instruction	1,552,581	1,265	248,293	-	(1,303,023)
Support Services					
Pupil support	193,476	-	50,488	-	(142,988)
Staff support	66,481	-	-	-	(66,481)
General administration	121,164	-	-	-	(121,164)
School/Business administration	400,563	-	-	-	(400,563)
Operation and maintenance	326,354	-	-	-	(326,354)
Transportation	177,967	-	125,555	-	(52,412)
Community services	7,920	-	-	-	(7,920)
Other support	1,547	-	-	-	(1,547)
Child Nutrition	148,772	46,798	78,790	-	(23,184)
Capital Outlay	28,426	-	-	-	(28,426)
Debt Services	84,547	-	-	-	(84,547)
Depreciation, unallocated	169,041	-	-	-	(169,041)
Total School District	\$ 3,278,839	\$ 48,063	\$ 503,126	\$ -	(2,727,650)
General Revenues					
Taxes					
Property taxes levied for general purposes					887,591
Property taxes levied for debt service					120,173
Property taxes levied for capital projects					48,086
Federal and State aid not restricted to specific purposes					1,801,326
Other					32,681
Interest and investment earnings					3,664
Total General Revenues					2,893,521
Change in Net Position					165,871
Net position - beginning					3,041,362
Net position - ending					\$ 3,207,233

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash	327,860	-	-	-	327,860
Investments	619,977	-	35,810	-	655,787
Due from other funds	-	166,145	131,576	105,692	403,413
Taxes receivable	64,556	11,903	3,899	-	80,358
Unbilled taxes receivable	835,083	140,607	50,000	-	1,025,690
Other receivables:					
Due from other governmental units	273,985	21,873	12,024	58,408	366,290
Other receivables	46,763	-	-	-	46,763
Prepaid expenses	3,000	-	-	-	3,000
Total assets	<u>2,171,224</u>	<u>340,528</u>	<u>233,309</u>	<u>164,100</u>	<u>2,909,161</u>
Deferred outflows of resources	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,171,224</u>	<u>\$ 340,528</u>	<u>\$ 233,309</u>	<u>\$ 164,100</u>	<u>\$ 2,909,161</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Due to other funds	378,949	-	-	24,464	403,413
Accrued payroll and benefits	232,603	-	-	54,987	287,590
Other liabilities	66	-	-	-	66
Total liabilities	<u>611,618</u>	<u>-</u>	<u>-</u>	<u>79,451</u>	<u>691,069</u>
Deferred inflows of resources:					
Deferred revenue	55,704	10,448	3,371	-	69,523
Unavailable property tax revenue	835,083	140,607	50,000	-	1,025,690
Total deferred inflows of resources	<u>890,787</u>	<u>151,055</u>	<u>53,371</u>	<u>-</u>	<u>1,095,213</u>
Fund balances:					
Nonspendable	3,000	-	-	-	3,000
Restricted	-	189,473	179,938	84,649	454,060
Unassigned	665,819	-	-	-	665,819
Total fund balances	<u>668,819</u>	<u>189,473</u>	<u>179,938</u>	<u>84,649</u>	<u>1,122,879</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,171,224</u>	<u>\$ 340,528</u>	<u>\$ 233,309</u>	<u>\$ 164,100</u>	<u>\$ 2,909,161</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES**

June 30, 2016

Total Fund Balances - Governmental Funds	1,122,879
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	7,365,306
Accumulated depreciation	(3,027,825)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	
	69,523
Internal service funds are used by the District to charge the cost of medical benefits to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities.	
	311,759
Certain pension related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities (see note 7):	
Deferred outflows of resources	487,019
Deferred inflows of resources	(494,577)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when paid.	
	(30,082)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:	
General obligation bonds	(1,830,000)
Net pension liability	(766,769)
Total Net Position - Governmental Activities	<u><u>\$ 3,207,233</u></u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local	914,754	119,907	47,754	50,681	1,133,096
State	1,907,182	8,772	725	55,427	1,972,106
Federal	10,202			322,144	332,346
Total revenues	<u>2,832,138</u>	<u>128,679</u>	<u>48,479</u>	<u>428,252</u>	<u>3,437,548</u>
EXPENDITURES					
Instruction	1,333,510	-	-	230,971	1,564,481
Support	1,255,571	-	-	50,488	1,306,059
Non-instruction	12,264	-	-	137,349	149,613
Capital objects	-	-	40,600	-	40,600
Debt service	-	152,575	-	-	152,575
Total expenditures	<u>2,601,345</u>	<u>152,575</u>	<u>40,600</u>	<u>418,808</u>	<u>3,213,328</u>
Excess (deficiency) of revenue over expenditures	<u>230,793</u>	<u>(23,896)</u>	<u>7,879</u>	<u>9,444</u>	<u>224,220</u>
Other financing sources (uses):					
Transfer in	-	-	20,429	9,143	29,572
Transfer out	<u>(29,572)</u>	-	-	-	<u>(29,572)</u>
Total other financing sources (uses)	<u>(29,572)</u>	-	<u>20,429</u>	<u>9,143</u>	-
Net change in fund balance	201,221	(23,896)	28,308	18,587	224,220
Fund balance-Beginning of year	<u>467,598</u>	<u>213,369</u>	<u>151,630</u>	<u>66,062</u>	<u>898,659</u>
Fund balance-End of year	<u>\$ 668,819</u>	<u>\$ 189,473</u>	<u>\$ 179,938</u>	<u>\$ 84,649</u>	<u>\$ 1,122,879</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds		224,220
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlays	20,239	
Depreciation expense	<u>(169,041)</u>	(148,802)
Some property taxes will not be collected for several months after the District's fiscal year ends and they are not considered as "available" revenues in the governmental funds. Instead they are counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.		
		6,175
Repayment of the principal on general bonded indebtedness is an expenditure in the governmental funds, but they reduce long-term liabilities in the statement of net position and does not affect the statement of activities.		
		70,000
Net Pension Liability Adjustments:		
Fiscal year 2015 employer PERSI contributions recognized as pension expense in the current year	(185,568)	
Fiscal year 2016 employer PERSI contributions deferred to subsequent year	176,900	
Pension related amortization expense	<u>23,931</u>	15,263
Interest is accrued on outstanding debt in the government-wide financial statements whereas in the governmental fund financial statements, an interest expenditure is reported when paid.		
		(1,972)
Internal service funds are used by the District to charge the cost of medical benefits to the individual funds. The net increase of the internal service fund is reported with governmental activities.		
		<u>987</u>
Total change in net position of governmental activities		<u>\$ 165,871</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	841,725	841,725	879,510	37,785	37,785
Earnings on investments	1,000	1,000	2,563	1,563	1,563
Other	7,200	7,200	32,681	25,481	25,481
Total local	<u>849,925</u>	<u>849,925</u>	<u>914,754</u>	<u>64,829</u>	<u>64,829</u>
State:					
Base program	1,260,059	1,260,059	1,426,820	166,761	166,761
Transportation	130,000	130,000	125,555	(4,445)	(4,445)
Exceptional child support	7,021	7,021	7,161	140	140
Benefit apportionment	171,887	171,887	196,111	24,224	24,224
Other state support	65,348	65,348	84,898	19,550	19,550
Lottery/additional state maintenance	-	-	33,401	33,401	33,401
Revenue in lieu of taxes	36,665	36,665	33,236	(3,429)	(3,429)
Total state	<u>1,670,980</u>	<u>1,670,980</u>	<u>1,907,182</u>	<u>236,202</u>	<u>236,202</u>
Federal:					
Unrestricted	30,000	30,000	10,202	(19,798)	(19,798)
Total revenues	<u>2,550,905</u>	<u>2,550,905</u>	<u>2,832,138</u>	<u>281,233</u>	<u>281,233</u>
EXPENDITURES					
Instruction:					
Salaries	892,977	892,977	885,606	7,371	7,371
Benefits	393,629	393,629	371,808	21,821	21,821
Purchased services	170,276	170,276	26,009	144,267	144,267
Supply-materials	63,700	63,700	50,087	13,613	13,613
Total instruction	<u>1,520,582</u>	<u>1,520,582</u>	<u>1,333,510</u>	<u>187,072</u>	<u>187,072</u>
Support:					
Salaries	589,500	589,500	598,791	(9,291)	(9,291)
Benefits	320,380	320,380	275,953	44,427	44,427
Purchased services	323,578	323,578	247,905	75,673	75,673
Supply-materials	114,530	114,530	102,905	11,625	11,625
Capital objects	16,000	16,000	6,565	9,435	9,435
Insurance	23,219	23,219	23,452	(233)	(233)
Total support	<u>1,387,207</u>	<u>1,387,207</u>	<u>1,255,571</u>	<u>131,636</u>	<u>131,636</u>
Non-instruction:					
Salaries	-	-	7,157	(7,157)	(7,157)
Benefits	3,600	3,600	4,597	(997)	(997)
Supply-materials	-	-	510	(510)	(510)
Total non-instruction	<u>3,600</u>	<u>3,600</u>	<u>12,264</u>	<u>(8,664)</u>	<u>(8,664)</u>
Total expenditures	<u>2,911,389</u>	<u>2,911,389</u>	<u>2,601,345</u>	<u>310,044</u>	<u>310,044</u>
Excess (deficiency) of revenues over expenditures	<u>(360,484)</u>	<u>(360,484)</u>	<u>230,793</u>	<u>591,277</u>	<u>591,277</u>
Other financing sources (uses):					
Transfer out:					
School plant facility-bus depreciation	(20,512)	(20,512)	(20,429)	83	83
Child nutrition fund	(9,143)	(9,143)	(9,143)	-	-
Medicaid fund	(9,861)	(9,861)	-	9,861	9,861
Total other financing sources (uses)	<u>(39,516)</u>	<u>(39,516)</u>	<u>(29,572)</u>	<u>9,944</u>	<u>9,944</u>
Net change in fund balance	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>201,221</u>	<u>\$ 601,221</u>	<u>\$ 601,221</u>
Fund balance-Beginning of year			<u>467,598</u>		
Fund balance-End of year			<u>\$ 668,819</u>		

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variances</u> <u>Favorable (Unfavorable)</u>	
				<u>Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Local:					
Taxes	<u>136,973</u>	<u>136,973</u>	<u>119,907</u>	<u>(17,066)</u>	<u>(17,066)</u>
State:					
Revenue in lieu of/ag equip taxes	-	-	2,634	2,634	2,634
Other	<u>6,000</u>	<u>6,000</u>	<u>6,138</u>	<u>138</u>	<u>138</u>
Total state	<u>6,000</u>	<u>6,000</u>	<u>8,772</u>	<u>2,772</u>	<u>2,772</u>
Total revenues	<u>142,973</u>	<u>142,973</u>	<u>128,679</u>	<u>(14,294)</u>	<u>(14,294)</u>
EXPENDITURES					
Debt service:					
Principal	70,000	70,000	70,000	-	-
Interest	<u>82,575</u>	<u>82,575</u>	<u>82,575</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>152,575</u>	<u>152,575</u>	<u>152,575</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (9,602)</u>	<u>\$ (9,602)</u>	<u>(23,896)</u>	<u>\$ (14,294)</u>	<u>\$ (14,294)</u>
Fund balance-Beginning of year			<u>213,369</u>		
Fund balance-End of year			<u>\$ 189,473</u>		

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

CAPITAL PROJECTS FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variances</u>	
				<u>Favorable (Unfavorable)</u>	
				<u>Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Local:					
Taxes	50,000	50,000	47,640	(2,360)	(2,360)
Earnings on investments	-	-	114	114	114
Total local	<u>50,000</u>	<u>50,000</u>	<u>47,754</u>	<u>(2,246)</u>	<u>(2,246)</u>
State:					
Lottery/additional state maintenance	-	-	725	725	725
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>48,479</u>	<u>(1,521)</u>	<u>(1,521)</u>
EXPENDITURES					
Support:					
Salaries	20,000	20,000	-	20,000	20,000
Benefits	14,861	14,861	-	14,861	14,861
Supplies-material	109,215	109,215	-	109,215	109,215
Total support	<u>144,076</u>	<u>144,076</u>	<u>-</u>	<u>144,076</u>	<u>144,076</u>
Capital objects	-	-	40,600	(40,600)	(40,600)
Total expenditures	<u>144,076</u>	<u>144,076</u>	<u>40,600</u>	<u>103,476</u>	<u>103,476</u>
Excess (deficiency) of revenues over/under expenditures	(94,076)	(94,076)	7,879	101,955	101,955
Other financing sources (uses):					
Transfer in	24,516	24,516	20,429	(4,087)	(4,087)
Net change in fund balance	<u>\$ (69,560)</u>	<u>\$ (69,560)</u>	28,308	<u>\$ 97,868</u>	<u>\$ 97,868</u>
Fund balance-Beginning of year			<u>151,630</u>		
Fund balance-End of year			<u>\$ 179,938</u>		

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
June 30, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets:

Investments 311,759

Deferred outflows of resources -

Total assets and deferred outflows of resources 311,759

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Liabilities -

Deferred inflows of resources -

Total liabilities and deferred inflows of resources -

NET POSITION

Restricted for medical payments 311,759

Total net position \$ 311,759

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND
ACTUAL
For the Year Ended June 30, 2016

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUE			
Local:			
Earnings on investments	987	-	987
Other local	-	80,000	(80,000)
	987	80,000	(79,013)
Total revenues	987	80,000	(79,013)
EXPENDITURES			
	-	-	-
Net change in net position	987	\$ 80,000	\$ (79,013)
Net position-beginning of year	310,772		
Net position-end of year	\$ 311,759		

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016

Cash Flows From Noncapital Financing Activities

Cash paid to other funds	<u>(23,887)</u>	
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Net cash used in noncapital financing activities		(23,887)
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Cash Flows From Investing Activities

Sale of investments	22,900	
Earnings on investments	<u>987</u>	

Net cash provided by investing activities		<u>23,887</u>
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Net change in cash		-
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Cash - beginning of year		<u>-</u>
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Cash - end of year		<u><u>\$ -</u></u>
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KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

FIDUCIARY FUNDS AND COMPONENT UNIT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2016

	Agency Funds	Component Unit - Kendrick Juliaetta 7 Ridges Education Foundation, Inc.
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash	46,104	54,057
Investments	-	486,489
Total assets	46,104	540,546
 Deferred outflows of resources	 -	 -
Total assets and deferred outflows of resources	46,104	540,546
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Due to student groups	46,104	-
 Deferred inflows of resources	 -	 -
Total liabilities and deferred inflows of resources	46,104	-
NET POSITION		
Restricted	-	540,546
Total net position	\$ -	\$ 540,546

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

COMPONENT UNIT - KENDRICK JULIAETTA & 7 RIDGES EDUCATION FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FIDUCIARY NET POSITION
June 30, 2016

REVENUES

Donations	47,210
Interest and dividends	16,308
Net investment income (loss)	<u>(6,207)</u>

Total revenues 57,311

EXPENDITURES

Administrative expenses	11,801
Grant awards	<u>25,478</u>

Total expenditures 37,279

Change in Net Position 20,032

Net Position - Beginning 520,514

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 Summary of Significant Accounting Policies

The financial statements of the Kendrick Joint School District No. 283 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

Reporting Entity - The Kendrick Joint School District No. 283 is the basic level of government, which has financial accountability, and control over all activities related to the public school education within the District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. The unaudited statements of Kendrick Juliaetta 7 Ridges Education Foundation, Inc., a component unit, is presented on the Statement of Net Position and Statement of Revenues, Expenditures and Changes in Net Position.

Basis of Presentation, Fund Accounting - District-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall district, except for fiduciary activities. Only governmental-type activities are shown, since there are no "business-type activities" within the school district.

The statement of activities presents a comparison between direct expenses and program revenues for each different function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the District related to the administration and support of the District's programs, such as personnel and accounting – are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state foundation aid, are presented as general revenues.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund. This is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.
- Debt Service Fund. This fund is used to account for the financial resources that are legally restricted for the retirement of District general obligation bonds.
- Capital Projects Fund. This fund is used to account for financial resources that are legally reserved for the acquisition, construction, or major repair of school property.

The District reports the following proprietary fund:

- Internal service fund. The District has an internal service fund which is used to account for a medical risk pool. It uses the same basis of accounting as business-type activities.

The District reports the following fiduciary fund:

- Agency funds. These funds account for assets held by the District as an agent for various student groups and clubs.

Basis of Accounting - The district-wide, proprietary, and fiduciary fund (excepting agency funds) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. State support and grant revenues are susceptible to accrual.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions

NOTE 1 Summary of Significant Accounting Policies (Continued)

are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by cost-reimbursement grants and general revenues. When program expenses are incurred, the related revenue of cost-reimbursement grants is recognized.

Internal service funds follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless these pronouncements conflict with GASB pronouncements.

Restricted Resources - The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Budgets - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for general, special revenue, and capital projects funds.

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least 14 days prior to the public hearing the District publishes a proposed budget for public review.
2. A public hearing is set to obtain taxpayers comments.
3. The final budget is adopted by resolution of the Board at the regular June meeting of the Board of Trustees.
4. Prior to July 15, the final budget is filed with the State Department of Education.

The budget is a plan of spending under which expenditures may not exceed the budget at the fund level. Management may amend the budget without seeking the approval of the trustees for revisions which do not increase the total budget.

Cash and Investments - The District's cash includes amounts in demand deposits and checking accounts in local depositories. Investments are deposited in the Idaho State Treasurer's Local Government Investment Pool, which allow school districts within the state of Idaho to pool their funds for investments purposes.

Interest income is defined as non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. All funds are invested in accordance with Section 67-1210 and 67-1210A of the Idaho Code. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Short-term Interfund Loans Receivable/Payable - During the course of operations, numerous transactions occur between nonmajor funds for goods provided or services rendered. These receivables and payables as classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables”. Interfund balances have been eliminated, where applicable, on the statement of net position.

Inventory - The District does not follow the practice of capitalizing expendable supplies at year-end in the General Fund. All supplies are recorded as expenditures in the period in which they were purchased.

General Fixed Assets - Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

The Board has set a capitalization threshold of \$5,000. All purchases and improvements to facilities, which are not considered repairs, are capitalized and depreciated using the straight-line method in the government-wide statements and proprietary funds. Lives for buildings and improvements range from 15–30 years. Lives for equipment range from 3–10 years. Vehicles and school buses have estimated lives of 10-20 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Accumulated Unpaid Vacation and Sick Pay - Under the terms of the "Kendrick Joint School District Personnel Manual" District employees are granted vacation and sick leave in varying amounts. In the event an employee leaves the District's services, unused vacation credits are compensated at the employee's current rate of pay, ranging from 0 - 15 days. Employees are not paid for unused sick leave upon termination of employment with the District.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There is no accumulated vacation payable at June 30, 2016. In accordance with the provisions of Governmental Accounting Standards Board Statement 16, Accounting for Compensated Absences, no liability is recorded for non-vesting an accumulating right to receive sick pay benefits.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions, 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.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Long Term Obligations - In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Compensation - The Sick Leave Bank represents a type of long-term payroll protection insurance for absences beyond the employee's accumulated sick leave. Participation is optional for all employees eligible for the Idaho Public Employees Retirement System, with all new participants contributing one sick leave day.

The Bank is administered by an in-District five-member committee as provided in the Teacher Negotiated Agreement. At June 30, 2016, there were 60 days of sick leave in the bank.

Encumbrances - The District does not utilize an encumbrance system.

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

Fund Balance, GASB 54 - The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (grants), or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, *assigned* fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amount not contained in the other classifications.

Deferred Revenue - Deferred revenue in the General, Debt Service, and Capital Projects Funds represent property taxes recorded but not estimated to be collected within 60 days of the end of the accounting period.

Unavailable Property Tax Revenue - Unavailable property tax revenue in the General Fund, Debt Service Fund and Capital Projects Funds represents the property taxes levied for 2016 that

NOTE 1 Summary of Significant Accounting Policies (Continued)

is measurable but unavailable to the District, and therefore recorded as a deferred inflow of resources in both the governmental funds and the government-wide financial statements.

Subsequent Events - Subsequent events have been evaluated through the date of the auditor’s report. This is the date the financial statements were available to be issued. The District has concluded that no material subsequent events have occurred.

NOTE 2 Property Tax

The District's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the District. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2015 upon which the 2015 levy was based was \$125,215,640.

The District's actual levy was 3.99311% per \$100 for plant facility acquisitions and 10.93897% per \$100 for the payment of principal and interest on long-term debt. The combined tax rate to finance educational services other than the payment of principal and interest on long-term debt and plant facility acquisitions for the year ended June 30, 2016 was 66.82272% per \$100, which means that the District was required to pass an override levy in the amount of 66.82272% per \$100. The total tax levy for the year ended June 30, 2016 was \$1,025,820 with total tax collections being \$983,595.

Taxes are due in two equal installments on December 20th and June 20th following the levy date. Current tax collections for the year ended June 30, 2016 were 95.88% of the tax levy. Property taxes levied for 2015 are recorded as receivables to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the District has recognized the 2016 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The 2016 property tax levy funds are considered unavailable as of June 30, 2016. The total property taxes levy for 2016 of \$1,025,690 is recorded as uncollected but are not considered available at June 30, 2016. The entire receivable is considered a deferred inflow of resources.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Total taxes receivable at June 30, 2016	64,556	11,903	3,899	80,358
Less: Taxes estimated to be collected by the County Treasurer by August 31, 2016	<u>8,852</u>	<u>1,455</u>	<u>528</u>	<u>10,835</u>
Deferred revenue	<u>\$ 55,704</u>	<u>\$ 10,448</u>	<u>\$ 3,371</u>	<u>\$ 69,523</u>

NOTE 3 Cash and Investments

<u>Cash</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking and Savings Accounts	<u>\$373,964</u>	<u>\$494,890</u>

Checking and savings accounts were with Wells Fargo Bank, N.A. of which \$250,000 of accounts were covered by Federal Deposit Insurance. The remaining balance of \$244,890 is in excess of the FDIC insured limit and is uncollateralized and unsecured.

Investments

Detail of investments at June 30, 2016 are as follows:

	<u>Rate</u>	<u>General Fund</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>
Investment in State Treasurer's Pool	Variable	<u>\$619,977</u>	<u>\$35,810</u>	<u>\$311,759</u>	<u>\$967,546</u>

Investment Maturities

<u>External Investment Pool</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Less than 1 Year</u>	<u>1-8 Years</u>
State Investment Pool	<u>\$967,546</u>	<u>\$967,546</u>	<u>\$967,546</u>	<u>\$_____</u>

The State Treasurer's Local Government Investment Pool is managed by the State of Idaho Treasurer's office. All funds are invested in accordance with Section 67-1210 and 67-1210A of Idaho Code. Authorized investments include bonds, treasury bills, interest-bearing notes, and other obligations of the U.S. Government, general obligation or revenue bonds of the State of Idaho or other local governments within the state of Idaho, bonds, debentures, or other similar obligations issued by the farm credit system or by public corporations of the state of Idaho, repurchase agreements covered by any legal investment for the state of Idaho, tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the state of Idaho, revenue bonds of institutions of higher education of the state of Idaho, and time deposits and savings accounts in amounts not to exceed applicable insurance limits. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification.

The State Treasurer's investment policy and the Local Government Investment Pool financial statements which can be obtained by writing P.O. Box 83720, Boise, ID 83720-0091.

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 its deposits or will not be able to recover collateral securities that are in possession of an outside party. Custodial credit risk for investments is the risk that in the event of the failure of the counter party (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 party. The District does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

NOTE 3 Cash and Investments (Continued)

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The investments of the District at year-end are not required to be rated. The District does not have a policy regarding credit 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 rate. At year-end, the District is not subject to interest rate risk as all investments are held in the State Treasurer's Local Government Investment Pool, which has a maturity of 91 days. The District does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity 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 4 Changes in General Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance			Balance
	June 30, 2015	Additions	Deletions	June 30, 2016
Capital assets not being depreciated				
Land	296,770	-	-	296,770
Construction in progress	2,903	20,239	-	23,142
Total nondepreciated assets	<u>299,673</u>	<u>20,239</u>	<u>-</u>	<u>319,912</u>
Capital assets being				
Land Improvements	244,173	-	-	244,173
Buildings	5,974,657	-	-	5,974,657
Equipment	161,074	-	-	161,074
Transportation	665,490	-	-	665,490
Total depreciated assets	<u>7,045,394</u>	<u>-</u>	<u>-</u>	<u>7,045,394</u>

NOTE 4 Changes in General Fixed Assets (Continued)

	Balance			Balance
	June 30, 2015	Additions	Deletions	June 30, 2016
Less: Accumulated				
Land Improvements	(203,535)	(5,833)	-	(209,368)
Buildings	(2,015,700)	(114,015)	-	(2,129,715)
Equipment	(123,499)	(15,824)	-	(139,323)
Transportation	(516,050)	(33,369)	-	(549,419)
Total accumulated depreciation	<u>(2,858,784)</u>	<u>(169,041)</u>	<u>-</u>	<u>(3,027,825)</u>
 Governmental Activities Assets (Net)	 <u>\$ 4,486,283</u>	 <u>\$ (148,802)</u>	 <u>\$ -</u>	 <u>\$ 4,337,481</u>

NOTE 5 Long-Term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 2016.

Bonds payable @ July 1, 2015	1,900,000
Principal payments	<u>(70,000)</u>
Bonds payable @ June 30, 2016	<u>\$1,830,000</u>

Bonds payable at June 30, 2016, are comprised of the following individual issues:

General Obligation Bonds:

2007 Series

Original issue of \$2,360,000 due August 15, 2032

Interest varies between 4% and 4.5% \$1,830,000

SERIES 2007

<u>Date of</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>	<u>Total</u>
<u>Redemption</u>	<u>Rate</u>	<u>Principal</u>	<u>Requirement</u>	<u>Requirement</u>
8/15/2016	4.00%	75,000.00	40,587.50	115,587.50
2/15/2017			39,087.50	39,087.50
8/15/2017	4.00%	80,000.00	39,087.50	119,087.50
2/15/2018			37,487.50	37,487.50
8/15/2018	4.00%	80,000.00	37,487.50	117,487.50
2/15/2019			35,887.50	35,887.50
8/15/2019	4.50%	85,000.00	35,887.50	120,887.50
2/15/2020			33,975.00	33,975.00
8/15/2020	4.50%	90,000.00	33,975.00	123,975.00
2/15/2021			31,950.00	31,950.00

NOTE 5 Long-Term Debt (Continued)

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
8/15/2021	4.50%	90,000.00	31,950.00	121,950.00
2/15/2022			29,925.00	29,925.00
8/15/2022	4.50%	95,000.00	29,925.00	124,925.00
2/15/2023			27,787.50	27,787.50
8/15/2023	4.50%	100,000.00	27,787.50	127,787.50
2/15/2024			25,537.50	25,537.50
8/15/2024	4.50%	105,000.00	25,537.50	130,537.50
2/15/2025			23,175.00	23,175.00
8/15/2025	4.50%	110,000.00	23,175.00	133,175.00
2/15/2026			20,700.00	20,700.00
8/15/2026	4.50%	115,000.00	20,700.00	135,700.00
2/15/2027			18,112.50	18,112.50
8/15/2027	4.50%	120,000.00	18,112.50	138,112.50
2/15/2028			15,412.50	15,412.50
8/15/2028	4.50%	125,000.00	15,412.50	140,412.50
2/15/2029			12,600.00	12,600.00
8/15/2029	4.50%	130,000.00	12,600.00	142,600.00
2/15/2030			9,675.00	9,675.00
8/15/2030	4.50%	135,000.00	9,675.00	144,675.00
2/15/2031			6,637.50	6,637.50
8/15/2031	4.00%	145,000.00	6,637.50	151,637.50
2/15/2032			3,375.00	3,375.00
8/15/2032	4.50%	<u>150,000.00</u>	<u>3,375.00</u>	<u>153,375.00</u>
		<u>\$1,830,000.00</u>	<u>\$783,237.50</u>	<u>\$2,613,237.50</u>

The District's Legal Debt Margin is calculated at 5% of the fair market value of property located within the District. At June 30, 2016 the Legal Debt Margin was:

Market Value at January 1, 2015	\$125,215,640
Percentage allowed	<u>5%</u>
Debt limitation	6,260,782
Less: Bonded debt at June 30, 2016	<u>1,830,000</u>
Legal Debt Margin	<u>\$4,430,782</u>

As of June 30, 2016, \$189,473 was available in the debt service fund to service the general obligation bonds.

NOTE 6 Partially Self-Insured Medical Benefit Pool

Dramatic increases in health insurance premiums have made it necessary for Kendrick Joint School District No. 283 to look at alternative ways to provide the best medical coverage for its employees. As a result, the Board of Trustees encumbered \$30,000 of the General Fund Balance in the FY 2001-2002 budget as a Self-Insured Employee Medical Pool. The purpose of the pool was two-fold: to offset the liability assumed by providing a partial self-fund health insurance plan for its employees, and to help fund future increases in the cost of medical insurance through the savings projected in administering the plan.

The savings in insurance costs, along with interest earned on investments, increased the Self-Insured Medical Benefit Pool balance to \$311,759 by the end of FY 2015-2016. The purpose of this proprietary fund type is solely for budgeting and management of the Self-Insured Employee Medical Pool.

Administration – The Self-Insured Medical Benefit Pool is administered by the Kendrick Joint School District No. 283 Board of Trustees. The business manager will provide the Board with financial statements upon which the Board will make decisions and set a yearly budget. Operating transfers of funds out of the Pool will only be made at the direction of the Board of Trustees.

Initial Investment – With the exception of unusual circumstances, the initial investment of \$30,000 cannot be spent, only invested. An example of an “unusual circumstance” would be employee paid deductibles in a year that would exceed net earnings over the initial investment of \$30,000. An operating transfer to the General M & O Fund to help defray medical fringe benefit cost would not be an “unusual circumstance”.

District Liability – 100% of the liability of self-insuring the employees and dependents of Kendrick Joint School Dist. No. 283 shall be retained in the Self-Insured Medical Benefit Pool. Liability is calculated by the number of employees and dependents plus the eligible retirees and dependents times 90% of the difference between the employee paid deductible and the district paid deductible.

Eligible Retirees – Retirees under the age of 65 years are eligible for benefits under the Self-Insured Medical Benefit Pool with no additional cost in premium to the retiree.

Dissolving the Self-Insured Medical Pool – If the Self-Insured Medical Benefit Pool is dissolved at some point in time, the fund balance will revert back into the General M & O Fund through an operating transfer of funds.

NOTE 7 Pension Plan

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, which became effective for the year ended June 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2015. All amounts are as of June 30, 2015 unless otherwise noted.

NOTE 7 Pension Plan (Continued)

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.

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. Amounts in parenthesis represent police/firefighters.

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 and earnings from investments. 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) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

NOTE 7 Pension Plan (Continued)

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2016 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's employer contributions required and paid were \$176,901, \$184,624 and \$177,136 for the three years ended June 30, 2016, 2015, and 2014, respectively.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2015. The net pension liability was measured as of July 1, 2015, 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 July 1, 2015, the District's proportion was 0.0582281 percent.

The District's pension expense (revenue) is calculated and made available as part of PERSI's annual audit. PERSI's audit for the year ended June 30, 2016 has not been completed at the time of issuance. The pension expense (revenue) for the year ending June 30, 2015 was calculated at \$152,797.

At June 30, 2016, 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	-	91,919
Changes in assumptions or other inputs	27,926	-
Net difference between projected and actual earning on pension plan investments	282,192	402,658
Employer contributions subsequent to the measurement date	<u>176,901</u>	<u>-</u>
Total	<u>\$487,019</u>	<u>\$494,577</u>

NOTE 7 Pension Plan (Continued)

\$176,901 reported as deferred outflow of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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:

For the Year Ending June 30:	Amount to be Recognized
2016	\$(78,654)
2017	\$(78,654)
2018	\$(78,654)
2019	\$57,089
2020	\$(5,586)

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	4.5 – 10.25%
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 experienced study was performed in 2012 for the period July, 1 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2015 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date of July, 2015.

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.

NOTE 7 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, 2014.

Asset Class	Index	Target Allocation	Long-term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	6.9%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation Mean			3.25%
Assumed Inflation Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses Long-Term Expected			.40%
Rate of Return, Net Investment Expenses			7.10%

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-

NOTE 7 Pension Plan (Continued)

percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net pension liability (asset)	\$1,867,572	\$766,769	\$(148,402)

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.

Payables to the pension plan

At June 30, 2015, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 8 Contingent Liabilities

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

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2016:

<u>Fund</u>	<u>Excess</u>
State Professional Technical	898
Medicaid	80,830
Child Nutrition	8,349

These over-expenditures arose due to unexpected increases in expenditures. To meet the student's education needs, the Board of Trustees approved the additional expenditures when additional funding became available. Idaho Code Section 33-701 allows the District to make budget adjustments to reflect the availability of funds and the requirements of the school district.

NOTE 10 Interfund Receivables, Payables and Transfers

Generally accepted accounting principles require disclosure of certain information concerning nonmajor funds including:

Interfund Transfers - Transfers to support the operations of other funds are recorded as "Transfers" and are classified with "Other financing sources or uses." Idaho Code and State Department of Education Regulations mandate transfers into the Capital Projects Fund to cover the depreciation reimbursement. Total transfers are as follows:

	<u>Out</u>	<u>In</u>
General	29,572	-
Child Nutrition	-	9,143
School Plant Facility – Bus Depreciation	-	<u>20,429</u>
Totals	<u>\$29,572</u>	<u>\$29,572</u>

The composition of interfund receivables and payables as of June 30, 2016 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	-	378,949
Special Revenue Funds:		
Child Nutrition	13,983	-
Drivers Education	4,973	-
Federal Forest	57,092	-
Title VI-B, Rural Education Achievement Program	-	2,517
Title I-A, ESEA – Improving Basic Programs	-	4,330
IDEA Part B School-Age	-	4,281
State Professional Technical	-	12,292
Title II-A, ESEA–Improving Teacher Quality	-	1,044
Substance Abuse – State	1,803	-
Public School Technology – State	20,706	-
Medicaid	7,135	-
Debt Service	166,145	-
School Plant Facility	73,278	-
School Plant Facility – Bus Depreciation	<u>58,298</u>	-
Totals	<u>\$403,413</u>	<u>\$403,413</u>

NOTE 11 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

REQUIRED SUPPLEMENTARY INFORMATION



Kendrick Joint School District No. 283
Kendrick, Idaho

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Schedule of the District's Share of Net Pension Liability*
PERSI – Base Plan
As of June 30,

	<u>2015</u>	<u>2014</u>
Employer's portion of the net pension liability	0.0058228%	0.0577604%
Employer's proportionate share of the net pension liability	766,769	425,207
Employer's covered employee payroll	1,630,952	1,575,012
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	47.01%	26.99%
Plan fiduciary net position as a percentage of the total	91.38%	94.95%

Schedule of District Contributions*
PERSI – Base Plan
As of June 30,

	<u>2015</u>	<u>2014</u>
Statutorily required contribution	184,624	177,136
Contributions in relation to the statutorily required contribution	(184,624)	(177,136)
Contribution (deficiency) excess	-	-
Employer's covered employee payroll	1,630,952	1,575,012
Contributions as a percentage of covered employee payroll	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, Kendrick Joint School District No. 283 will present information for those use for which information is available.

Data is reported is measured as of June 30, 2015.

Notes to the Required Supplementary Information
As of June 30, 2016

Change of Assumptions. Amounts reported as of June 30, 2014 reflect an adjustment of the investment rate of return to 7.10 percent, net of pension plan investment expense.

SUPPLEMENTARY INFORMATION



KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION:			
Elementary school program			
Salaries	392,313	390,692	(1,621)
Benefits	166,229	185,000	18,771
Purchased services	6,079	15,000	8,921
Supply-materials	31,057	30,000	(1,057)
Total elementary school program	<u>595,678</u>	<u>620,692</u>	<u>25,014</u>
Secondary school program			
Salaries	274,677	279,579	4,902
Benefits	113,380	126,520	13,140
Purchased services	9,385	15,000	5,615
Supply-materials	16,960	30,000	13,040
Total secondary school program	<u>414,402</u>	<u>451,099</u>	<u>36,697</u>
Vocational-technical program			
Salaries	78,003	78,003	-
Benefits	34,659	34,000	(659)
Purchased services	4,361	500	(3,861)
Supply-materials	624	500	(124)
Total vocational-technical program	<u>117,647</u>	<u>113,003</u>	<u>(4,644)</u>
Special education program			
Salaries	95,903	95,903	-
Benefits	50,742	40,872	(9,870)
Purchased services	1,066	137,651	136,585
Supply-materials	1,446	2,000	554
Total special education program	<u>149,157</u>	<u>276,426</u>	<u>127,269</u>
Special education preschool program			
Supply-materials	<u>-</u>	<u>150</u>	<u>150</u>
Interscholastic program			
Salaries	39,656	43,150	3,494
Benefits	5,754	6,037	283
Purchased services	4,899	1,500	(3,399)
Supply-materials	-	1,000	1,000
Total interscholastic program	<u>50,309</u>	<u>51,687</u>	<u>1,378</u>
School activity program			
Salaries	5,054	5,650	596
Benefits	1,044	1,200	156
Purchased services	219	625	406
Supply-materials	-	50	50
Total school activity program	<u>6,317</u>	<u>7,525</u>	<u>1,208</u>
TOTAL INSTRUCTION			
Salaries	885,606	892,977	7,371
Benefits	371,808	393,629	21,821
Purchased services	26,009	170,276	144,267
Supply-materials	50,087	63,700	13,613
Total Instruction	<u>\$ 1,333,510</u>	<u>\$ 1,520,582</u>	<u>\$ 187,072</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT:			
Attendance - guidance - health program			
Salaries	37,816	36,609	(1,207)
Benefits	17,158	16,486	(672)
Purchased services	593	500	(93)
Supply-materials	-	500	500
Total attendance - guidance - health program	<u>55,567</u>	<u>54,095</u>	<u>(1,472)</u>
Special education support services program			
Salaries	26,851	28,666	1,815
Benefits	13,988	5,950	(8,038)
Purchased services	47,744	67,884	20,140
Supply-materials	1,740	1,500	(240)
Total special education support services program	<u>90,323</u>	<u>104,000</u>	<u>13,677</u>
Educational media program			
Salaries	12,178	15,213	3,035
Benefits	9,130	27,825	18,695
Purchased services	-	3,000	3,000
Supply-materials	2,218	3,500	1,282
Total educational media program	<u>23,526</u>	<u>49,538</u>	<u>26,012</u>
Instruction-related technology program			
Salaries	26,250	26,250	-
Benefits	5,418	5,440	22
Purchased services	185	1,500	1,315
Supply-materials	11,624	19,500	7,876
Capital objects	3,898	-	(3,898)
Total instruction-related technology program	<u>47,375</u>	<u>52,690</u>	<u>5,315</u>
District administration program			
Salaries	61,176	69,235	8,059
Benefits	27,201	52,003	24,802
Purchased services	29,961	40,000	10,039
Supply-materials	4,560	3,000	(1,560)
Insurance	53	53	-
Total district administration program	<u>122,951</u>	<u>164,291</u>	<u>41,340</u>
School administration program			
Salaries	159,084	158,147	(937)
Benefits	72,932	88,200	15,268
Purchased services	3,771	10,000	6,229
Supply-materials	-	5,000	5,000
Capital objects	1,320	-	(1,320)
Total school administration program	<u>237,107</u>	<u>261,347</u>	<u>24,240</u>
Business operation program			
Salaries	63,828	51,290	(12,538)
Benefits	37,390	12,953	(24,437)
Purchased services	8,317	11,200	2,883
Supply-materials	7,215	7,000	(215)
Insurance	53	53	-
Total business operation program	<u>116,803</u>	<u>82,496</u>	<u>(34,307)</u>
Administrative technology service program			
Salaries	26,845	26,250	(595)
Benefits	5,499	16,338	10,839
Purchased services	5,779	3,500	(2,279)
Supply-materials	13,789	12,776	(1,013)
Capital objects	1,347	15,000	13,653
Total administrative technology service program	<u>53,259</u>	<u>73,864</u>	<u>20,605</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
Buildings - care program (custodial)			
Salaries	44,479	46,500	2,021
Benefits	37,414	43,500	6,086
Purchased services	118,893	155,194	36,301
Supply-materials	10,522	14,000	3,478
Insurance	16,271	16,038	(233)
Total buildings - care program (custodial)	<u>227,579</u>	<u>275,232</u>	<u>47,653</u>
Maintenance - non-student occupied			
Salaries	2,129	4,140	2,011
Benefits	997	2,180	1,183
Total maintenance - non-student occupied	<u>3,126</u>	<u>6,320</u>	<u>3,194</u>
Maintenance - student-occupied buildings			
Salaries	44,537	39,000	(5,537)
Benefits	19,199	18,500	(699)
Purchased services	6,535	10,500	3,965
Supply-materials	20,331	15,000	(5,331)
Capital objects	-	1,000	1,000
Insurance	2	-	(2)
Total maintenance - student-occupied buildings	<u>90,604</u>	<u>84,000</u>	<u>(6,604)</u>
Maintenance - grounds			
Salaries	2,129	2,200	71
Benefits	997	500	(497)
Purchased services	2,679	-	(2,679)
Supply-materials	663	-	(663)
Total maintenance - grounds	<u>6,468</u>	<u>2,700</u>	<u>(3,768)</u>
Pupil-to-school transportation program			
Salaries	84,544	86,000	1,456
Benefits	27,238	30,505	3,267
Purchased services	19,067	16,000	(3,067)
Supply-materials	29,207	30,254	1,047
Insurance	4,058	4,060	2
Total pupil-to-school transportation program	<u>164,114</u>	<u>166,819</u>	<u>2,705</u>
Pupil-activity transportation program			
Salaries	6,545	-	(6,545)
Benefits	1,182	-	(1,182)
Total pupil-activity transportation program	<u>7,727</u>	<u>-</u>	<u>(7,727)</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
General transportation program			
Salaries	400	-	(400)
Benefits	210	-	(210)
Purchased services	2,834	2,500	(334)
Supply-materials	1,036	2,500	1,464
Insurance	3,015	3,015	-
Total general transportation program	<u>7,495</u>	<u>8,015</u>	<u>520</u>
Other support services program			
Purchased services	<u>1,547</u>	<u>1,800</u>	<u>253</u>
TOTAL SUPPORT			
Salaries	598,791	589,500	(9,291)
Benefits	275,953	320,380	44,427
Purchased services	247,905	323,578	75,673
Supply-materials	102,905	114,530	11,625
Capital objects	6,565	16,000	9,435
Insurance	23,452	23,219	(233)
Total Support	<u>\$ 1,255,571</u>	<u>\$ 1,387,207</u>	<u>\$ 131,636</u>
NON-INSTRUCTION:			
Child nutrition program			
Benefits	<u>3,483</u>	<u>3,600</u>	<u>117</u>
Community services program			
Salaries	7,157	-	(7,157)
Benefits	1,114	-	(1,114)
Supply-materials	510	-	(510)
Total community services program	<u>8,781</u>	<u>-</u>	<u>(8,781)</u>
TOTAL NON-INSTRUCTION			
Salaries	7,157	-	(7,157)
Benefits	4,597	3,600	(997)
Supply-materials	510	-	(510)
Total Non-Instruction	<u>\$ 12,264</u>	<u>\$ 3,600</u>	<u>\$ (8,664)</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

NONMAJOR SPECIAL REVENUE FUNDS

Child Nutrition Fund - To account for costs of operating the school lunch program at the District. Financing is provided by State and Federal assistance and by sale of lunches. Reporting is done as a special revenue fund rather than as an enterprise fund due to the large amount of State and Federal assistance received by the program.

Federal Forest Fund - To account for Federal revenue received from the U.S. Department of Agriculture. This Fund has been used for special capital outlay projects.

Drivers Education Fund - To account for costs of providing a driver education program. Financing for the program is provided through the Idaho State Department of Education.

State Professional Technical Fund - To account for restricted State revenue to be spent on equipment and materials for vocational programs.

Public School Technology – State Fund - To account for restricted State revenue to be spent on vocational training for alternative high school.

Substance Abuse – State Fund - To account for restricted State revenue to be spent on drug education in-service training for teachers and parents and materials for classroom.

Title I-A, ESEA – Improving Basic Programs Fund - To account for restricted Federal revenue to be spent on programs to provide special instruction to disadvantaged students.

IDEA Part B – School-Age Fund - To account for restricted Federal revenue to be spent on programs to provide for special testing, physical therapy, teacher aides, equipment and materials, etc. in special education.

Title VI-B, ESEA – Rural Education Achievement Program Fund - To account for restricted Federal revenue to be spent on enhancing the other Federal programs.

Title II-A, ESEA – Improving Teacher Quality Fund - To account for restricted Federal revenue to be spent on in-service training of math and/or science teachers.

Medicaid - Revenues generated through billings to Medicaid for services provided to eligible special-needs students.

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	Child Nutrition	Federal Forest	Drivers Education	State Professional Technical	Public School Technology - State	Substance Abuse - State	Title I-A Improving Basic Programs	IDEA Part B School-Age	Title VI-B Rural Education Achievement	Title II-A Improving Teacher Quality	Medicaid	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES												
Assets:												
Due from other funds	13,983	57,092	4,973	-	20,706	1,803	-	-	-	-	7,135	105,692
Other receivables:												
State reimbursement	-	-	-	14,376	-	-	-	-	-	-	-	14,376
Federal reimbursement	30	75	-	-	-	-	12,177	16,246	7,621	1,626	6,257	44,032
Total assets	14,013	57,167	4,973	14,376	20,706	1,803	12,177	16,246	7,621	1,626	13,392	164,100
Deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 14,013</u>	<u>\$ 57,167</u>	<u>\$ 4,973</u>	<u>\$ 14,376</u>	<u>\$ 20,706</u>	<u>\$ 1,803</u>	<u>\$ 12,177</u>	<u>\$ 16,246</u>	<u>\$ 7,621</u>	<u>\$ 1,626</u>	<u>\$ 13,392</u>	<u>\$ 164,100</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Due to other funds	-	-	-	12,292	-	-	4,330	4,281	2,517	1,044	-	24,464
Accrued payroll and benefits	14,013	-	-	2,084	-	-	7,847	11,965	5,104	582	13,392	54,987
Total liabilities	14,013	-	-	14,376	-	-	12,177	16,246	7,621	1,626	13,392	79,451
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:												
Restricted	-	57,167	4,973	-	20,706	1,803	-	-	-	-	-	84,649
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,013</u>	<u>\$ 57,167</u>	<u>\$ 4,973</u>	<u>\$ 14,376</u>	<u>\$ 20,706</u>	<u>\$ 1,803</u>	<u>\$ 12,177</u>	<u>\$ 16,246</u>	<u>\$ 7,621</u>	<u>\$ 1,626</u>	<u>\$ 13,392</u>	<u>\$ 164,100</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	Child Nutrition	Federal Forest	Drivers Education	State Professional Technical	Public School Technology - State	Substance Abuse - State	Title I-A Improving Basic Programs	IDEA Part B School-Age	Title VI-B Rural Education Achievement	Title II-A Improving Teacher Quality	Medicaid	Total
REVENUES												
Local:												
Lunch sales	49,416	-	-	-	-	-	-	-	-	-	-	49,416
Other	-	-	1,265	-	-	-	-	-	-	-	-	1,265
Total local	49,416	-	1,265	-	-	-	-	-	-	-	-	50,681
State:												
Other state support	-	-	-	24,876	24,189	4,987	-	-	-	-	-	54,052
Driver education program	-	-	1,375	-	-	-	-	-	-	-	-	1,375
Total state	-	-	1,375	24,876	24,189	4,987	-	-	-	-	-	55,427
Federal:												
School lunch reimbursement	78,790	-	-	-	-	-	-	-	-	-	-	78,790
Restricted	-	10,117	-	-	-	-	49,645	51,845	33,390	17,527	80,830	243,354
Total federal	78,790	10,117	-	-	-	-	49,645	51,845	33,390	17,527	80,830	322,144
Total revenues	128,206	10,117	2,640	24,876	24,189	4,987	49,645	51,845	33,390	17,527	80,830	428,252
EXPENDITURES												
Instruction:												
Salaries	-	-	2,250	9,164	-	-	26,909	25,960	25,492	-	26,893	116,668
Benefits	-	-	439	1,392	-	-	21,642	25,245	6,918	9	14,577	70,222
Purchased services	-	-	-	5,038	-	-	-	-	-	90	27,648	32,776
Supply-materials	-	-	289	9,282	-	-	1,094	596	-	-	-	11,261
Insurance	-	-	44	-	-	-	-	-	-	-	-	44
Total instruction	-	-	3,022	24,876	-	-	49,645	51,801	32,410	99	69,118	230,971
Support:												
Salaries	-	-	-	-	10,757	800	-	-	-	1,500	1,850	14,907
Benefits	-	-	-	-	2,209	164	-	-	-	7,887	2,096	12,356
Purchased services	-	-	-	-	391	825	-	-	-	8,041	7,766	17,023
Supply-materials	-	-	-	-	-	3,678	-	44	980	-	-	4,702
Capital objects	-	-	-	-	1,500	-	-	-	-	-	-	1,500
Total support	-	-	-	-	14,857	5,467	-	44	980	17,428	11,712	50,488
Non-instruction												
Salaries	45,529	-	-	-	-	-	-	-	-	-	-	45,529
Benefits	36,962	-	-	-	-	-	-	-	-	-	-	36,962
Purchased services	1,223	-	-	-	-	-	-	-	-	-	-	1,223
Supply-materials	53,635	-	-	-	-	-	-	-	-	-	-	53,635
Total non-instruction	137,349	-	-	-	-	-	-	-	-	-	-	137,349
Total expenditures	137,349	-	3,022	24,876	14,857	5,467	49,645	51,845	33,390	17,527	80,830	418,808
Excess (deficiency) revenues over/under expenditures	(9,143)	10,117	(382)	-	9,332	(480)	-	-	-	-	-	9,444
Other financing sources (uses):												
Transfer in	9,143	-	-	-	-	-	-	-	-	-	-	9,143
Net change in fund balance	-	10,117	(382)	-	9,332	(480)	-	-	-	-	-	18,587
Fund balance - Beginning of year	-	47,050	5,355	-	11,374	2,283	-	-	-	-	-	66,062
Fund balance - End of year	\$ -	\$ 57,167	\$ 4,973	\$ -	\$ 20,706	\$ 1,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,649

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

CAPITAL PROJECTS FUNDS

School Plant Facility - This fund is established to account for appropriated funds to acquire plant facility items. Financing is provided by tax revenues.

School Plant Facility – Bus Depreciation - This fund is established to account for funds to replace school buses only.

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

ALL CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2016

	<u>School Plant Facility</u>	<u>School Plant Facility - Bus Depreciation</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Investments	35,810	-	35,810
Due from other funds	73,278	58,298	131,576
Taxes receivable	3,899	-	3,899
Unbilled taxes receivable	50,000	-	50,000
Other receivables:			
Taxes due from counties	12,024	-	12,024
Total assets	<u>175,011</u>	<u>58,298</u>	<u>233,309</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<u>\$ 175,011</u>	<u>\$ 58,298</u>	<u>\$ 233,309</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Deferred revenue	3,371	-	3,371
Unavailable property tax revenue	50,000	-	50,000
Total deferred inflows of resources	<u>53,371</u>	<u>-</u>	<u>53,371</u>
Fund balance:			
Restricted	<u>121,640</u>	<u>58,298</u>	<u>179,938</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 175,011</u>	<u>\$ 58,298</u>	<u>\$ 233,309</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

ALL CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2016

	<u>School Plant Facility</u>	<u>School Plant Facility - Bus Depreciation</u>	<u>Total</u>
REVENUES			
Local:			
Taxes	47,640	-	47,640
Earnings on investments	114	-	114
Total local	<u>47,754</u>	<u>-</u>	<u>47,754</u>
State:			
Lottery/additional state maintenance	725	-	725
Total revenues	<u>48,479</u>	<u>-</u>	<u>48,479</u>
EXPENDITURES			
Capital objects	40,600	-	40,600
Total expenditures	<u>40,600</u>	<u>-</u>	<u>40,600</u>
Excess (deficiency) of revenues over/under expenditures	7,879	-	7,879
Other financing sources (uses):			
Transfer in	-	20,429	20,429
Net change in fund balance	7,879	20,429	28,308
Fund balance-Beginning of year	<u>113,761</u>	<u>37,869</u>	<u>151,630</u>
Fund balance-End of year	<u>\$ 121,640</u>	<u>\$ 58,298</u>	<u>\$ 179,938</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2016

Finding 2015-001 Review of Journal Entries

Condition Throughout our testing, we found no secondary review of journal entries posted throughout the year. We discussed internal controls with management and inquired as to the controls over journal entries. Based on the responses from management, we determined that no controls over journal entries were in place during the year.

Status This finding has been resolved.