

# **KENDRICK JOINT SCHOOL DISTRICT NO. 283**

**Kendrick, Idaho**

**Audited Financial Statements  
For the Year Ended June 30, 2018**

# **KENDRICK JOINT SCHOOL DISTRICT NO. 283**

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For the Year Ended June 30, 2018**



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**Kendrick, Idaho**

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## 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, 2018, 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	Unmodified
Aggregate discretely presented component unit	Qualified
General Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Funds	Unmodified
Internal Service Fund	Unmodified
Aggregate remaining fund information	Unmodified

### ***Basis for Qualified Opinion on 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 unit.

### ***Qualified Opinion***

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component unit of Kendrick Joint School District No. 283, as of June 30, 2018, 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 the governmental activities, each major fund and the aggregate remaining fund information of Kendrick Joint School District No. 283, as of June 30, 2018, 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, the net pension liability related schedules on page 47 and the other post-employment benefits liability schedules on page 48 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 October 17, 2018 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  
October 17, 2018

**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, 2018 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 October 17, 2018.

**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, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting (Finding 2018-001, 2018-002, 2018-003).

### **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  
October 17, 2018

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**  
**Kendrick, Idaho**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2018**

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, 2018.

**Financial Highlights**

- ) Kendrick Joint School District carried a fund balance of over \$888,000 into the 2017-18 FY. Patrons are funding a one-year Supplemental Levy totaling \$850,000. The State Department of Education is continuing to follow and fund the Career Ladder Legislation, increasing Instructional and Pupil Service Staff yearly until 2020.
- ) The School board authorized the sale of General Obligation Refunding Bonds Series 2018 to refinance the General Obligation School Bond Series 2007. The outstanding General Obligation Bonded Indebtedness of 2018 Series for the purpose of refunding is \$1,555,000. Bonds are rated with a "Aaa" Moody's rating (State of Idaho Guaranty). Portions of this bond issue will be refunded by the 2018 bonds. Total outstanding Principal amount of the Bonds \$1,635,000. The final maturity date will be August 15, 2032 – one year earlier than the 2007 Series bond pay-off date.
- ) Plant Facility Levy improvements to the Kendrick Jr. /Sr. High School completed the classroom remodel project started two years ago by adding suspended ceilings with HVAC ductwork, new lighting, and, replacing the door frames, doors and locks in each classroom. Building improvements at Juliaetta Elementary include installation of an HVAC unit in the Elementary Office, A Walk-In Cooler in the kitchen and replacing carpet with tile on the West wing.
- ) Other improvements expensed from the General Fund and generous donations include a Plasma Cutter in the Ag Department, a 3-D printer in the science lab, stage curtains and a new sound system for the KHS gymnasium, and a new observation deck built on the football field.

**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 \$3,580,609.

#### Statement of Net Position

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>
<b>Assets</b>			
Current Assets	3,283,622	3,031,582	252,040
Noncurrent Assets	4,254,039	4,358,383	(104,344)
<b>Total Assets</b>	<u>7,537,661</u>	<u>7,389,965</u>	<u>147,696</u>
<b>Deferred Outflows of Resources</b>	<u>318,638</u>	<u>738,331</u>	<u>(419,693)</u>
<b>Liabilities</b>			
Current Liabilities	441,954	398,054	43,900
Noncurrent Liabilities	2,665,818	2,783,197	(117,379)
<b>Total Liabilities</b>	<u>3,107,772</u>	<u>3,181,251</u>	<u>(73,479)</u>
<b>Deferred Inflows of Resources</b>	<u>1,167,918</u>	<u>1,403,362</u>	<u>(235,444)</u>
<b>Net Position</b>			
Net investment in capital assets	2,541,551	2,574,534	(32,983)
Restricted	788,145	751,860	36,285
Unrestricted	250,913	217,289	33,624
<b>Total Net Position</b>	<u>\$ 3,580,609</u>	<u>\$ 3,543,683</u>	<u>\$ 36,926</u>

The largest portions of the District's net position are (70.98%) 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 (22.01%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (7.01%) 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.

*Changes in Net Position* - The table below shows the changes in net position. The District had total revenues of \$3,775,462 and total expenses of \$3,461,793 that generated an increase in net position of \$313,669.

<b>Changes in Net Position</b>			
	<u>2017 - 2018</u>	<u>2016 - 2017</u>	<u>Change</u>
<b>Revenues</b>			
Program Revenues:			
Charges for services	43,893	51,834	(7,941)
Operating grants and contributions	629,475	589,230	40,245
General Revenues:			
Property taxes	1,092,698	1,062,762	29,936
Federal and state revenues	1,937,060	1,882,596	54,464
Local revenues	72,336	87,603	(15,267)
<b>Total Revenues</b>	<b><u>3,775,462</u></b>	<b><u>3,674,025</u></b>	<b><u>101,437</u></b>
<b>Expenses</b>			
Program Expenses:			
Instruction	1,556,073	1,515,690	40,383
Support services	1,462,616	1,407,973	54,643
Child Nutrition	135,154	139,130	(3,976)
Capital Outlay	53,690	45,484	8,206
Debt Service	85,964	79,442	6,522
Depreciation, unallocated	168,296	160,698	7,598
<b>Total Expenses</b>	<b><u>3,461,793</u></b>	<b><u>3,348,417</u></b>	<b><u>113,376</u></b>
<b>Change in Net Position</b>	<b>313,669</b>	<b>325,608</b>	<b>(11,939)</b>
<b>Net Position - Beginning</b>	<b>3,543,683</b>	<b>3,207,233</b>	<b>336,450</b>
<b>Prior Period Adjustment</b>	<b>(276,743)</b>	<b>10,842</b>	<b>(287,585)</b>
<b>Net Position - Ending</b>	<b><u>\$ 3,580,609</u></b>	<b><u>\$ 3,543,683</u></b>	<b><u>\$ 36,926</u></b>

### **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 \$1,148,960, which is up 29.27% from the ending balance in the prior fiscal year of \$888,778. The reason for the increase was because there was an increase in revenue in the General Fund. A minimum fund balance of two month's expenses is recommended by the Government Finance Officers Association. Revenues in the General fund totaled \$2,994,348, a 1.58% increase from the prior year of \$2,947,803. Expenditures in the General Fund totaled \$2,706,850, a 0.52% increase from the prior year of \$2,692,719.

**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 \$318,591 at June 30, 2018.

**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 \$150,933. This is an increase from the prior balance of \$22,939.

<b>Capital Assets</b>			
<b>Governmental Activities</b>			
<b>Net of Accumulated Depreciation</b>			
	<b>2018</b>	<b>2017</b>	<b>Change</b>
Sites	321,081	326,328	(5,247)
Buildings	3,769,812	3,851,799	(81,987)
Equipment	27,039	10,663	16,376
Transportation	136,107	169,593	(33,486)
Total Net Assets	\$ 4,254,039	\$ 4,358,383	\$ (104,344)

**Long-term debt.** *General Obligation Bonds* - The Debt Service Fund has a total fund balance of \$202,112 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 \$1,675,000 in outstanding general obligation bonds.

**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](mailto:sd283@tds.net).

## **FINANCIAL STATEMENTS**



KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

STATEMENT OF NET POSITION

June 30, 2018

**ASSETS**

Current assets:

Cash	218,234
Investments	1,505,636
Taxes receivable	90,989
Unbilled taxes receivable	991,313
Other receivables:	
Due from other governments	408,638
Other receivables	68,812
Total current assets	<u>3,283,622</u>

Noncurrent assets:

Non-depreciated capital assets	296,770
Depreciated capital assets	7,226,416
Less: accumulated depreciation	<u>(3,269,147)</u>
Total noncurrent assets	<u>4,254,039</u>

Total assets 7,537,661

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related items	308,684
OPEB related items	<u>9,954</u>

Total deferred outflows of resources 318,638

**LIABILITIES**

Current liabilities:

Accounts payable and other current liabilities	336,954
Current portion of long-term debt	<u>105,000</u>
Total current liabilities	<u>441,954</u>

Noncurrent liabilities:

Noncurrent portion of long-term debt	1,570,000
Other post-employment benefits liability	291,838
Net pension liability	791,467
Accrued compensated absences	<u>12,513</u>
Total noncurrent liabilities	<u>2,665,818</u>

Total liabilities 3,107,772

**DEFERRED INFLOWS OF RESOURCES**

Unavailable property tax revenue	991,313
OPEB related items	10,617
Pension related items	<u>165,988</u>

Total deferred inflows of resources 1,167,918

**NET POSITION**

Net investment in capital assets	2,541,551
Restricted for:	
Debt service	212,124
Capital projects	154,264
Grant programs	103,166
Medical benefits	318,591
Unrestricted	<u>250,913</u>

Total net position \$ 3,580,609



**KENDRICK JOINT SCHOOL DISTRICT NO. 283**

Kendrick, Idaho

**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2018

	Program Revenues			Net (Expense)	
				Revenue and	
				Changes in Net	
				Position	
	Expenses	Charges for	Operating	Capital Grants	Governmental
		Services	Grants and	and	Activities
			Contributions	Contributions	
<b>FUNCTIONS/PROGRAMS</b>					
Governmental activities:					
Instruction	1,556,073	239	344,437	-	(1,211,397)
Support Services					
Pupil support	144,476	-	77,577	-	(66,899)
Staff support	56,348	-	-	-	(56,348)
General administration	141,209	-	-	-	(141,209)
School/business administration	458,869	-	-	-	(458,869)
Operation and maintenance	341,250	-	-	-	(341,250)
Transportation	188,935	-	121,025	-	(67,910)
Community services	131,529	-	-	-	(131,529)
Child nutrition	135,154	43,654	86,436	-	(5,064)
Capital outlay	53,690	-	-	-	(53,690)
Debt services	85,964	-	-	-	(85,964)
Depreciation, unallocated	168,296	-	-	-	(168,296)
Total School District	<u>\$ 3,461,793</u>	<u>\$ 43,893</u>	<u>\$ 629,475</u>	<u>\$ -</u>	<u>(2,788,425)</u>
<b>General revenues</b>					
Taxes					
Property taxes levied for general purposes					879,405
Property taxes levied for debt service					162,713
Property taxes levied for capital projects					50,580
Federal and State aid not restricted to specific purposes					1,937,060
Other					50,116
Interest and investment earnings					<u>22,220</u>
Total general revenues					<u>3,102,094</u>
Change in net position					313,669
<b>Net position - beginning</b>					3,543,683
<b>Prior period adjustment (Note 13)</b>					<u>(276,743)</u>
<b>Net position - ending</b>					<u>\$ 3,580,609</u>

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**

Kendrick, Idaho

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Assets:					
Cash	218,234	-	-	-	218,234
Investments	1,030,858	119,592	36,595	-	1,187,045
Due from other funds	-	33,081	102,615	114,960	250,656
Taxes receivable	73,237	13,376	4,376	-	90,989
Unbilled taxes receivable	797,503	143,810	50,000	-	991,313
Other receivables:					
Due from other governments	262,398	46,075	14,319	85,846	408,638
Other receivables	68,812	-	-	-	68,812
Total assets	<u>2,451,042</u>	<u>355,934</u>	<u>207,905</u>	<u>200,806</u>	<u>3,215,687</u>
Deferred outflows of resources	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 2,451,042</u>	<u>\$ 355,934</u>	<u>\$ 207,905</u>	<u>\$ 200,806</u>	<u>\$ 3,215,687</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	213,420	-	-	37,236	250,656
Accrued payroll and benefits	231,310	-	-	59,864	291,174
Other liabilities	4,111	-	3,641	540	8,292
Total liabilities	<u>448,841</u>	<u>-</u>	<u>3,641</u>	<u>97,640</u>	<u>550,122</u>
Deferred inflows of resources:					
Deferred revenue	55,738	10,012	3,331	-	69,081
Unavailable property tax revenue	797,503	143,810	50,000	-	991,313
Total deferred inflows of resources	<u>853,241</u>	<u>153,822</u>	<u>53,331</u>	<u>-</u>	<u>1,060,394</u>
Fund balances:					
Restricted	-	202,112	150,933	103,166	456,211
Unassigned	1,148,960	-	-	-	1,148,960
Total fund balances	<u>1,148,960</u>	<u>202,112</u>	<u>150,933</u>	<u>103,166</u>	<u>1,605,171</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 2,451,042</u>	<u>\$ 355,934</u>	<u>\$ 207,905</u>	<u>\$ 200,806</u>	<u>\$ 3,215,687</u>

# KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

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

June 30, 2018

Total fund balances - governmental funds	1,605,171
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	7,523,186
Accumulated depreciation	(3,269,147)
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.	
	69,081
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.	
	318,591
Certain pension related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:	
Deferred outflows of resources	308,684
Deferred inflows of resources	(165,988)
Certain OPEB related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:	
Deferred outflows of resources	9,954
Deferred inflows of resources	(10,617)
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.	
	(37,488)
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:	
Compensated absences	(12,513)
General obligation bonds	(1,675,000)
Other post-employment benefits liability	(291,838)
Net pension liability	(791,467)
Total net position - governmental activities	<u>\$ 3,580,609</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, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local	945,723	162,690	51,118	43,893	1,203,424
State	2,040,225	8,934	526	86,704	2,136,389
Federal	8,400	-	-	421,746	430,146
Total revenues	<u>2,994,348</u>	<u>171,624</u>	<u>51,644</u>	<u>552,343</u>	<u>3,769,959</u>
<b>EXPENDITURES</b>					
Instruction	1,393,410	-	-	216,473	1,609,883
Support	1,309,770	-	6,886	77,577	1,394,233
Non-instruction	3,670	-	-	266,728	270,398
Capital asset program	-	-	47,379	-	47,379
Debt service	-	157,325	-	-	157,325
Total expenditures	<u>2,706,850</u>	<u>157,325</u>	<u>54,265</u>	<u>560,778</u>	<u>3,479,218</u>
Excess (deficiency) of revenue over (under) expenditures	<u>287,498</u>	<u>14,299</u>	<u>(2,621)</u>	<u>(8,435)</u>	<u>290,741</u>
<b>Other financing sources (uses)</b>					
Sale of fixed asset	950	-	-	-	950
Transfer in	-	-	25,560	2,706	28,266
Transfer out	(28,266)	-	-	-	(28,266)
Total other financing sources (uses)	<u>(27,316)</u>	<u>-</u>	<u>25,560</u>	<u>2,706</u>	<u>950</u>
Net change in fund balance	260,182	14,299	22,939	(5,729)	291,691
Fund balance-beginning of year	<u>888,778</u>	<u>187,813</u>	<u>127,994</u>	<u>108,895</u>	<u>1,313,480</u>
Fund balance-end of year	<u>\$ 1,148,960</u>	<u>\$ 202,112</u>	<u>\$ 150,933</u>	<u>\$ 103,166</u>	<u>\$ 1,605,171</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, 2018

Net change in fund balances - total governmental funds		291,691
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 capitalized and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays	63,952	
Depreciation expense	<u>(168,296)</u>	(104,344)
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.		
		138
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.		
		80,000
Net pension liability adjustments:		
Fiscal year 2017 employer PERSI contributions recognized as pension expense in the current year	(181,883)	
Fiscal year 2018 employer PERSI contributions deferred to subsequent year	184,404	
Pension related amortization expense	<u>61,284</u>	63,805
Other post-employment liability adjustments:		
Change in other post-employment liability	(9,648)	
OPEB related amortization expense	<u>(6,110)</u>	(15,758)
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.		
		(8,639)
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.		
		4,415
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount by which compensated absences incurred exceeded the amount paid during the year.		
		<u>2,361</u>
Total change in net position of governmental activities		<u>\$ 313,669</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, 2018

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
<b>REVENUES</b>					
Local:					
Taxes	840,083	840,083	879,628	39,545	39,545
Earnings on investments	5,000	5,000	16,929	11,929	11,929
Other	6,700	6,700	49,166	42,466	42,466
Total local	<u>851,783</u>	<u>851,783</u>	<u>945,723</u>	<u>93,940</u>	<u>93,940</u>
State:					
Base program	1,453,138	1,453,138	1,521,759	68,621	68,621
Transportation	120,604	120,604	121,025	421	421
Exceptional child support	7,090	7,090	8,300	1,210	1,210
Benefit apportionment	197,012	197,012	205,970	8,958	8,958
Other state support	123,733	123,733	112,257	(11,476)	(11,476)
Lottery/additional state maintenance	13,123	13,123	34,023	20,900	20,900
Revenue in lieu of taxes	36,665	36,665	33,291	(3,374)	(3,374)
Other state revenue	-	-	3,600	3,600	3,600
Total state	<u>1,951,365</u>	<u>1,951,365</u>	<u>2,040,225</u>	<u>88,860</u>	<u>88,860</u>
Federal:					
Unrestricted	-	-	8,400	8,400	8,400
Total revenues	<u>2,803,148</u>	<u>2,803,148</u>	<u>2,994,348</u>	<u>191,200</u>	<u>191,200</u>
<b>EXPENDITURES</b>					
Instruction:					
Salaries	969,828	969,828	919,829	49,999	49,999
Benefits	465,336	465,336	366,386	98,950	98,950
Purchased services	151,176	151,176	33,339	117,837	117,837
Supply-materials	90,300	90,300	50,864	39,436	39,436
Capital objects	-	-	22,992	(22,992)	(22,992)
Total instruction	<u>1,676,640</u>	<u>1,676,640</u>	<u>1,393,410</u>	<u>283,230</u>	<u>283,230</u>
Support:					
Salaries	657,872	657,872	605,202	52,670	52,670
Benefits	340,753	340,753	292,190	48,563	48,563
Purchased services	262,152	262,152	260,791	1,361	1,361
Supply-materials	124,817	124,817	108,709	16,108	16,108
Capital objects	30,000	30,000	19,370	10,630	10,630
Insurance - judgment	23,452	23,452	23,508	(56)	(56)
Total support	<u>1,439,046</u>	<u>1,439,046</u>	<u>1,309,770</u>	<u>129,276</u>	<u>129,276</u>
Non-instruction:					
Benefits	4,200	4,200	3,670	530	530
Contingency reserve	147,702	147,702	-	147,702	147,702
Total expenditures	<u>3,267,588</u>	<u>3,267,588</u>	<u>2,706,850</u>	<u>560,738</u>	<u>560,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(464,440)</u>	<u>(464,440)</u>	<u>287,498</u>	<u>751,938</u>	<u>751,938</u>
Other financing sources (uses)					
Sale of fixed asset	-	-	950	950	950
Transfer out:					
School plant facility-bus depreciation	(32,156)	(32,156)	(25,560)	6,596	6,596
Child nutrition fund	(3,404)	(3,404)	(2,706)	698	698
Total other financing sources (uses)	<u>(35,560)</u>	<u>(35,560)</u>	<u>(27,316)</u>	<u>8,244</u>	<u>8,244</u>
Net change in fund balance	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>260,182</u>	<u>\$ 760,182</u>	<u>\$ 760,182</u>
Fund balance-beginning of year			<u>888,778</u>		
Fund balance-end of year			<u>\$ 1,148,960</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, 2018**

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
<b>REVENUES</b>					
Local:					
Taxes	160,695	160,695	162,321	1,626	1,626
Earnings on investments	-	-	369	369	369
Total local	<u>160,695</u>	<u>160,695</u>	<u>162,690</u>	<u>1,995</u>	<u>1,995</u>
State:					
Other state support	-	-	7,111	7,111	7,111
Revenue in lieu of/ag equip taxes	-	-	1,823	1,823	1,823
Other state revenue	6,500	6,500	-	(6,500)	(6,500)
Total state	<u>6,500</u>	<u>6,500</u>	<u>8,934</u>	<u>2,434</u>	<u>2,434</u>
Total revenues	<u>167,195</u>	<u>167,195</u>	<u>171,624</u>	<u>4,429</u>	<u>4,429</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	80,000	80,000	80,000	-	-
Interest	76,575	76,575	77,325	(750)	(750)
Total expenditures	<u>156,575</u>	<u>156,575</u>	<u>157,325</u>	<u>(750)</u>	<u>(750)</u>
Net change in fund balance	<u>\$ 10,620</u>	<u>\$ 10,620</u>	14,299	<u>\$ 3,679</u>	<u>\$ 3,679</u>
Fund balance-beginning of year			<u>187,813</u>		
Fund balance-end of year			<u>\$ 202,112</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, 2018**

	Original Budget	Amended Budget	Actual	Variances	
				Favorable to Actual	(Unfavorable) to Actual
<b>REVENUES</b>					
Local:					
Taxes	50,000	50,000	50,611	611	611
Earnings on investments	-	-	507	507	507
Total local	<u>50,000</u>	<u>50,000</u>	<u>51,118</u>	<u>1,118</u>	<u>1,118</u>
State:					
Lottery/additional state maintenance	-	-	526	526	526
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>51,644</u>	<u>1,644</u>	<u>1,644</u>
<b>EXPENDITURES</b>					
Support:					
Purchased services	-	-	35	(35)	(35)
Supplies-material	-	-	6,851	(6,851)	(6,851)
Capital objects	158,858	158,858	-	158,858	158,858
Total support	<u>158,858</u>	<u>158,858</u>	<u>6,886</u>	<u>151,972</u>	<u>151,972</u>
Capital asset program:					
Purchased services			638	(638)	(638)
Capital objects	-	-	46,741	(46,741)	(46,741)
Total capital asset program	<u>-</u>	<u>-</u>	<u>47,379</u>	<u>(47,379)</u>	<u>(47,379)</u>
Total expenditures	<u>158,858</u>	<u>158,858</u>	<u>54,265</u>	<u>104,593</u>	<u>104,593</u>
Excess (deficiency) of revenues over (under) expenditures	(108,858)	(108,858)	(2,621)	106,237	106,237
Other financing sources (uses)					
Transfer in	25,560	25,560	25,560	-	-
Net change in fund balance	<u>\$ (83,298)</u>	<u>\$ (83,298)</u>	22,939	<u>\$ 106,237</u>	<u>\$ 106,237</u>
Fund balance-beginning of year			<u>127,994</u>		
Fund balance-end of year			<u>\$ 150,933</u>		



**KENDRICK JOINT SCHOOL DISTRICT NO. 283**

Kendrick, Idaho

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**INTERNAL SERVICE FUND  
STATEMENT OF NET POSITION  
June 30, 2018**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Assets:

Investments 318,591

Deferred outflows of resources -

Total assets and deferred outflows of resources 318,591

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

Liabilities -

Deferred inflows of resources -

Total liabilities and deferred inflows of resources -

**NET POSITION**

Restricted for medical payments 318,591

Total net position \$ 318,591

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**

Kendrick, Idaho

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**INTERNAL SERVICE FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND  
ACTUAL  
For the Year Ended June 30, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>			
Local:			
Earnings on investments	<u>4,415</u>	<u>2,000</u>	<u>2,415</u>
Total revenues	<u>4,415</u>	<u>2,000</u>	<u>2,415</u>
<b>EXPENDITURES</b>			
Instruction:			
Benefits	<u>-</u>	<u>57,000</u>	<u>57,000</u>
Net change in net position	4,415	<u>\$ (55,000)</u>	<u>\$ 59,415</u>
Net position-beginning of year	<u>314,176</u>		
Net position-end of year	<u>\$ 318,591</u>		

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**

**Kendrick, Idaho**

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**INTERNAL SERVICE FUND  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2018**

<b>Cash Flows from Operating Activities</b>		<u>-</u>
<b>Cash Flows From Noncapital Financing Activities</b>		<u>-</u>
<b>Cash Flows From Investing Activities</b>		
Earnings on investments	<u>4,415</u>	
Net cash provided by investing activities		<u>4,415</u>
<b>Cash Flows From Financing Activities</b>		<u>-</u>
<b>Net change in cash and cash equivalents</b>		4,415
<b>Cash and cash equivalents- beginning of year</b>		<u>314,176</u>
<b>Cash and cash equivalents - end of year</b>		<u><u>\$ 318,591</u></u>

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**  
**Kendrick, Idaho**

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**FIDUCIARY FUNDS AND COMPONENT UNIT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2018**

	<b>Agency Funds</b>	<b>Component Unit - Kendrick Juliaetta &amp; 7 Ridges Education Foundation, Inc.</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Assets:		
Cash	53,688	44,130
Investments	-	613,966
Total assets	53,688	658,096
Deferred outflows of resources	-	-
Total assets and deferred outflows of resources	53,688	658,096
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Liabilities:		
Due to student groups	53,688	-
Deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources	53,688	-
<b>NET POSITION</b>		
Unrestricted		18,881
Temporarily restricted	-	639,215
Total net position	\$ -	\$ 658,096

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**

Kendrick, Idaho

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**COMPONENT UNIT - KENDRICK JULIAETTA & 7 RIDGES EDUCATION FOUNDATION, INC.**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**June 30, 2018**

**REVENUES**

Donations	47,917
Interest and dividends	21,317
Net investment income (loss)	<u>22,743</u>

Total revenues 91,977

**EXPENDITURES**

Administrative expenses	8,730
Grant awards	<u>33,625</u>

Total expenditures 42,355

**Change in net position** 49,622

**Net Position - beginning** 608,474

**Net Position - ending** \$ 658,096

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**  
**Kendrick, Idaho**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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 accumulated vacation payable of \$12,513 at June 30, 2018. 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, 2018, there were 54 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.

**Statement of Cash Flows** - For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

**Fund Balance** - 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.

## NOTE 1 Summary of Significant Accounting Policies (Continued)

**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 2018 that 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, 2017 upon which the 2017 levy was based was \$133,818,129.

The District's actual levy was 3.73641% per \$100 for plant facility acquisitions and 12.00846% 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, 2017 was 62.40432% per \$100, which means that the District was required to pass an override levy in the amount of 62.40432% per \$100. The total tax levy for the year ended June 30, 2018 was \$1,057,324 with total tax collections being \$1,001,516.

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, 2018 were 94.73% of the tax levy. Property taxes levied for 2017 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 2018 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2018 of \$991,313 is recorded as uncollected but are not considered available at June 30, 2018. 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, 2018	73,237	13,376	4,376	90,989
Less: Taxes to be collected by the County Treasurer by August 31, 2018	(17,499)	(3,364)	(1,045)	(21,908)
Deferred revenue	<u>\$ 55,738</u>	<u>\$ 10,012</u>	<u>\$ 3,331</u>	<u>\$ 69,081</u>

### NOTE 3 Cash and Investments

<u>Cash</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking and Savings Accounts	<u>\$271,922</u>	<u>\$451,199</u>

Checking and savings accounts were with Wells Fargo Bank, N.A. and Arbiter Sports of which \$250,000 of accounts were covered by Federal Deposit Insurance. The remaining balance of \$200,452 is in excess of the FDIC insured limit and is uncollateralized and unsecured.

#### Investments

Detail of investments at June 30, 2018 are as follows:

	<u>Rate</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>
Investment in State Treasurer's Pool	Variable	<u>\$1,030,858</u>	<u>\$119,592</u>	<u>\$36,595</u>	<u>\$318,591</u>	<u>\$1,505,636</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>\$1,505,636</u>	<u>\$1,505,636</u>	<u>\$1,505,636</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:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Capital assets not being depreciated</b>					
Land	296,770	-	-	-	296,770
<b>Capital assets being depreciated</b>					
Land Improvements	244,173	-	-	-	244,173
Buildings	6,098,521	36,652	-	-	6,135,173
Equipment	161,074	27,300	-	-	188,374
Transportation	658,696	-	-	-	658,696
Total depreciated assets	<u>7,162,464</u>	<u>63,952</u>	<u>-</u>	<u>-</u>	<u>7,226,416</u>

## NOTE 4 Changes in General Fixed Assets (Continued)

	Balance June 30, 2017	Additions	Transfers	Deletions	Balance June 30, 2018
<b>Less: Accumulated Depreciation</b>					
Land Improvements	(214,615)	(5,247)	-	-	(219,862)
Buildings	(2,246,722)	(118,639)	-	-	(2,365,361)
Equipment	(150,411)	(10,924)	-	-	(161,335)
Transportation	(489,103)	(33,486)	-	-	(522,589)
Total accumulated depreciation	<u>(3,100,851)</u>	<u>(168,296)</u>	<u>-</u>	<u>-</u>	<u>(3,269,147)</u>
Governmental Activities Assets (Net)	<u>\$ 4,358,383</u>	<u>\$ (104,344)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,254,039</u>

## NOTE 5 Long-Term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 2018.

Bonds payable @ July 1, 2017	1,755,000
Principal payments	<u>(80,000)</u>
Bonds payable @ June 30, 2018	<u>\$1,675,000</u>

### 2007 Series – General Obligation Bonds

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

Interest varies between 4% and 4.5% \$1,675,000

The District refinanced the 2007 Series – General Obligation Bonds in the next fiscal year with the Series 2018 – General Obligation Refunding Bonds. The following is a schedule of the Series 2018 – General Obligation Refunding Bonds, which have been presented as a subsequent event on Note 14.

### SERIES 2018

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
8/15/2018	3.00%	25,000.00	12,865.00	37,865.00
2/15/2019			30,500.00	30,500.00
8/15/2019	4.00%	95,000.00	30,500.00	125,500.00
2/15/2020			28,600.00	28,600.00
8/15/2020	4.00%	100,000.00	28,600.00	128,600.00
2/15/2021			26,600.00	26,600.00

**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	4.00%	100,000.00	26,600.00	126,600.00
2/15/2022			24,600.00	24,600.00
8/15/2022	4.00%	105,000.00	24,600.00	129,600.00
2/15/2023			22,500.00	22,500.00
8/15/2023	4.00%	110,000.00	22,500.00	132,500.00
2/15/2024			20,300.00	20,300.00
8/15/2024	4.00%	115,000.00	20,300.00	135,300.00
2/15/2025			18,000.00	18,000.00
8/15/2025	4.00%	120,000.00	18,000.00	138,000.00
2/15/2026			15,600.00	15,600.00
8/15/2026	4.00%	125,000.00	15,600.00	140,600.00
2/15/2027			13,100.00	13,100.00
8/15/2027	4.00%	130,000.00	13,100.00	143,100.00
2/15/2028			10,500.00	10,500.00
8/15/2028	4.00%	130,000.00	10,500.00	140,500.00
2/15/2029			7,900.00	7,900.00
8/15/2029	4.00%	135,000.00	7,900.00	142,900.00
2/15/2030			5,200.00	5,200.00
8/15/2030	4.00%	140,000.00	5,200.00	145,200.00
2/15/2031			2,400.00	2,400.00
8/15/2031	4.00%	<u>120,000.00</u>	<u>2,400.00</u>	<u>122,400.00</u>
		<u>\$1,550,000.00</u>	<u>\$464,465.00</u>	<u>\$2,014,465.00</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, 2018 the Legal Debt Margin was:

Market Value at January 1, 2017	\$133,818,129
Percentage allowed	<u>5%</u>
Debt limitation	6,690,906
Less: Bonded debt at June 30, 2018	<u>(1,675,000)</u>
Legal Debt Margin	<u>\$5,015,906</u>

As of June 30, 2018, \$202,112 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 \$318,591 by the end of FY 2017-2018. 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, 2017. All amounts are as of June 30, 2017 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](http://www.persi.idaho.gov).

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

### *Pension Benefits*

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. 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, 2018 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 \$184,404, \$181,883 and \$176,901 for the three years ended June 30, 2018, 2017, and 2016, respectively.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2017. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the District's proportion was 0.0503533 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, 2018 has not been completed at the time of issuance. The pension expense (revenue) for the year ending June 30, 2017 was calculated at \$127,872.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	109,643	71,305
Changes in assumptions or other inputs	14,637	-
Change in proportionate share	-	47,263
Net difference between projected and actual earning on pension plan investments	-	47,420
Employer contributions subsequent to the measurement date	<u>184,404</u>	<u>-</u>
Total	<u>\$308,684</u>	<u>\$165,988</u>

## NOTE 7 Pension Plan (Continued)

\$184,404 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, 2019.

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:

<b>For the Year Ending June 30:</b>	<b>Amount to be Recognized</b>
2018	\$(43,027)
2019	\$74,359
2020	\$21,099
2021	\$(46,876)

### *Actuarial Assumptions*

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

Inflation	3.25%
Salary Increases	4.5 – 10.00%
Salary Inflation	3.75%
Investment rate of return	7.10% net of investment expenses
Cost-of-living adjustments	1%

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

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

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The

## NOTE 7 Pension Plan (Continued)

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.

<u>Asset Class</u>	<u>Expected Return*</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.20%	15%	10%-20%
Fixed Income	3.05%	3.75%	30%	23%-33%
Cash	2.25%	.90%	0%	0%-5%
<u>Total Fund</u>	<u>Expected Return*</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\*Expected arithmetic return net of fees and expenses

Data provided by Callan Associates 2015

### Actuarial Assumptions

Assumed Inflation Mean	3.25%
Assumed Inflation Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.08%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	.40%
Long-Term Expected Geometric Rate of Return, Net Investment Expenses	7.10%

## NOTE 7 Pension Plan (Continued)

### *Discount Rate*

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

### *Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.*

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

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
Employer's proportionate share of the net pension liability (asset)	\$1,839,533	\$791,467	\$(79,503)

### *Pension plan fiduciary net position*

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

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

### *Payables to the pension plan*

At June 30, 2018, 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.

## NOTE 9 Excess of Actual Expenditures over Budget in Individual Funds

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2018:

<u>Fund</u>	<u>Excess</u>
Title V-B, ESSA – Rural Education Initiative	9,502
Title IV-B, ESEA – 21 <sup>st</sup> Century Community Learning Centers	475
Debt Service	750

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	28,266	-
Child Nutrition	-	2,706
School Plant Facility – Bus Depreciation	-	25,560
Totals	<u>\$28,266</u>	<u>\$28,266</u>

## NOTE 10 Interfund Receivables, Payables and Transfers (Continued)

The composition of interfund receivables and payables as of June 30, 2018 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	-	213,420
Special Revenue Funds:		
Child Nutrition	11,716	-
Drivers Education	2,330	-
Federal Forest	64,780	-
Technology - State	26,908	-
Title V-B, Rural Education Initiative Program	-	11,648
Title I-A, ESSA – Improving Basic Programs	-	4,053
IDEA Part B (611 School Age 3-21)	-	2,346
IDEA Part B (619 Pre-School Age 3-5)	-	391
State Professional Technical	1,742	-
Title II-A, ESEA–Supporting Effective Instruction	-	678
Substance Abuse – State	7,484	-
Perkins III – Professional Technical Act	-	2,117
Title IV-A, ESSA – Student Support and Academic Enrichment	-	2,806
Title IV-A, ESEA – Safe & Drug-Free School	-	10,832
School-Based Medicaid	-	2,365
Debt Service	33,081	-
School Plant Facility	68,963	-
School Plant Facility – Bus Depreciation	<u>33,652</u>	-
Totals	<u>\$250,656</u>	<u>\$250,656</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.

## NOTE 12 Other Post-Employment Benefits

### Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Kendrick Joint School District Employee Group Benefit Plan have been determined based the requirements of GASB 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. The Plan has been calculated using the entry age

## **NOTE 12    Other Post-Employment Benefits (Continued)**

normal funding method. As an alternative to an actuarial valuation, the District qualifies for and has presented the OPEB liability using the Alternative Measurement Method.

### **General Information about the OPEB Plan**

The Kendrick Joint School District Employee Group Benefit Plan is a single-employer defined benefit OPEB plan that provides benefits to current and future retirees.

### ***Retirement and Dependent Medical Benefit Eligibility***

Upon separation from public school employment by retirement in accordance with Chapter 13, Title 59, Idaho Code, a retiree may continue to pay premiums for the retiree and the retiree's dependents at the rate for the active employee's group health, long-term care, vision, prescription drug and dental insurance programs as maintained by the employer for the active employees until the retiree and/or the retiree's spouse becomes eligible for Medicare at which time the district shall make available a supplemental program to Medicare for the eligible individual (Medicare Retirees).

### ***Eligibility for Retirement***

Normal retirement eligibility is age 65 with five years of service, including six months of membership service. Early retirement eligibility is age 55 with five years of service, including six months of membership coverage.

### ***Medicare Retirees***

Medicare retirees are defined as retirees who are 65 years of age or older, are not included in the District's plan, and Medicare will be considered their primary plan. Medicare Retirees and eligible dependents who enroll in Medicare (both Part A and Part B) are eligible to participate in the Statewide School Retiree Program that supplements Medicare.

### ***Funding***

The District's OPEB plan is funded under a pay-as-you-go funding method. Under this method, the District has not set aside any assets (nor accumulated any assets in a trust) that meet the definition of plan assets under GASB 74 or 75 to offset the OPEB liability. Therefore, the Net OPEB liability is equal to the Total OPEB liability.

### **OPEB Benefits**

The health care benefits are contracted by the District through group medical plans. The medical plans include an annual deductible, coinsurance payment requirements, and an annual out-of-pocket maximum for the member/family. The prescription drug benefit is provided through a tiered system comprising of the type of prescription (generic, preferred brand, and non-preferred brand) and the method of purchase (retail or mail order).



## NOTE 12 Other Post-Employment Benefits (Continued)

### Census Data

As of June 30, 2017, the valuation date, the District had 38 active (future retirees) participants and no inactive (current retirees) participants.

### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Employer reported a liability of \$291,838 of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

For the year ended June 30, 2018, the Employer recognized OPEB expense of \$9,648. At June 30, 2018, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	9,954	-
Changes of assumptions	<u>-</u>	<u>10,617</u>
Total	<u>\$ 9,954</u>	<u>\$10,617</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows

Year ended June 30:	
2019	(4)
2020	(4)
2021	(4)
2022	(4)
2023	(4)
Thereafter	\$(643)

### Actuarial assumptions

<b>Valuation Date</b>	June 30, 2017
<b>Measurement Date</b>	June 30, 2017
<b>Roll forward Date</b>	June 30, 2018

## NOTE 12 Other Post-Employment Benefits (Continued)

**Interest/Discount Rate** 3.58 % as of the measurement date 3.87% as of the roll forward date.

**Projected Payroll Increases** 3.75%

**Health Care Cost Trend Rate** Medical and Prescriptions: between 2.3% and 7.0%

**Retiree Contributions** Retiree contributions are assumed to increase to match the health care cost trends.

### Participation

For future retirees, participation rates were assumed to be 45.0% for medical coverage.

### Mortality

For active members, inactive members and healthy retirees, mortality rates were based on the RP2000 Combined Healthy Mortality Table adjusted with generational mortality adjustments using Scale AA, set back three years for both males and females. For disabled retirees, mortality rates were based on the RP2000 Disabled Mortality Table adjusted with generational mortality adjustments using Scale AA, set back one year for males and set forward two years for females.

### Interest/Discount rate

The interest rate is based on the 20-year municipal bond index.

### Sensitivity Disclosures

The following presents the net OPEB liability of the Plan as of June 30, 2018, calculated using the discount rate of 3.87%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Net OPEB liability	\$303,649	\$291,838	\$279,099

The following presents the net OPEB liability of the Plan as of June 30, 2018, calculated using the assumed health care cost trend rate, as well as what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Net OPEB liability	\$265,418	\$291,838	\$322,072

## NOTE 12 Other Post-Employment Benefits (Continued)

### Summary of the Change in OPEB Liability

<i><b>Total OPEB Liability – Beginning of Year</b></i>	282,190
Service Cost	26,262
Interest	11,937
Plan Design Changes	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	(6,114)
Benefit Payments (Estimated)	<u>(22,437)</u>
<i><b>Total OPEB Liability – End of Year</b></i>	<u><b>\$291,838</b></u>

## NOTE 13 Prior Period Adjustment

For the fiscal year ended June 30, 2017, PERSI retroactively applied the provision of GASB 68 paragraph 54 and netted the deferred inflows and deferred outflows of resources related to the differences between expected and actual investment earnings. The District has presented these amounts in the same manner as PERSI's presentation. The change reduced the total deferred outflow and deferred inflow of resources by \$248,642 respectively, as of June 30, 2017. The adjustment had no effect on the beginning net position or the change in net position in the prior year.

Additionally, as a result of implementing GASB 75 related to other post-employment benefits, a prior period adjustment was made to record the estimated liability as of June 30, 2017. The change increased deferred outflows of resources by \$11,260, increase deferred inflows of resources by \$5,813, increased noncurrent liability by \$282,190 and reduced unrestricted net position by \$276,743 respectively.

## NOTE 14 Subsequent Event

After the fiscal year ended June 30, 2018, the Kendrick Joint School District No. 283 refinanced the issuance of bonds Series 2007- General Obligation Bonds. Original issuance of the bonds were \$2,360,000, issued on December 14, 2007 and due on August 15, 2032, with an interest rate that varied between 4% and 4.5%. The District refinanced the Series 2007 – General Obligation Bonds with the Series 2018 – General Obligation Refunding Bond that has a par value of \$1,550,000. The bonds were issued on August 15, 2018 and is due on August 15, 2031, with an interest rate that varies between 3% and 4%.

## REQUIRED SUPPLEMENTARY INFORMATION



**KENDRICK JOINT SCHOOL DISTRICT NO. 283**  
Kendrick, Idaho

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**NET PENSION LIABILITY SCHEDULES**

**Schedule of the District's Share of Net Pension Liability\***

<b>PERSI - Base Plan</b>				
<b>As of June 30,</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer's portion of the net pension liability	0.0503533%	0.0539339%	0.0582280%	0.0577604%
Employer's proportionate share of the net pension liability	791,467	1,093,323	766,769	425,207
Employer's covered employee payroll	1,563,940	1,577,403	1,630,952	1,564,806
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	50.61%	69.31%	47.01%	27.17%
Plan fiduciary net position as a percentage of the total	90.68%	87.26%	91.38%	94.95%

**Schedule of District Contributions\***

<b>PERSI - Base Plan</b>				
<b>As of June 30,</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Statutorily required contribution	177,038	178,562	184,624	177,136
Contributions in relation to the statutorily required contributor	(177,038)	(178,562)	(184,624)	(177,136)
Contribution (deficiency) excess	-	-	-	-
Employer's covered employee payroll	1,563,940	1,577,403	1,630,952	1,564,806
Contributions as a percentage of covered employee payroll	11.32%	11.32%	11.32%	11.32%

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

Data is reported is measured as of June 30, 2017.

**NOTES TO THE NET PENSION LIABILITY SCHEDULES**

**As of June 30, 2017**

Change of Assumptions. There were no change of assumptions as of June 30, 2017.

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**

Kendrick, Idaho

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**OTHER POST EMPLOYMENT LIABILITY SCHEDULE**

As of June 30,

	<u>2018</u>	<u>2017</u>
Service Cost	26,262	28,074
Interest	11,937	10,123
Changes of benefit terms	-	-
Differences between expected and actual experience	-	12,566
Changes of assumptions or other inputs	(6,114)	(6,487)
Benefit payments	(22,437)	(16,767)
Net change in total OPEB Liability	9,648	27,509
Total OPEB liability - beginning	282,190	254,681
Total OPEB liability - ending	<u>\$ 291,838</u>	<u>\$ 282,190</u>
Covered-employee payroll	1,390,207	1,339,959
Total OPEB liability as a percentage of covered-employee payroll	21.0%	21.1%

\*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

As of June 30, 2018

Change of Assumptions. Amounts reported as of June 30, 2018 reflect an adjustment to status, trend, discount and other inputs.

## **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, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>INSTRUCTION</b>			
Elementary school program:			
Salaries	402,410	400,458	(1,952)
Benefits	155,221	197,150	41,929
Purchased services	8,173	15,000	6,827
Supply-materials	39,689	48,000	8,311
Total elementary school program	<u>605,493</u>	<u>660,608</u>	<u>55,115</u>
Secondary school program:			
Salaries	281,737	337,840	56,103
Benefits	125,328	132,647	7,319
Purchased services	11,719	14,200	2,481
Supply-materials	7,940	30,000	22,060
Capital objects	22,992	-	(22,992)
Total secondary school program	<u>449,716</u>	<u>514,687</u>	<u>64,971</u>
Vocational-technical program:			
Salaries	82,615	84,128	1,513
Benefits	37,530	40,074	2,544
Purchased services	1,779	6,000	4,221
Supply-materials	148	6,400	6,252
Total vocational-technical program	<u>122,072</u>	<u>136,602</u>	<u>14,530</u>
Special education program:			
Salaries	104,057	97,643	(6,414)
Benefits	41,651	40,074	(1,577)
Purchased services	8,847	13,000	4,153
Supply-materials	2,816	2,600	(216)
Capital objects	-	-	-
Total special education program	<u>157,371</u>	<u>153,317</u>	<u>(4,054)</u>
Special education preschool program:			
Supply-materials	271	-	(271)
Gifted & talented program:			
Supply-materials	-	3,300	3,300
Interscholastic program:			
Salaries	44,758	43,344	(1,414)
Benefits	5,751	49,525	43,774
Purchased services	2,445	2,500	55
Total interscholastic program	<u>52,954</u>	<u>95,369</u>	<u>42,415</u>
School activity program:			
Salaries	4,252	6,415	2,163
Benefits	905	5,866	4,961
Purchased services	376	2,500	2,124
Total school activity program	<u>5,533</u>	<u>14,781</u>	<u>9,248</u>
Detention center program:			
Purchased services	-	97,976	97,976
<b>TOTAL INSTRUCTION</b>			
Salaries	919,829	969,828	49,999
Benefits	366,386	465,336	98,950
Purchased services	33,339	151,176	117,837
Supply-materials	50,864	90,300	39,436
Capital objects	22,992	-	(22,992)
Total instruction	<u>\$ 1,393,410</u>	<u>\$ 1,676,640</u>	<u>\$ 283,230</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, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
<b>SUPPORT</b>			
Attendance - guidance - health program:			
Salaries	40,421	49,594	9,173
Benefits	11,272	18,527	7,255
Purchased services	465	500	35
Supply-materials	1,841	560	(1,281)
Total attendance - guidance - health program	<u>53,999</u>	<u>69,181</u>	<u>15,182</u>
Special education support services program:			
Salaries	24,941	24,728	(213)
Benefits	16,027	13,220	(2,807)
Purchased services	48,283	32,852	(15,431)
Supply-materials	900	3,550	2,650
Total special education support services program	<u>90,151</u>	<u>74,350</u>	<u>(15,801)</u>
Educational media program:			
Salaries	10,589	29,133	18,544
Benefits	9,746	16,564	6,818
Purchased services	-	950	950
Supply-materials	2,890	3,500	610
Total educational media program	<u>23,225</u>	<u>50,147</u>	<u>26,922</u>
Instruction-related technology program:			
Salaries	14,832	13,655	(1,177)
Benefits	3,009	12,938	9,929
Purchased services	620	1,500	880
Supply-materials	4,733	19,557	14,824
Total instruction-related technology program	<u>23,194</u>	<u>47,650</u>	<u>24,456</u>
District administration program:			
Salaries	72,103	74,225	2,122
Benefits	34,304	45,433	11,129
Purchased services	33,628	30,000	(3,628)
Supply-materials	2,739	9,500	6,761
Insurance - judgment	113	53	(60)
Total district administration program	<u>142,887</u>	<u>159,211</u>	<u>16,324</u>
School administration program:			
Salaries	167,435	166,174	(1,261)
Benefits	82,015	91,850	9,835
Purchased services	5,345	6,500	1,155
Supply-materials	5,675	4,500	(1,175)
Total school administration program	<u>260,470</u>	<u>269,024</u>	<u>8,554</u>
Business operation program:			
Salaries	70,085	78,258	8,173
Benefits	40,820	55,590	14,770
Purchased services	13,335	7,450	(5,885)
Supply-materials	7,526	8,000	474
Insurance - judgment	53	53	-
Total business operation program	<u>131,819</u>	<u>149,351</u>	<u>17,532</u>
Administrative technology service program:			
Salaries	15,618	16,655	1,037
Benefits	3,541	9,087	5,546
Purchased services	3,875	6,500	2,625
Supply-materials	5,497	10,350	4,853
Capital objects	5,086	5,000	(86)
Total administrative technology service program	<u>33,617</u>	<u>47,592</u>	<u>13,975</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, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>SUPPORT (Continued)</b>			
Buildings - care program (custodial):			
Salaries	47,871	60,814	12,943
Benefits	38,510	28,352	(10,158)
Purchased services	128,736	135,000	6,264
Supply-materials	11,118	15,000	3,882
Insurance - judgment	16,271	16,271	-
Total buildings - care program (custodial)	<u>242,506</u>	<u>255,437</u>	<u>12,931</u>
Maintenance - non-student occupied:			
Salaries	2,322	2,381	59
Benefits	1,496	940	(556)
Purchased services	415	-	(415)
Supplies-materials	319	3,000	2,681
Capital objects	9,843	25,000	15,157
Total maintenance - non-student occupied	<u>14,395</u>	<u>31,321</u>	<u>16,926</u>
Maintenance - student-occupied buildings:			
Salaries	45,361	45,727	366
Benefits	20,846	17,503	(3,343)
Purchased services	6,000	5,500	(500)
Supply-materials	19,639	15,000	(4,639)
Capital objects	4,441	-	(4,441)
Total maintenance - student-occupied buildings	<u>96,287</u>	<u>83,730</u>	<u>(12,557)</u>
Maintenance - grounds:			
Salaries	2,322	2,381	59
Benefits	1,106	940	(166)
Purchased services	350	500	150
Supply-materials	2,719	3,300	581
Total maintenance - grounds	<u>6,497</u>	<u>7,121</u>	<u>624</u>
Pupil-to-school transportation program:			
Salaries	83,586	81,647	(1,939)
Benefits	28,433	28,067	(366)
Purchased services	16,276	26,500	10,224
Supply-materials	41,606	28,000	(13,606)
Insurance - judgment	4,060	4,060	-
Total pupil-to-school transportation program	<u>173,961</u>	<u>168,274</u>	<u>(5,687)</u>
Pupil-activity transportation program:			
Salaries	7,716	12,500	4,784
Benefits	1,065	1,742	677
Total pupil-activity transportation program	<u>8,781</u>	<u>14,242</u>	<u>5,461</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, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>SUPPORT (Continued)</b>			
General transportation program:			
Purchased services	1,752	5,200	3,448
Supply-materials	1,507	1,000	(507)
Insurance - judgment	3,011	3,015	4
Total general transportation program	<u>6,270</u>	<u>9,215</u>	<u>2,945</u>
Other support services program:			
Purchased services	<u>1,711</u>	<u>3,200</u>	<u>1,489</u>
<b>TOTAL SUPPORT</b>			
Salaries	605,202	657,872	52,670
Benefits	292,190	340,753	48,563
Purchased services	260,791	262,152	1,361
Supply-materials	108,709	124,817	16,108
Capital objects	19,370	30,000	10,630
Insurance - judgment	23,508	23,452	(56)
Total support	<u>\$ 1,309,770</u>	<u>\$ 1,439,046</u>	<u>\$ 129,276</u>
<b>NON-INSTRUCTION:</b>			
Child nutrition program			
Benefits	<u>\$ 3,670</u>	<u>\$ 4,200</u>	<u>\$ 530</u>

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**  
**Kendrick, Idaho**

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**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 Reserve 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 - State 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.

**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, ESSA – 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 (611 School Age 3-21) 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.

**IDEA Part B (619 School Age 3-5) Fund** - To account for restricted Federal revenue to be spent on programs to provide for preschool handicapped (3-5 years old) in the same manner provided for school age children in the Title VI-B program.

**School-Based Medicaid Fund** - Revenues generated through billings to Medicaid for services provided to eligible special-needs students

**Title IV-A, ESSA – Student Support and Academic Enrichment** - To account for restricted Federal revenue to be spent on programs to provide student support and academic enrichment

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

**Perkins III – Professional Technical Act Fund** - To account for restricted Federal revenue to be spent on equipment for the vocational program.

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

**Title IV-B, ESEA – 21<sup>st</sup> Century Community Learning Centers** - To account for restricted Federal revenue to be spent on 21<sup>st</sup> century community learning activities.

KENDRICK JOINT SCHOOL DISTRICT NO. 283  
Kendrick, Idaho

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2018

	Child Nutrition	Federal Forest Reserve	Drivers Education State	State Professional Technical	Technology - State	Substance Abuse - State	Title I-A, ESSA Improving Basic Programs	IDEA Part B (611 School Age 3-21)	IDEA Part B (619 Pre-School Age 3-5)	School-Based Medicaid	Title IV-A, ESSA Student Support and Academic Enrichment	Title V-B Rural Education Initiative	Perkins III Professional Technical Act	Title II-A, ESEA Supporting Effective Instruction	Title IV-B, ESEA - 21st Century Community Learning Centers	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>																
Assets:																
Due from other funds	11,716	64,780	2,330	1,742	26,908	7,484	-	-	-	-	-	-	-	-	-	114,960
Other receivables:																
State reimbursement	-	-	1,410	-	-	-	-	-	-	-	-	-	-	-	-	1,410
Federal reimbursement	57	154	-	-	-	-	11,391	12,946	391	13,626	3,176	11,648	2,217	2,887	25,943	84,436
Total assets	11,773	64,934	3,740	1,742	26,908	7,484	11,391	12,946	391	13,626	3,176	11,648	2,217	2,887	25,943	200,806
Deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 11,773</b>	<b>\$ 64,934</b>	<b>\$ 3,740</b>	<b>\$ 1,742</b>	<b>\$ 26,908</b>	<b>\$ 7,484</b>	<b>\$ 11,391</b>	<b>\$ 12,946</b>	<b>\$ 391</b>	<b>\$ 13,626</b>	<b>\$ 3,176</b>	<b>\$ 11,648</b>	<b>\$ 2,217</b>	<b>\$ 2,887</b>	<b>\$ 25,943</b>	<b>\$ 200,806</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>																
Liabilities:																
Due to other funds	-	-	-	-	-	-	4,053	2,346	391	2,365	2,806	11,648	2,117	678	10,832	37,236
Accounts payable	-	-	-	-	-	-	-	-	-	-	370	-	-	-	170	540
Accrued payroll and benefits	11,773	-	-	1,742	-	-	7,338	10,600	-	11,261	-	-	-	2,209	14,941	59,864
Total liabilities	11,773	-	-	1,742	-	-	11,391	12,946	391	13,626	3,176	11,648	2,117	2,887	25,943	97,640
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:																
Restricted	-	64,934	3,740	-	26,908	7,484	-	-	-	-	-	-	100	-	-	103,166
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,773</b>	<b>\$ 64,934</b>	<b>\$ 3,740</b>	<b>\$ 1,742</b>	<b>\$ 26,908</b>	<b>\$ 7,484</b>	<b>\$ 11,391</b>	<b>\$ 12,946</b>	<b>\$ 391</b>	<b>\$ 13,626</b>	<b>\$ 3,176</b>	<b>\$ 11,648</b>	<b>\$ 2,217</b>	<b>\$ 2,887</b>	<b>\$ 25,943</b>	<b>\$ 200,806</b>

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, 2018

	Child Nutrition	Federal Forest Reserve	Drivers Education State	State Professional Technical	Technology - State	Substance Abuse - State	Title I-A, ESSA Improving Basic Programs	IDEA Part B (611 School Age 3-21)	IDEA Part B (619 Pre-School Age 3-5)	School-Based Medicaid	Title IV-A, ESSA Student Support and Academic Enrichment	Title V-B Rural Education Initiative	Perkins III Professional Technical Act	Title II-A, ESEA Supporting Effective Instruction	Title IV-B, ESEA - 21st Century Community Learning Centers	Total
<b>REVENUES</b>																
Local:																
Lunch sales	43,654	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,654
Other	-	-	239	-	-	-	-	-	-	-	-	-	-	-	-	239
Total local	43,654	-	239	-	-	-	-	-	-	-	-	-	-	-	-	43,893
State:																
Other state support	-	-	-	24,876	55,492	4,926	-	-	-	-	-	-	-	-	-	85,294
Driver education program	-	-	1,410	-	-	-	-	-	-	-	-	-	-	-	-	1,410
Total state	-	-	1,410	24,876	55,492	4,926	-	-	-	-	-	-	-	-	-	86,704
Federal:																
School lunch reimbursement	86,436	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86,436
Restricted	-	6,633	-	-	-	-	43,735	51,969	446	43,684	9,998	27,883	2,217	14,813	133,932	335,310
Total federal	86,436	6,633	-	-	-	-	43,735	51,969	446	43,684	9,998	27,883	2,217	14,813	133,932	421,746
Total revenues	130,090	6,633	1,649	24,876	55,492	4,926	43,735	51,969	446	43,684	9,998	27,883	2,217	14,813	133,932	552,343
<b>EXPENDITURES</b>																
Instruction:																
Salaries	-	-	1,440	8,700	-	-	35,707	24,402	-	22,651	-	-	-	-	-	92,900
Benefits	-	-	302	1,842	-	-	7,557	27,129	-	18,058	-	4,299	-	10,455	-	69,642
Purchased services	-	-	-	5,889	-	-	227	-	-	2,975	8,606	2,509	-	75	-	20,281
Supply-materials	-	-	471	8,445	-	-	244	438	446	-	370	16,927	2,117	-	-	29,458
Insurance	-	-	44	-	-	-	-	-	-	-	-	4,148	-	-	-	4,192
Total instruction	-	-	2,257	24,876	-	-	43,735	51,969	446	43,684	8,976	27,883	2,117	10,530	-	216,473
Support:																
Salaries	-	-	-	-	25,223	-	-	-	-	-	-	-	-	1,000	-	26,223
Benefits	-	-	-	-	5,316	-	-	-	-	-	-	-	-	180	-	5,496
Purchased services	-	-	-	-	2,273	410	-	-	-	-	-	-	-	3,103	-	5,786
Supply-materials	-	-	-	-	19,830	1,680	-	-	-	-	1,022	-	-	-	-	22,532
Capital objects	-	-	-	-	17,540	-	-	-	-	-	-	-	-	-	-	17,540
Total support	-	-	-	-	70,182	2,090	-	-	-	-	1,022	-	-	4,283	-	77,577
Non-instruction																
Salaries	48,692	-	-	-	-	-	-	-	-	-	-	-	-	-	89,049	137,741
Benefits	25,700	-	-	-	-	-	-	-	-	-	-	-	-	-	32,929	58,629
Purchased services	540	-	-	-	-	-	-	-	-	-	-	-	-	-	4,275	4,815
Supply-materials	57,864	-	-	-	-	-	-	-	-	-	-	-	-	-	7,679	65,543
Total non-instruction	132,796	-	-	-	-	-	-	-	-	-	-	-	-	-	133,932	266,728
Total expenditures	132,796	-	2,257	24,876	70,182	2,090	43,735	51,969	446	43,684	9,998	27,883	2,117	14,813	133,932	560,778
Excess (deficiency) revenues over (under) expenditures	(2,706)	6,633	(608)	-	(14,690)	2,836	-	-	-	-	-	-	100	-	-	(8,435)
Other financing sources (uses)																
Transfer in	2,706	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,706
Net change in fund balance	-	6,633	(608)	-	(14,690)	2,836	-	-	-	-	-	-	100	-	-	(5,729)
Fund balance - beginning of year	-	58,301	4,348	-	41,598	4,648	-	-	-	-	-	-	-	-	-	108,895
Fund balance - end of year	\$ -	\$ 64,934	\$ 3,740	\$ -	\$ 26,908	\$ 7,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ 103,166

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**  
**Kendrick, Idaho**

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**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, 2018

	<u>School Plant Facility</u>	<u>School Plant Facility - Bus Depreciation</u>	<u>Total</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Investments	36,595	-	36,595
Due from other funds	68,963	33,652	102,615
Taxes receivable	4,376	-	4,376
Unbilled taxes receivable	50,000	-	50,000
Other receivables:			
Due from other governments	14,319	-	14,319
Total assets	<u>174,253</u>	<u>33,652</u>	<u>207,905</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>\$ 174,253</u>	<u>\$ 33,652</u>	<u>\$ 207,905</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	<u>3,641</u>	<u>-</u>	<u>3,641</u>
Deferred inflows of resources:			
Deferred revenue	3,331	-	3,331
Unavailable property tax revenue	50,000	-	50,000
Total deferred inflows of resources	<u>53,331</u>	<u>-</u>	<u>53,331</u>
Fund balance:			
Restricted	<u>117,281</u>	<u>33,652</u>	<u>150,933</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
	<u>\$ 174,253</u>	<u>\$ 33,652</u>	<u>\$ 207,905</u>

**KENDRICK JOINT SCHOOL DISTRICT NO. 283**

Kendrick, Idaho

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**ALL CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2018**

	<u>School Plant Facility</u>	<u>School Plant Facility - Bus Depreciation</u>	<u>Total</u>
<b>REVENUES</b>			
Local:			
Taxes	50,611	-	50,611
Earnings on investments	507	-	507
Total local	<u>51,118</u>	<u>-</u>	<u>51,118</u>
State:			
Revenue in lieu of taxes	526	-	526
Total revenues	<u>51,644</u>	<u>-</u>	<u>51,644</u>
<b>EXPENDITURES</b>			
Support			
Supplies-materials	35	-	35
Capital objects	6,851	-	6,851
Total Support	<u>6,886</u>	<u>-</u>	<u>6,886</u>
Capital asset program			
Purchased services	638	-	638
Capital objects	46,741	-	46,741
Total capital asset program	<u>47,379</u>	<u>-</u>	<u>47,379</u>
Total expenditures	<u>54,265</u>	<u>-</u>	<u>54,265</u>
Excess (deficiency) of revenues over (under) expenditures	(2,621)	-	(2,621)
Other financing sources (uses)			
Transfer in	-	25,560	25,560
Net change in fund balance	(2,621)	25,560	22,939
Fund balance-beginning of year	<u>119,902</u>	<u>8,092</u>	<u>127,994</u>
Fund balance-end of year	<u>\$ 117,281</u>	<u>\$ 33,652</u>	<u>\$ 150,933</u>

**KENDRICK JOINT SCHOOL DISTRICT**  
**Kendrick, Idaho**

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**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended June 30, 2018**

**Finding 2018-001 Review of Bank Reconciliations**

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

**Cause** Deficiency in the design of controls over cash.

**Criteria** Bank reconciliations made in the accounting software should be reviewed by a second person.

**Potential effect of Condition** Misstatements in cash whether due to error or fraud would not be identified.

**Recommendation** We recommend that management designate a second person to review all bank reconciliations monthly. This review should be documented.

**Management's Response** Management has agreed that this is an important control and will implement a review of bank reconciliations as recommended.

**KENDRICK JOINT SCHOOL DISTRICT**  
**Kendrick, Idaho**

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**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended June 30, 2018**

**Finding 2018-002 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.

**Criteria** Journal entries made in the accounting software should be reviewed by a second person

**Cause** Deficiency in the design of controls over journal entries.

**Potential effect of Condition** Misstatements on the financial statements whether due to error or fraud would not be identified.

**Recommendation** We recommend that management designate a second person to review journal entries monthly. This review should be documented.

**Management's Response** Management has agreed that this is an important control and will implement a review of journal entries as recommended.

**KENDRICK JOINT SCHOOL DISTRICT**  
Kendrick, Idaho

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**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Year Ended June 30, 2018

**Finding 2018-003 Year-end Financial Close and Reporting**

<b>Condition</b>	Throughout our testing, we did not find effective internal control processes for reconciling general ledger accounts, especially at the end of the fiscal year. We discussed internal controls with management and inquired as to the controls over year-end financial closing and reporting. Based on the responses from management, we determined that no controls over year-end financial closing and reporting were in place during the year.
<b>Criteria</b>	Year-end financial close and reporting procedures should be formalized and documented.
<b>Cause</b>	Size and limited resources.
<b>Potential Effect of Condition</b>	Misstatements on the financial statements due to error or fraud by not reconciling general ledger accounts to be in accordance with generally accepted accounting principles.
<b>Recommendation</b>	We recommend that management further develops year-end closing procedures to reduce necessary audit adjustments by training and education the City Clerk to perform these procedures.
<b>Management's Response</b>	Management has agreed that this is an important control and will continue to implement a financial close and reporting process as recommended.